



Jake 00:10

Thank you, Noah for coming on. And joining me on the show today. I appreciate you taking the time. You are a blogger, one of the most popular newsletters on substack called no opinion. prior to that spent some time as a columnist at Bloomberg and in academia at Stony Brook University. A lot of people know you from Twitter. Others will have read yourself stack. But for those who aren't familiar with you and your background, I think it'd be great to just start with your story from as early as you're willing to start to where you are today and some of the decisions you made along the way.

Noah Smith 00:42

Well, my my story starts with the British comedy Fawlty Towers. Do you know that one?

Jake 00:47

I do not but it sounds like an interesting place to start.

Noah Smith 00:51

It was a landmark show like comedians will all know, Fawlty Towers, but my parents were in a hotel, watching Fawlty Towers, and my mom laughed so hard that her water broke. And then I was born. There. We're starting really at the beginning. Yeah. You said yes. Started the beginning. Other things happened. And then eventually, I 18 years later, well, I moved to Texas six weeks later, so I don't remember. That was an Oklahoma actually born in Oklahoma, lived there six weeks, can't remember a bit of it, obviously. And then, and then went to Texas where I grew up. And 18 years later, came out to California for college, then went to Japan after that for three years, and lived in Japan and you know, had silly adventures, whatever. And then, and then came back to University of Michigan for graduate school, got a PhD in economics, started my blog while I was a graduate student, and and then went to be a professor for a couple years at Stony Brook University in New York, continued the blog, then, Bloomberg called me up and offered to pay me to write for them. So I did that, and moved out to California where I've been there since. And then a couple years ago, I started doing the substack newsletter, I wouldn't say that it's, you know, taken off. You know, I look at other sub stackers growth curves, and it's this giant surge, you know, like Matt Iglesias



or Scott Alexander or some of these other you know, sub stackers, they just within like, a couple months, they got 6000 12,000, subscribed paid subscribers or something. And for me, you know, I started off with like, 100, like, no one was reading, no one was paying for my sub stack. And so it's been over two years, it's just been, you know, a sort of a steady, linear arduous climb for me to reach. Because I'm just terrible at marketing. I'm just not very good as like a media self marketing person, I guess. But it's steadily grown. And so I think that that means that there's some sort of fundamental appeal. They're all though I don't know exactly what it is that people like about my writing. But, you know, hopefully they keep liking it.

Jake 03:09

Yeah, it's interesting, a couple of questions on on the story there. But want to start with sort of the latest point you made, I looked up something maybe didn't do as good of diligence that thought, but I thought that, you know, no opinion was one of the more popular newsletters on substack. Maybe that's not the case. But I'm curious with, you know, it's I think it's certainly one of the more the ones that I see cited more often, maybe I just sort of have a bias on the types of people I'm following and listening to and things but um, I think,

Noah Smith 03:39

God, yeah, in terms of audience size, it is one of the more most popular ones. But since I, I charge money for fewer posts than other people do, then, yeah, since I, since I charge money for fewer ones, I have fewer paid subscribers than some, like the most. There's a few big politics, sub stackers who have, you know, they make the most money they make, like millions of dollars a year. And, you know, I don't make millions of dollars a year, although, you know, hopefully, some point but then, but then I think that my audience size is is just as large as theirs in terms of how many people are getting my emails in their inboxes every day.

Jake 04:20

I see. And so is there a trade off there where you sort of like obviously, you're aware of the fact that these people are charging for more of their, their articles? Are you making a conscious trade off



that you want to have the top of the funnel sort of the free subscribers continue to grow as much as possible, and then you always sort of have the option to toggle on you know, more paid pieces when you want to?

Noah Smith 04:47

Yeah, sure. I can do that. Yeah, so you know, I'm more interested in getting a lot of people to read my stuff. Yeah,

Jake 04:59

makes sense. Um, so, you know, rewinding a bit. You previously you were at Bloomberg, like you mentioned, you decided to you've been blogging for years, though, continued the blog when you're at Stony Brook, etc. I'm curious, you know, the the decision to move over to substack. And substack, to me, at least seems to be somewhat of a, you know, a new generation of independent writers. What do you think made it unique? What do you like about it? What might you change about it? Just curious to hear your thoughts on the platform, having been there now for a little over two years, I think

Noah Smith 05:37

about sub stack itself? Yeah. Um, well, so sub stacks, main, you know, advantage is email distribution, they do free email distribution, and also growth. So So substack is very good about building an ecosystem. So, you know, if you're on sub stack, then other people, you know, people who read other sub stacks, will see you through recommendations, and, you know, whatever. And then, and then there's various methods by which substack encourages people to subscribe to one substack, to subscribe to others, so that they build this little community ecosystem, things like that. So that's useful for for growing your audience. And so those two things are really worth it for me. In terms of the, you know, the bargain, like it's a, it's a good service, they also help you like, set up the business and payment side and all this stuff. And they, they provide a few other services to, like, help the writers. So it's, it's a good deal. But basically, I think that the deeper question is the question about where the newsletter the sort of advent of newsletters has, you know, where that leaves the media ecosystem, the print media ecosystem? Because why, you know, people might think, why do you need the New York Times? Why



