



AxisofEasy Salon #13: The “Phase Shift” everyone is worried about has already happened

Mark Jeftovic, Jesse Hirsh, and Charles Hugh Smith

Jesse Hirsh:

But we butchered a rooster yesterday.

Charles Hugh Smith:

And so he goes in a pot with like a bottle of vodka or something that kind of soften him up.

Jesse Hirsh:

There was a scene... I should have taken footage of it. There was this one scene where was plucking them, was taking the feathers off and all the other birds were kind of watching her. And it was this very –

Mark Jeftovic:

That’s kind of morbid. Yeah. That reminds me of an old Gary Larson cartoon, and all the mice are in the gumball machine and it's like, Randy's going down.

[opening credits]

Jesse Hirsh:

It was very Gary Larsonist.

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Charles Jeftovic:

God, you realize we're dating ourselves. You know, maybe guys like 20 year old people don't even know who Gary Larson is. I mean, I wonder –

Jesse Hirsh:

20 year old –

Mark Jeftovic:

Larson's back. Larson is back.

Charles Hugh Smith:

Is he? Good.

Jesse Hirsh:

20 year olds are not interested in the topics that we talk about is my easy guess.

Mark Jeftovic:

I want to start a betting pool, like an over under, on like when and what for will Gary Larson be canceled?

I'm thinking animal cruelty or something. I don't know. Yeah.

Jesse Hirsh:

Did you read that post I sent you Mark? about cancel culture?

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Mark Jeftovic:

Yes. Sorry. I got a couple in the past few days. yours was on..

what site was it on?

Jesse Hirsh:

New York times probably?

Mark Jeftovic:

Oh, that one. Yes, yes, yes, yes. I read it. Yeah.

Jesse Hirsh:

I don't think Gary Larson would ever be cancelled. Cancel culture does not intersect with the world of the far side or Gary Larson or a different way.

Charles Hugh Smith:

God, we hope so.

Mark Jeftovic:

We'll see. We'll see. I mean, if they're going to take down Gandhi statue, you know, is anybody

Jesse Hirsh:

But my point is, we can get into this in the podcast, but I agree that there is no cancel culture.

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Mark Jeftovic:

I disagree.

Jesse Hirsh:

What there is, is politics. And cancel culture is a lazy word to describe politics. And I think politics has always been messy, has always involved violence, has always involved canceling. And that when you situate it in the largest trend of politics, it's easier to understand who's facing the mob or who is facing these types of opposition, and who isn't.

Mark Jeftovic:

Let me quickly jump in with...

This is AxisofEasy Salon Number 13, which is my lucky number. Always has been.

Jesse Hirsch from Ottawa Valley, Charles Hugh Smith from the big Island in Hawaii. And I'm Mark Jeftovic here in Toronto.

And I would push back a bit Jesse, because in the past, people would – maybe I'm romanticizing it too much, but it just seemed – there was just a lot more civil disagreement in the olden days when someone could actually admit to voting for the other party and they could even have a civil disagreement over it. And now, you basically relinquish your rights to exist if you're on the wrong side of the narrative.

Jesse Hirsh:

And this is why I disagree with that. I think that that's a very contextual statement, because speaking as someone who has his entire life been called a commie Jew, I can tell you that as a Jew, I can say countless historical instances where no one wanted to debate us. They just wanted to kill us. And as a communist, I can tell you no one's interested in hearing my views. They're going to dismiss me right away as a communist. Now for the record, I'm not really much of a communist nor a Jew, but as an insult that

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people have called me that there is no defense. And there is nothing I can say as a way of discussing with them civilly about that.

So I agree that civil discourse has existed, but it depends who you are. The same way that if you're a black person in the Southern US, the same way that if you're a Uighur in China. The same way that if you're a certain identity in a certain context. There's never been civility. There's never been discourse. And so that's why I agree. We should talk about what's going on right now and object to it and say: Hey, let's look at freedom of speech. Let's look at civil discussion.

I think those are important virtues, but I think the problem with cancel culture is it negates that politics has always had these elements. And that they transcend this particular moment, and that we cannot be nostalgic about some golden age that never existed, but instead argue that what's happening now is a byproduct of the power of digital media. That because this power of digital media transcends the nation-state, transcends the controls of the nation-state.