do you need whatever, there's a couple answers to that. So news coverage is not going to migrate and be independent, because news coverage is a collective cooperative enterprise, for which the benefits that you get from working with a large organization and the specialization within that organization makes a lot of sense. Maybe sometime in the future, we'll have instant smooth outsourcing, where you can just like hire editors, and checkers, and all the other people and marketers and just at the touch of a button, that ecosystem may grow, and then ultimately displace all sorts of integrated news organizations like Bloomberg or whatever that may happen. But in but for now, you can't really get news from independent writers, and that the independent journalists are often that you see, are often one of two types. They're either access journalists who just know a few people, they have a couple of good sources, and they keep calling those, those few good sources up to get a scoop really quick and narrow area. Right, you see that. And then you also see some people who are of questionable quality, who are quote unquote, journalists, who are actually opinion writers, masquerading as journalists. And I won't name names, obviously, but then the quality of their information is very low. And because anyone can call themselves a journalist and just claim facts, and you know, cite rumors, and that a lot of that does happen. And then, but I think that we're substack really shines is not for people who report the news, it's for opinion writers like me, and an opinion writer, I've, I've long maintained that opinion writers are a different layer of media from journalists, that opinion writers are not journalists, we don't gather information, we gather some information in terms of like reading papers, we don't really gather primary information, what we do is we collate and assemble the information that other people gather, whether it's by writing an academic paper, or writing a journalistic news article, or whatever, or another, even another blog post, and we analyze it and we synthesize it into comprehensible, you know, packaged. I could say narratives, but it's really just analysis. So what we actually are is more like a CIA analyst. So CIA analysts take all the information that's gathered by the agents in the field. And they and they sort of synthesize that into some easily comprehensible narratives about like, what's going on in other countries, and then send that to their higher ups. And and so that's basically what opinion writer the people we call opinion writers are actually analysts, and they're doing that for



the general public, sort of like an open source, you know, CIA, analyst kind of thing. I was surprised I met some CIA analysts to find out that they had the same job as they just wrote for a different audience, but they did exactly the same thing. And yeah, so I think That's where we are. And that has no real reason to be bundled with a publication. There's no reason why, you know, Paul Krugman doesn't gain the only thing Paul Krugman gains from being a New York Times is marketing. Right? The reason why substack writers won't displace major media publications soon, is not actually about quality, it's about bundling. Because you have to pay, you know, the amount you pay for a single substack is maybe 1/3, or in some cases, even one half of what you'd pay for a major media publication. So if you really just want to read one person every day, then that's great. Those people subscribed to a bunch of sub stacks, or maybe just one sub stack. If you have a lot of money, you could subscribe to a lot of sub stacks. But the point is your average person who wants to read some opinion writing and analysis every day, if you want to read a whole bunch of different writers every day and not pay much money, you subscribe to a publication, right? If what you want to read is, is like op eds, you want to read op eds from like 12 different people, or 40 different people and you want to not pay that much money for it, you don't want to pay for 40 different sub stacks subscriptions, will instead use subscribe to The Wall Street Journal, or, you know, a New York Times or any of those and then you get a whole bunch of these things. And so with substack will probably filter away some of the more popular writers. So you know, if you have a big popular following, then essentially have no reason not to go independent because people would rather just read your stuff all day like people would rather just read Matt Iglesias Matt Iglesias, Matt Iglesias then read like 20 Different New York Times people there, you know so so in that sense, some of the more popular writers will be all drawn to go independent. And that will have an sort of a selection effect where the people who remained the big publications are less popular, they're sort of more like, you know, fade into a crowd kind of people. So you might even end up with this equilibrium where people go to major publications as sort of their first career move as an opinion writer. And then if they make it if people liked their stuff, then they go indie, and then they leave New York Times, and then they go to substack.



Jake 12:11

Yeah, that's an interesting overview. And as a very, like, queer way of laying it out, I think, a couple questions sort of coming out of it. One is, you know, I've thought of sort of what you just described a little bit in the context of like education as well, especially when COVID flipped things to remote, like, fully remote for universities, in particular for a while, as like, you know, some of these more like, popular professors, every university sort of has, like their few, most popular professors and whatnot. And like, I was wondering, you know, can those people split off, I didn't really see it happen too much, maybe it happened, I just really wasn't aware of it. But Can these like really popular professors split off and, you know, you don't need to leverage the Harvard name or the Michigan name, or whatever the university might be, you just have enough sort of respect for yourself, you know, whether it's from online or just University reputation, whatever it is, you can go and do your own thing and make a heck of a lot more money, doing, you know, online education, there can be a physical component as well, or whatever be sort of like do your own thing. And maybe it's not in the context of like, on your way to a college degree, but it's just people who are interested in learning from that individual and willing to pay the price for it.

Noah Smith 13:22

Yeah, but remember that professors are primarily researchers, not teachers. Like a professor teaches, the professor's main job is to do research, at least at an r1 University.

Jake 13:33

So does that break the, you know, what I was saying? Basically, that makes that not feasible from your perspective?

Noah Smith 13:39

Yep, yep, yep. Yep. Um, and so basically, what's going on there is that professors are with an institution because it allows them to do research. Yeah. And so you could imagine unbundling university, but it would be very, very difficult. A lot of stuff has to happen before that, university. unbundling happens. But most people think of professors permanently as teachers, because that's how they interact with professors. You take, you go to undergrad, you take classes from



Professor, you think this is the professor's job, the professor can't wait to be done teaching that class. So they can get back to, you know, their labs.

Jake 14:18

Right? Yeah. Does it depend? I mean, maybe, you know, I'm one of those people you just named, but it doesn't depend on sort of the discipline, how much of their time and energy is weighted towards research versus teacher.

Noah Smith 14:31

Maybe it should, ideally, but in practice, it doesn't. Because research is what gets professors what they really want, which is intellectual prestige among your peers. Sure, you don't get any prestige for teaching. You get, in fact, you lose a little prestige for teaching, although you shouldn't because teaching is great because it helps you solidify the basic concepts that you may have forgotten just doing advanced stuff, and, you know, makes you explain stuff over and over so that you are always understanding the basic concepts as you're doing your research. So it is useful for the professors but they don't think it is and professors typically hate teaching. Or some professors like to, I shouldn't say that. But it's it's kind of a samey sort of thing. You know, it's the same every year. It's routine. It's, and you notice that when you look at lecturers who are, you know, are adjuncts who just do teaching and don't do research with the university, those people get paid a lot less, and they get almost no intellectual prestige, from what they do like you, you find someone who's an econ 101 lecture or that all they do is teach econ, and that no one is going to listen to what that person thinks about the economy. Right? Unless they're a popular blogger as well, but no one's gonna No one's gonna listen to them just because they're a lecturer who teaches econ one on one. Very low on the status totem pole, the way you get high on the intellectual status totem pole is research, not teaching. So that's what professors think that their real job is, even as other people just sort of see them as teachers.

Jake 15:58

Yeah, it's I'm sorry. That's it? Yeah. Oh, yeah. It's interesting. I, like didn't know this. And I'm just thinking about it. Like, you know,



obviously, the sort of education, you know, arguably, when you're younger, but I would say like, you know, through college and stuff, it's, like, pretty important, and to think about it as just a second priority for everyone who's responsible for delivering it. Like, how did that? Is that problematic from your perspective? Or

Noah Smith 16:31

weird, right? Because you've got people who, you know, have this dual job, and what happens when one part becomes more important than the other? Like, what if we need a bunch of teachers, but then we run out of research to do in a field? What if we need a bunch of people to learn history, but then historical research has basically run its course, to the point where people are now just inventing bullshit, you know, revisionist theories about how, actually, like the Nazis were good or whatever? Well, I mean, probably, probably not. But they invent stupid revisionist theories all the time. And maybe people have to keep churning out that stupid revisionism and actually reducing our aggregate stock of knowledge. Because they're using it as a signaling device to get a job, that's fundamentally just a teaching job that any lecturer should be able to do. And so that's on one side, on the other side, you can have, you know, people whose main job is, is research, you know, being required to teach classes to, you know, teach a bunch of classes, and that's taking them away from their research, you could have that as well. You can also also, you know, the way the the hiring works doesn't necessarily make a lot of sense, because professors are hired, you know, based on the research that they've done. It's your publication record that gets you hired, not your teaching, and your your teaching, experience, and blah, blah, blah, is like way down the list. And so professors get hired based on research. So that might mean people are not getting taught by people who are hired because they're good teachers, it might be the lecturer is actually better at teaching some classes. And so this weird bundling that we've created, which is a historical accident, because we basically did it by combining two university systems into one. Um, the way we the way we, and I can tell that story, it's pretty brief. But then this weird hybrid system doesn't necessarily have it, this isn't necessarily the way we should always do it. You know what I mean?

Jake 18:18



Yeah, maybe you can just tell that story if it is brief, because I don't know. And I think a lot of people probably don't.

Noah Smith 18:23

So basically, universities began as two different things, the British system and the German system. And the British system was very focused on liberal arts education, basically, you had a highly respected sort of humanities professors teaching you know being like these the sages who would teach the usually rich young people you know, things at like, Cambridge, and Oxford, and whatever, you teach them philosophy and the classics and blah, blah, blah, liberal arts education, sort of a finishing school for, you know, the aristocracy, and wannabe aristocracy and rich people. That's how it started, right? It eventually became much more inclusive and, and then you can go to college for free, no matter who you are, and blah, blah, blah. But but at the beginning, it was this liberal arts education, and then and focused on teaching. And then in Germany, you had this scientific research universities that did, you know, teaching, but the teaching was primarily practical education. Um, of like, you know, we do chemistry here, we do chemistry research, and we're going to teach you how to do chemistry research. So then you can do chemistry research with us. So it's all about research, the German universities, and America basically mash the took those things and just mash them together. So our undergraduate education is very much British. In that we emphasize a, a general education, we want to create well rounded individuals, we, you know, like we teach humanities and all that stuff, and then and people really, really complain when I have to take technical classes as well. And then for the graduate education, it's very much the old German model, where it's like we're training you for a research job. You're essentially apprenticed researchers, as a grad student, and you're taught this because you're gonna actually do it. Right, you're not just getting general educated. So you can go out there and be a middle manager somewhere in middle America and like, now, you know something about economics too. And you know about history cool. You're, you know, you know more it's not, you know, it's, um, that's, that's the sort of British model. And then the German model is like, we train grad students in chemistry. So you could do chemistry research.