There are now new forces of power. On the one hand, that's Facebook and Google who have a kind of power we've never really seen since the British East India Company. And maybe not even that, maybe it eclipses that. And on the other hand, we have new political forces that are able to use their power against their enemies – incredibly effective ways that we can and should talk about being dangerous. But I feel that cancel culture distracts us from the institutional influence of Facebook and the other platforms, and further decontextualize this activity, when there's always been pogroms. There's always been McCarthyism. There's always been all sorts of instances in which this behavior has taken place. So it's actually not new. It's just in a slightly new form in a slightly new context.

Mark Jeftovic:

Before I let Charles in on this, I'm just going to say I think there's a distinction where there's always been persecution; and there's always been pogroms. And I'm not disputing the historical reality of that, where I think it has –

Jesse Hirsh:

For the McCarthy era.

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Mark Jeftovic:

Yeah. Well I mean I talk about the McCarthy era in my book because I think the people who were the most active in cancel culture today are the most oblivious to the pendulum of history. So they think, well, we're on the right side of history and we will always be on the right side of history. But even as recently as – and I've stated this many times – as recently as the neo-con era after 9/11 – but hang on, I haven't gotten to my point yet – but after the neo-con era, the word liberal was practically a slur.

I always say that. That's my off the cuff remark. And today, of course, it's very different. but where I think about cancel culture is, I think about what used to be called – euphemistically – the Overton window, right? The band within which permissible discourse is allowed. And why I think the thing called cancel culture exists is because persecutions and pogroms and that kind of thing, they existed outside that Overton window, but there's always an Overton window there. That was the allowable band range of discourse.

And even today now, it's not that that window has narrowed. That window has disappeared. So you can't actually say I disagree with you on this point and on that point, because then, you have completely abrogated your legitimacy to have an opinion.

And the thing I will mention – the last thing I'll mention – is a book I think I've mentioned before on this show was Bruce Sterling's the Internet of Things, because that circles around to your point about the institutional inertia behind forces like Facebook and Google. And I don't think Sterling – I think he chose the title for that book before IOT was kind of like this protocol thing. And so it was kind of an unfortunately named book because I don't think it's as well-known as it should be. But he talked about – and he didn't use the phrase cancel culture – but he talked about it in the same context where if you were one behemoth and you had a protocol like this, and then Google came out and said, not only do we want to be able to compete with your vision of a protocol stack, your stack shouldn't even exist. We want to disrupt you right out of existence. And that's cancel culture. And I think that it is a reality because it absolutely seeds no legitimate space for any divergent opinion to exist.

Jesse Hirsh:

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Let me just quickly reply. I agree with your concept of the Overton window, but to use an analogy we discussed last episode in previous, there is no mass society anymore. There is no unified audience. So Overton windows exist, they're just not synchronized. And that everyone has their own Overton window. And every culture has their own Overton window. And there's an uncertainty because you don't know where you are in that window because it's become subjective instead of shared. And I think that's the issue. And I agree. If you were to describe everything that you would call cancel culture without using the phrase cancel culture, I would a hundred percent agree with you that this is what's going on, and this is the problem. And that's my objection to the word cancel culture. That it's an ideological word. That Rob's meaning from the phenomena, because it frames it according to one particular side, when as historians, we should try to be as beyond the frame as possible to really see what's going on.

And I think the word cancel culture is a frame that limits our ability to see this activity and understand it. And that's my main argument. It's not that what is happening is happening. Cause we share that. It's using this phrase to describe it. Because I think that in it of itself limits our understanding of the phenomenon, and where it sits within this larger power structure or platforms and nation-states and warring cultures and so on and so forth. But later, whether in this episode in the future, I want to come back to that Overton window because I think that's a very important concept that governs a lot about how societies negotiate powers and norms.

Sorry, Charles, go ahead.

Charles Hugh Smith:

Alright. Oh, very good. It's always kind of nice to let you guys beat the subject up a little bit and I can come in and play, you know, good cop or whatever.