Jake 20:27

Yeah, I didn't know, like, the products, I thought that the German model generally is like, a little bit more of like an apprenticeship type of thing. All right. Yeah.

Noah Smith 20:40

So I've always been very apprenticeship focused. Yeah,

Jake 20:43

I didn't realize. Yeah, good. No, sorry. I was just gonna say I didn't, I didn't realize like, sort of the history of university as you laid it out. But it sort of makes sense. So going back to the media bit, how do you think, you know, people obviously, like the trends, if you see on any of the charts, like their institutional trust seems to be going down generally, one of these institutions is media. Certainly not the only one. But you know, in a world where people, you know, correct me if you disagree with the premise, but in a world where people are losing trust in like the media brands, which, you know, used to maybe be very helpful for giving a no name, writer, that sort of, you know, trust implicitly, because they're a part of the brand, when that's sort of flipped on its head. And people don't trust the institution anymore, the media institution, is it easier to sort of find an individual that you can trust, whether it's you or Maddox ACS, or whoever it might be on substack? And sort of concentrate your information, you know, input to, or, you know, the output that you take into, like a few individuals, rather than blindly trusting publications? Or how do you think about those sort of elements and how they play off of each other? And is it going to be more of like a balance, where, you know, you do subscribe to a few individuals, but then, you know, the publications that you'd like, for sort of the general news, because this stuff, you know, it's, it's very important, like, where people get their information and whose opinions they read sort of informs their own perspectives. And I think that this, you know, changing media landscape that we have, whether it's sub stacks, or podcasts or whatever it might be this emerging class of prominent individuals who have audiences, the sizes of traditional media publication brands, it seems to maybe have a possibility of changing things quite a bit. I'm curious to hear your perspective on that.



Noah Smith 22:46

Oh, I honestly, I don't know. Like, I don't actually have much of a perspective, you might say, I have no opinion on this. Um, I don't know why trust in media has decreased. To be honest, I think, you it's easy to tell the story where we used to have a few big sort of government sanctioned public, you know, like broadcasting companies like ABC, CBS, NBC, and then you had the big newspapers, which were very concentrated because of the difficulty of distributing a large print publication, and you don't, you really tended toward just having a few of them, you have your local paper, but you have a giant national paper. And so then media was really concentrated because of this. And you could say that, that caused everyone to just kind of, uh, you know, trust the media, because they didn't see a lot of alternative sources who said, No, CBS lies, you know, and you did, if you just didn't see that, then maybe you'd suspect that you weren't being fed the exact truth, but then you'd have no real alternatives. DBQ Sure, I trust the media. But then, you know, after you had fragmentation, after you had the end of the Fairness Doctrine, after you had various laws that allowed more competition in the media space, and after you had, of course, the internet, then no matter what media publication does, you're gonna have people just screaming and it's lying all the time. Right. So anything that I write someone's out there screaming that it's a lie, right? And so subtracts interesting when you bring it into this equation, because substack with, you know, because you have to subscribe to, you know, a few expensive publications. It might be that people trust the media, because now they're seeing they're now there. Now, the media becomes, you know, like, three, four sub stackers instead of like a million people arguing and screaming at each other. So maybe that will help but then at the same time, you're still gonna have social media and no matter what people say, you're gonna have people out there yelling like, It's all a lie. The media lies to you. And of course, people yelled us on both sides, right? Like, Democrats yell this Republicans yell this and they each, you know, of course, they each think that their media is is trustworthy and of the other media is just a hellhole of partisan lies. And so, you know, I don't I don't know if that situation on social media is going to be fixed anytime soon. Or what could fix that? I think that if I had to guess why Trust in the media has



fallen. It's just that our media ecosystem allows, you know, opportunistic shouters to just denounce any media story that comes out. So you're constantly seeing anything denounced?

Jake 25:14

Yeah, that makes sense. And I think so, I mean, basically, you're saying that I mean, I'm not trying to put words in a mouth or whatever. But if I'm sort of hearing you, right, the media has not changed materially in terms of, you know, these big publications, but in terms of their accuracy, or their style, or anything like this, but there's just simply much more room for counter arguments. And moreover, the most extreme like shouters, basically are, you know, tend to get engagement and things like this. And so whether it's, you know, the left or the right, there's always someone on the other side who basically wants to denounce the whole thing. And no one knows basically, what to trust when when they're seeing all of that.