Mark Jeftovic:

The adult in the room.

Charles Hugh Smith:

No, no, no. More like I'm, you know, the interrogator that acts friendly.

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No, I'm going to comment on a sort of this foundational thing of looking at this power structure that Jesse refers to sort of as a system. So I'm going to refer to – like my kind of context for that is values processes systems. That chain goes back and forth, right? Every system manifests or instantiates, right? Processes, which then reflect or instantiate values, whether they're implicit or explicit, right? So that's one thing.

The second thing is a historical example of this kind of cancel culture wiping people clean et cetera. I would say the Chinese in California is a pretty good example, because when they first arrived, they were a marginalized population. And then everyone kind of live and let live. They did the laundry and if the guy happened to dig some gold, well, Hey, whatever, right?

Well, once they became an economic threat – and this is where their connection to the Jewish populations in Europe – as soon as they gained some economic foothold, then they were immediately expelled from like, England in 1250 or whatever. And it's like this rolling expulsion. As soon as they gained economic and therefore political power, they became a threat to the status quo.

And so my point here with the California thing is that's why the Chinese – the constitution was completely shredded. Just thrown aside. Wasted. Destroyed image. Nothing. The most important thing was to stomp out the economic threat of the Chinese who were starting to succeed. And so it was like, you could be born in America, which is in the constitution. You are a citizen with full rights. Chinese? Nope. Not so much for you guys. You have to have an internal passport. You don't get a US passport without these other things which you may or may not be able to come back in the country. And so that kind of stuff happened.

And so, my point here is there's another dynamic in my view, which is when elites are cruising along and feeling completely in control, then the impetus for “cancel culture” or eliminating the legitimacy – to use Mark's phrase – of somebody or a group is not so severe, right? There's not that motivation. But once the situation gets fragile and the elites are in danger of losing some bit of their wealth or power, then suddenly their impetus to wipe somebody out is like really intense, right? And so that's why the pogroms appear in a flux of power and economic power, right? And so I think the cancel culture phenomenon – and I agree with Jesse – I think your point is well taken that we have to be careful not to use a loaded phrase that can carry all these implications that we may not really want to associate with it. But in any event, I look at the status quo in the USA right now, and it's increasingly fragile, increasingly precarious. And so there's

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this huge impetus to delegitimize your opponents as completely as possible because there's no room for that. That's a threat in it of itself. Sort of like classic discourse. Well, that's a threat because we need to have complete control.

So my last point is when I think about this cancel culture in the context of the French revolution, which we talked about briefly, it's like, well, we're more radical and pure than you. So you go to the guillotine, then the next guy behind him goes, Oh no, I'm more radically impure than you, so you're going to the guillotine. But that was within the elites of France. And so I want to make a point where nobody cares if you sort of dismiss a marginalized group. But when you start cancel culturing elites, then suddenly it's the topic of the day. And that's what's happening now.

Jesse Hirsh:

And I think you hit the nail on the head. I think that was absolutely brilliant, Charles. Because this is about elites, right? Twitter, which is the foremost battleground, it is an elite platform. And it reflects that part of my larger hypothesis that this is the nation-state being replaced by network states.

You could say the same analogy applies to elites. That the previous institutionalized elite, the previous regime, is now being challenged by a new regime. In some cases, a new generation of elites. And they're using the platform of elite discourse, which is Twitter, to essentially try to build consensus and try to build the network equivalent of political parties. And then they're using that to fight their opponents. And that's why I don't like the word cancel culture; because I think it prevents us from seeing this as a battle of elites as a way in which elites are using their institutions of power to both fight for jobs in the literal economic sense.

I mean, a lot of this is about media, and it's about media in the entertainment sense of who makes movies and who makes music, but also media and the news and current affairs sense. That's – who gets to tell the story of society. That is such a foundational power of an empire; or a foundational power of a state. That's why this is high stakes. That's why I was earlier referring to it as politics. Because that's what this is. It's a battle for power amidst elites. With entrenched elites being anxious about their position and newer elites being hungry for power. So they're doing whatever they can just seize that power.