Noah Smith 26:00

Right. Yeah, I think. Yeah, that's, that's pretty much it. In other words, no matter what you trust, now, you've got to trust something that a lot of people will be very audibly screaming is a lie. To trust any media, however true it is. However, it isn't, you know, I don't actually know how much the the, the actual quality of media has changed. I hear people say the New York Times gotten worse, but I've never really read The New York Times to be honest. Um, I, I have, you know, I think the New York Times is kind of mediocre, to be honest. And then, yeah, I think it's, you know, it's, but it's really big. So it'd be difficult not to be mediocre, because it's just sort of this giant omnibus paper. And so, um, yeah. So I think I don't know if it's changed, I can tell you that, in the years since I started working in Bloomberg, until now, when I no longer do, I think that Bloomberg quality as a journalistic organization has improved. That's the publication with which I have the greatest intimacy and familiarity. And I will tell you that Bloomberg has gotten Bloomberg News has gotten better, Bloomberg opinion, last, you know, some some people, but Bloomberg, including myself, obviously, but then Bloomberg News. Just the journalism aspect of it has gotten better over the years. But then, you know, better doesn't mean, perfect. I mean, so the thing about news is that it's, the name comes from the word new. And so what



that means is that you're getting information really, really fast. Right? You're getting information fast. And when you get information fast, from from people who are generalists, who don't, you know, deeply know what's going on. You're, you're I mean, journalists, you know, know something about like tech, or finance or geopolitics, or whatever they're reporting on, but they don't, you know, they don't know as much as the people are actually doing it. Because usually, you know, they often have a reporting beat. And so they tried to do their best, but you're always gonna have a little more speed and general Ness, and lack of fact, checking and lack of like, pondering, it's just it's, there's a speed accuracy trade off information. That's true, whether it's it's news or, or financial trading signals, or whatever you want. There's a speed accuracy trade off, the faster you get information, the noisier it's going to be. And that's true for news. And so I would estimate that about 50% of what you read in the news is not true. Mostly, it's because journalists just don't understand what's going on. Sometimes it's because journalists sort of fill in the gaps because they have to, like create a narrative. Occasionally, it's because journalists like trying to push a bullshit narrative, although I think that's much, much rarer than people think it is. But I would say mostly, it's just people don't know what's going on. So there's a fog of war, if you will. And so because of that, I would estimate 50% of news is wrong. And, and that's better, that's a lot better than you would get just not knowing anything, right? Because it's not like, it's not like we're talking about news isn't like a coin flip or something where 50% is just even odds. In fact, news tells you stuff that you wouldn't even known otherwise. And then 50% is wrong, but then 50% is a lot to get wrong. And so you're always going to be able to find bullshit in the news, no matter how well it's done, or no matter how good the journalists are at their jobs, and how honest they're

Jake 29:40

What do you like, how do you think of that? 50%? You know, news that's, that's not on point that like, you were talking earlier about how there's like a very clear separation between opinion writers and journalists in your mind. And sort of as you're saying that I was like, Well, it seems you know, Obviously, I'm not in the industry, you know, I don't know, you probably have a much more sophisticated



perspective on this. But to me, it's like, it seems like more of a spectrum. And maybe that's me, conflating the fact that 50% of news is sort of missing. And missing. I mean, like, it's 50% is hitting and 50 percents missing in terms of what's right, and what's accurate. And I'm looking at that piece that's missing and sort of attributing an opinion to, you know, in some cases, why that's wrong. You know, why it's BS? But maybe you think about that a little bit differently.

Noah Smith 30:36

Yep. So I'm, what am I saying? What I'm saying is that, for opinion, writing, it's not even possible to quantify how much is right and how much is wrong, because a lot of it is just not even wrong, you know, it's just bullshit. It's just narratives like that you can't be falsified, right. And I write the, I write those narratives, too. You know, I try to just stick to facts as much as I can. But people want a narrative to feel like they understand things. And I've got to, you know, provide that narratives. And sometimes, and, in fact, there are narratives that are more useful and less useful. But there are so many narratives that we'll never be able to have rigorous scientific tests of which narratives are useful and which aren't accepting with very few conditions. So, you know, we're spinning narratives isn't all I do. A lot of people think that that's all that's opinions, writer, opinion writers main job, when in fact, it's, it's, it's only part of it. Opinion, writers synthesize a lot of different sources to get a clearer picture of what's going on. But that picture, in order to communicate that picture to people you have to use, you have to wheat, if you're going to make people understand what's actually going on, you're going to have some pieces of that communication are going to have to be bullshit. Bullshit. In and when I say bullshit, what I mean is not lies, or anything. That's, that's incorrect. It's stuff that is just sort of made up. And it doesn't matter whether it's correct or not. And so that's so that bullshit is necessary for putting real information into people's minds. It's a conduit that allows you to get information into people's minds, because it allows them to nod along and say, Hi, I understand this thing. And then they the information fits into like that framework, and doesn't just bounce off their skulls. And I'm like, Okay, what is that? So in other words, explanation is always part bullshit. And this is true of scientific theories to a greater degree than anyone realizes, by the way. So in a



way, we're just making up little scientific theories of like current events on the fly. But I'm with so for opinion writers, it's not even possible to talk about like, 50%, right, 50% wrong. Okay, but, um, I would say that there's some opinion writers out there whose frameworks are just totally broken. And who would just see the world through a lens that's just totally inadequate to allowing them to understand things, like the people who saw the Silicon Valley Bank collapse this week, and blamed it on wokeness. If you saw that they're like,