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And I think if we look at it that way, it both allows us to anticipate what comes next and anticipate how this is currently playing out. But it also, as I've been trying to say, emphasizes the power of the platform itself. That if we get distracted by the petty battles that happened over who said this, she said that; we miss the fact that these are the larger platforms that are benefited.

And in the analogy I think of is Rome, in terms of breads, and circuses, and gladiators in the Colosseum. That Facebook is Rome. And whether it's outrage culture, whether it's cancelled culture, whether it's Karen culture, like whatever it is, it's all just a distraction from the larger power dynamics; so that we don't question Facebook. Instead we start fighting amongst ourselves. And that's why I think it's important to scale this back.

And to your point, Charles, look at this as a discourse. Because most people don't give a F, right? Most people are going about their lives and they're kind of impervious to this. Whereas if you are a part of the cultural elite, this is what you're obsessed about, because you're worried about your job at the New York Times. You're worried about your job at CBC because that's what makes you a cultural elite. And I think looking at it as a battle amongst the leads helps us understand the political dynamics much more clearly.

Charles Hugh Smith:

Yeah. Mark, I'm going to let you comment, but I want to just break in with a star Trek reference. A hundred quatloos that the outsiders cannot be unintegrated and must be destroyed.

Mark Jeftovic:

I was trying to look up a reference before you guys kicked it over to me about – cause it, Jesse, you brought up a point that reminded me of a really old book called The Public Eye by a guy named Brian Fawcett, who I think was Canadian out of BC. And his book was, you know, The Public Eye: An Investigation Into the Disappearance of the World. But what he talked about in that book was the first time I ever came across the description of the parameters in which the society operates that doesn't get questioned.

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It's to your point, right? We're duking it out on Facebook. Various competing factions of outrage culture are having these cage matches on Facebook or on Twitter. And nobody is really questioning Twitter itself or Facebook itself and the effect it has on us as individuals and as you know, society as a whole.

And the quote that I was trying to look up quickly, but I didn't have time, but he said something about – it's like an operating, like a series of concentric shells, like an operating system that sits on top of a, you know, underneath the programming language. And it doesn't say what is permissible. Like it doesn't dictate what has to be said, but it governs what commands can be run. And under what circumstances, like we all know what an operating system does. And I thought that was such a brilliant analogy considering that the book was written – I think in the late eighties, early nineties. And you realize, I mean, I've called it the aquarium characteristics of life, right? You're swimming in the water and you don't know what water is because you're in it all the time.

The idea around media, like who gets to tell the truth is one of those concentric shells that governs what commands can and cannot be run in a metaphoric sense. And then yesterday, what we saw with the big Twitter hack and the screenshots that got dumped as a result of that – I don't know if you've seen it – Vice motherboard, ran a story on it with a couple of screenshots. And so there you kind of see it. Trends, blacklist, blacklist, and it's kind of like, okay, so that's the man behind. Those are the people behind the curtain that are shaping the narrative to the point of what's allowed to trend, what's not allowed to trend. Who's protected, who's not protected. Who gets anointed with the blue check. People like Jesse, who doesn't. And to your point, I will concede that that may get obscured in this obsession with cancel culture and outrage culture.

I actually think once you hit upon outrage culture, that was a much more descriptive and appropriate term for it because I think that might be one thing that we could agree on is that that just seems to be dialed a little higher these days than in the past. Whereas in the past, you know, cancel culture might be you know, William F. Buckley and Gore Vidal sitting there in suits, on stools in having a nice conversation with each other. And one of them finally loses his temper famously. And nowadays, it's just like unhinged, hysterics beam, flung back and forth across people.

The other thing I wanted to talk about – and I think I actually lost my train of thought on how I got there, so I might just park it for the moment – but it was about factions like that. How the lines today do not delineate along party lines or class lines, even. Unless

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you draw the class line along different criteria than we're used to; is that there's competing factions. So it's like the media gets to tell the story, but right now the media doesn't line up with the actual nominal faction and talking about the current administration.

One last thing, which almost points back to Charles – his concept of the deep state of like, that's just kind of like a faction that doesn't show its face as often.

But Go ahead, Jesse.