Jake 33:18

Oh, you're making you're making my transition for me. So keep going. Yeah, they

Noah Smith 33:22

had diversity statements. That must be why their bank collapsed? Well, no, it wasn't, that has nothing to do with it. It's just like, that's what these people talk about. That's how they understand the world. That's their lens through which they view the world. And it's a lens that I consider pretty useless. Like, some there. Yes, there's weakness. There's some things that happened because of weakness, but like most stuff doesn't happen because of weakness. And you're really just sort of like, you're you're taking your chosen lens and just applying it in in appropriately to just everything you see. And so I think that that's what I would, but you can't call that wrong. It's just like, I would call it stupid. But then my job is sort of proving that a stupid will only you know, what better explanation do you have? If it's not witness? Tell us what it is. And so that's what my job is. Right? I have to give people a better alternative to those unhelpful kind of narrative frameworks.

Jake 34:11

Yeah, one interesting thing, I'm not sure if this is, you know, how all this would work. But if you see a given opinion writer, that is constantly blaming, or, you know, attributing the causes and situations to the same thing, or the same couple of things. Maybe I mean, on the one hand, you could say that those things are gent genuinely so, you know, core, that they're driving everything, and maybe that'd be the calendar that these people would try to make, but it would seem like a lot of things that happen. You know, should have



at least somewhat like you shouldn't be able to attribute every situation to the same root problem probably. There's probably at least some unique causes to various things are separate causes to think And so when you see someone just take the classic narrative of, you know, this is a world problem, or whatever it is, to the same to a different problem, and they just keep applying it to different problems, it's like, I start to get a little bit skeptical of that, maybe. But you wrote a couple of pieces on the Silicon Valley Bank, situation, I'm sure there's more to come. And I actually just read them today, sort of after the storm of the last few days, we're recording on Tuesday, March 14, and basically the last six or six, five or six days, we're sort of the thick of things, at least. So it seems thus far. And a lot of your stuff, you know, held up really well, you sort of most people were predicting, for example, that there would be a buyout, you know, Sunday night or something like that, if Silicon Valley Banks that all the depositors would get some amount of money back, you know, immediately as opposed to over time, and there's speculation, you know, maybe 50%, Monday maybe would be 80%, whatever. And you were writing about how, you know, it's probably more likely to be 100%, just to prevent anything systemic from happening, and that the government could step in directly that that doesn't need to be an acquirer. So I think one interesting way to sort of transition, the conversation we've been having about the changing media landscape to this specific event is to sort of just hear behind the scenes. You know, we could talk about the event itself as well, obviously, but the behind the scenes if like, something like this happens, how do you collect your information? How do you compile it? How do you summarize it, decide what you're going to write about? Just like your whole process of information collection, and then writing, because obviously, you know, you're prolific and some of these pieces that you're writing are more, you know, independent from current events at the given time, they're obviously loosely related. But this is like a breaking news thing where you are, you know, picking up the pieces as they come and information changes in real time. I think your second piece was like, an hour or two before? You know, the,

Noah Smith 37:05

exactly what I predicted was, in



Jake 37:06

fact announced. Exactly, so it's like, very real time. And I'm just curious to hear how all of that plays out behind the scenes.

Noah Smith 37:14

Oh, um, why did I think that that was gonna happen? Well, I saw a, I had seen a Washington Post scoop from a friend who's a reporter at The Washington Post who has inside sources, saying that this is one thing that we're contemplating doing. So it sounded very likely to me that this would be done. Just knowing the general principles here, and reasoning that we had learned from 2008. In 2008, we let Lehman fail because a bunch of people were like, well, how are you going to bail these guys out? And it turned out, we had to do a lot more bailouts later because we let Lehman fail. I think that we learned our lessons. We don't always learn them quickly or exactly right. But we do learn. And when I saw people proposing this deposit backstop, and I realized how cheap it would be. Right, I realized that this isn't going to cost the taxpayer money. You know, and it's, it's pretty minimal intervention, actually, it's just formalizing a deposit guarantee that had been informal since the crisis. You know, for over a decade now. We've We've Garin, we've, like, always made sure depositors get all their money back, informally. And now we're just gonna do it formally. At least for in this situation. I thought, Okay, well, so it's a minimal intervention is not really different from what we're already doing, just sort of publicly announcing this and creating this like bank funding mechanism to make sure it's all just like formalized is not that big a step. And everybody's going to be scared that this could be another Lehman. I don't think it could be another Lehman. But just a fine, you don't want a 5% chance of another Lehman that could screw your economy, it doesn't, you know, doesn't do a lot of harm to sort of formalize the kind of guarantee of deposits that we informally had since 2008. And so I thought, they're probably going to do this, like I would give them, I was giving them in my mind, like a 95% chance of doing it. And then they did it two hours later. So like, I was right. But I knew exactly what they were considering. And I knew why it would be an attractive option to them. And I couldn't think of a better alternative. Except I couldn't think of any any alternative that they would do, unless they just made a gigantic mistake. So I was



like, Okay, well, this is what they'll probably do. And that was right.

Jake 39:22

Yeah, it's interesting. The, the informally, making sure the depositors get 100% of their deposits was something I saw, like, you know, you link to Google Sheet and one of your pieces. And that was really interesting to take a look at just to see like, actually, you know, here are all of the cases of bank failures, because people don't hear about bank failures on a day to day basis. So when you know, one is slapped on the cover of mainstream media and all over your Twitter, and you're seeing it's the third biggest one, and the first one was Lehman and the second one is Washington Mutual, or whatever, your Latins 2008. You're like, Okay, this seems you know, pretty bad. You assume it somewhat unprecedented. And you start to just, you know, people start to panic. Everyone's saying, take your money out of the banks and small banks and move into the big banks, all this stuff. You see a sheet like that, that shows, you know, yeah, these, these bank failures haven't been as big as Silicon Valley Bank in terms of their assets. But in almost all of these cases, people have gotten above and beyond FDIC, guaranteed 250k. You know, no problem, it starts to add a bit of reassurance, I think. And, you know, you start to think, well, this isn't maybe something as different as what we've seen in the past, but at the same time, the fact that it feels different to a lot of people may be enough to like, psychologically, you know, panic and create the bank run in and of itself. So even as of yesterday, I was like, just sort of crossing my fingers that no other balls dropped. Because, you know, like, we just, you didn't really know what was gonna happen exactly, even if the facts are the facts, like, people could panic and backgrounds are self fulfilling, and it just felt like a bit of a precarious position to be in. So anyway, you don't see this as being something that's super systemic or putting, you know, the US economy at any material risk in the near term. Is that a right read of sort of how you're saying things right now?

Noah Smith 41:26

Yeah, yeah, I think the bigger the bigger problem that has nothing to do with SBB, or the current, you know, deposit measure that they took, the bigger problem here is just that raising interest rates makes a



lot makes treasury bonds, long dated treasury bonds, like 10, year treasuries, whatever, lose value, right, they lose their value, which makes banks more vulnerable to runs. So you have because if your assets are worth less than you can't get as much cash for them in a quick sale. So if people Yank their deposits, you can't get as much cash to pay them. So that lowers the amount of deposits that people have to yank in order to bring down any given bank. Does that make sense? Yep. Okay, so then, so the raising interest rates lowers the value of trade of long dated treasuries. And, and that has weakened our financial system, and yet inflation is still running hot. So we're gonna have to do more interest rate hikes, which means more weaknesses for banks, which means that we are probably going to end up having to guarantee all unsecured deposits, at least until inflationary episode is over, because raising interest rates will just make banks less and less solvent, and Silicon Valley Bank was just the canary in the coal mine in the sense.

Jake 42:37

Yeah, so what do you think about you know, the, like, the Fed can guarantee all deposits, but, and that can give people confidence that I can stay with, you know, my medium sized or small bank and not have to worry about losing my deposit. But is there any, you know, like, despite them guaranteeing that, is it, wouldn't it be reasonable is the part I don't really get as of now, like, you know, I obviously want my deposits to be safe, I don't see any reason to not move my money to a big bank, where it seems to be, you know, even safer, even if they're saying, you know, my deposits are good with the medium and small banks, if I play things out, and a lot of banks are in trouble due to the rate hikes. And you know, the Fed says they're gonna, you know, backstop all the deposits and everything's fine. But if I don't really trust them, I wouldn't ordinarily want to, like spread this on a big platform or anything. I don't know that many listeners, it doesn't make a difference. But like, if I'm thinking, Okay, well, so some more, you know, they continue the hikes and more banks are going down. At some point, are they going to have to pull back on the, you know, we're doing this in perpetuity? Like, I think they only earmarked What, like 25 billion or something that covers like the start, but there's like this broader bank, that I think it'd be gone.



Noah Smith 43:58

It's much more than that. It's it, the the insurance fund, basically, it can go up a lot higher than 25 billion. Like how a billion is something else. It's like the government's sort of \$25 billion of guarantee it's, it's too annoying to explain. It's boring. The point is that this isn't like, simple ways of understanding. It's like, oh, it's a \$25 billion bailout? Well, no, it's not. In fact, it it might just be like, it's probably just a zero degree. It's a \$0 bailout, because SVB is probably solvent. And so, you know, sure the lost money in bonds, but probably what it has left is enough to pay the depositors are almost so like the actual cost of it will be either zero or very small, and that cost will be borne by other banks.

Jake 44:48

Right, okay. It's sort of, you know, ended up talking about media for a while and I don't want to go too deep into this issue, because we're coming up on time, but I wanted to end with a separate thing that something you've written quite a bit about, it's why you're sort of, you know, taking a techno techno optimistic view. On the 2020s, you said that when you when you first started substack, this was going to be like, a main thing that was sort of important to you to be explicitly techno techno optimist. And you wrote a piece lay on techno optimism for the 2020s, which talked about, you know, space and energy. And I can't remember if it was talking too much about AI, or if that was some of your more recent posts about 2023 and whatnot. But, you know, to end on sort of more an optimistic note, curious, you know, if you could give sort of like a general outlook about what's exciting these days, what you're paying attention to, and what you're most optimistic about technologically for the several years ahead?

Noah Smith 45:45

Oh, well, you know, so I, I don't want to push techno optimism where it's not warranted, right. Like, I don't want to, I don't want to force myself to be optimistic. I just am optimistic. I think that there's some, you know, we have we have we have a self regulating technote system, technological system, I don't really it's not really self regulating, what happens is that when, when innovation, when when progress starts to run out, we put a lot of effort into finding new things and opening up new fields. And so there was, you know, when,



when progress in bigger engines, faster airplanes, faster cars, more power hungry appliances, all those sorts of physical progress came to a halt in the 1970s. rapid progress in those energy intensive technologies came to a halt when energy got more expensive after the oil shock of 1973. And we end for a while there was a productivity slowdown, and we said, Oh, my God, we need to invent more stuff. And so we poured a lot of resources in inventing something of a different type, which was it. So we invented, you know, computers in the internet and smartphones, and, you know, spreadsheets and blah, blah, blah, and that wave of innovation is still going to some extent, I mean, you see AI now coming out, I think GPT, four just came out today or yesterday. And so you still see some of the innovation going, but I think a lot of that is slowing down. You know, there's like a marginal benefit. Almost everyone has a smartphone. Now there's a marginal benefit from cramming more apps on it, you can't spend any more time on social media than we already do. Businesses now fully digitized all these things, you can make slightly better like SAS business apps, whatever. So there's still some progress, just as there's been some progress in airplanes and cars and appliances since 1973. But the progress is just slowing. And so but I think we have, you know, except in AI, that's like, the only like, you know, it rapid progress it thing because that was sort of a later field that got opened up. But I think that we've started pour resources and other things, we started to pour research resources into energy tech, with batteries, and solar and hydrogen, and all other kinds of cool stuff. We've been, I think batteries are the most interesting one, we started to pour resources into, into biotech with mRNA, vaccines and CRISPR, and blah, blah, and this and of course, we poured resources into AI, but those sort of, and space to some degree, right, we're making space launch cheaper, and but um, but I think that, you know, energy, biotech and AI are probably the three biggies. And, you know, when, when our it, you know, our IT revolution started slowing down. As soon as it starts going down. This is this is, you know, a couple decades ago, as soon as we could sort of see that this was going to slow down, we started just pouring resources into these other things. And now it's come to fruition. And you know, the amazing vaccination effort, the COVID vaccination effort is just the first of many such things, you'll soon be able to, like, grow your organs in a lab, you know, whatever. Cool stuff in biotech gene, edit your kids make your dog immortal, I don't



know. That's that cool stuffs gonna happen. Their energy technology is just energy is gonna be super portable, you're gonna have little drones and robots flying around and finally have the robot future everyone's been wanting, cheap space launch could take us to Mars. I don't know if that actually makes any economic sense. But I think we'll be able to do it, I think. And then, of course, AI is gonna like write a bunch of stuff for us and design a bunch of stuff and just do cool, cool things like that, plus a whole bunch of predictive, you know, stuff that seems almost like magic. Between all those things. I'm really optimistic about our the increase in our capabilities. Now, the One note of caution, I'll say is that new technologies often get used for evil they used for war and destruction, industrial technology get used for World War Two, you know, and I think we're now seeing how information technology can be used to create a world of misinformation as well as doing things like cyber attacks, but especially just just to spread lies everywhere. I think we're now seeing that And I think, you know, trust in media has some going down, it's something to do with that. And I think that, um, you know, we will see the new technologies used for evil, we're gonna see people try to make bio weapons, we're gonna see people use, you know, batteries and AI to do like killer drone killer robots, we're gonna see, you know, AI, probably accelerate, it'll be a force multiplier for the Internet liars. We're just the people spreading misinformation on the internet. And so we're gonna see all kinds of bad uses by bad people. So being a techno optimist means I'm optimistic that we will be able to create all this cool stuff. That doesn't mean that I think that every use that people put it to, is going to be good, right? Many people will put technology to bad uses just that they have for every technology we've ever created in the past. And, and we just have to minimize, we have to rearrange our societies was to minimize the bad uses of technology and maximize the good ones. So that technology becomes a purely beneficial force, or as much as we can make it.

Jake 51:00

Yeah, no, definitely can be used for good or bad. And I think it's a good place to leave off lots of people to consider and wrap on time. But I want to thank you anyway, for, for coming on. And, you know, interesting going back and forth on a bunch of these things a bunch more I could talk about, but great, great hearing your perspective on



all this. And where can people go if they want to, you know, follow you on Twitter or, you know, read your substack everything like that?

Noah Smith 51:24

Oh, yes. I mean, my my substack is called no opinion. And OAH e i n IO N, there's no Oh, in the middle. Sometimes people hallucinate an O, but it's just no opinion. And that's the name of the substack. You can Google it, or you can go to [No opinion.substack.com](https://noopinion.substack.com). And then Twitter, my Twitter handles the exact same. It's just no opinion.

Jake 51:49

Awesome. Well, thanks again. Great talking with you and appreciate taking time.

Noah Smith 51:54

Cool, thanks so much for having me on.