Jesse Hirsh:

I mean, it's interesting you brought that up because as I said previously, I don't think there's such a thing as a deep state because I don't think those forces are United. And so my problem with the word deep state is it doesn't evoke the plurality of those factions – plural – that are operating in that shadowy world. And I'm not sure factions is the right word, because I think you're right in that. It's not about class and it's not about parties, but I think what we're seeing is the formation of new political parties. It's just that because those political parties haven't fully articulated themselves – and there is no legislature in which they would appear – because Facebook, while a kind of commons, is not actually a legislature; and it's a black box. So there's no way for us to see who sits where, but otherwise I think you're right, that there is a different configuration and where I think outrage culture is more accurate, it's still kind of blames the victim, right?

The fact that everyone is so emotional, is so upset, is so outraged – I think is a symptom. That it's not the cause that these are all people who are acting out. And when a child acts out, you don't think, Oh, that child's part of a conspiracy. You think no, it's time for them to eat or it's time for them to take a nap, right? And I sort of feel that we have the same attitude with our culture right now that either people need to eat or maybe they need to take a nap; but fundamentally, it's Twitter that we got to be looking at. It's Facebook that we got to be looking at, because your point about that admin tool that was inadvertently revealed as part of this hack, is it shows the power and control that they can exercise.

And I suspect you inferred that they profit from outrage. So it's in their interest to amplify the trending topics that encourage people to go after each other and encourages them

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to amplify the kind of cancel imperative. And I think that's why – while outrage culture may be our current working title, we need to get even deeper to understand not so much what the symptoms are, but what the causes are of the behavior and the culture that we're objecting to.

Charles Hugh Smith:

Right. And I'd like to speak exactly to that. Thank you very much. Perfect transition there.

You know, we look at political parties, so let's look at France as an example. The US, we can look at Trump and so on. But the French example is even more extreme. It's like the political parties; they are literally fragmenting before our eyes. In other words, like it's only people on the margins who are winning elections in cities, provincial elections. And Macron – he came from nowhere. He didn't have a party affiliation. And sort of like Trump just basically hijacked the sort of like smoking ruins of the Republican party. But he's not really a Republican. And the Republicans just kind of had to hold their nose, but he's not really a Republican.

So that fragmentation, why? Okay. But I would say even better than outrage or another maybe side description, is resentment. Like, I think there's this huge pool of resentment as things are no longer working. Things don't work like they should. So there's like this resentment which quickly turns to outrage. And I think, why do things not work? And why is there fragmentation? Well, I would say three things.

One is the solution used to be three things, and this is kind of a simplification. And you guys can run with it or smash it. But if you need more government, more centralized, government will solve everything.

The next one is tech. Technology will solve everything effortlessly. Like you don't need policies or anything like that. It just takes over the world and it fixes everything.

And then the third one is markets. Neo-liberalism. If you just turn everything into a market. That peasant walking, you know, two clicks to get some water, he or she is going to find some way to make a ton of money in the global market, and they're going to be lifted out of poverty. And pretty soon she'll be running for election and blah, blah, blah.

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So each one of those things has completely failed – fundamentally failed. None of them is a solution individually or together. It doesn't matter if you take the government and tech and the free market. It still fails. And so that's why people are fragmenting. It's like there there's camps clinging to these old solutions that don't work. And then there's camps of people trying to find some new solution. Like well maybe if the government did something else, then it would fix it. Or maybe if tech did this, or if we had universal basic income; but all of those things don't work because they're all based on these three failed platforms. That would be my sense of why there's this huge pool of resentment and why it comes out in fragmentation. Is that people are seeking some kind of universal solution that doesn't exist.

Jesse Hirsh:

Well, and I would briefly say that if those were the figures, if those were the focus of our attention, what we keep talking about is the container – the nation state. Because that's broken too. So not only are they looking at the figures and drawing blanks, but the container that they're using for those figures is also broken and drawing blanks.

Go ahead, Mark.

Mark Jeftovic:

I was going to say, you brought to mind – Charles – the fragmentation, when you talked about how in France, only the fringe parties can win elections.

There was a Pew research poll done I think about two years ago now, maybe three, that was showing how in the US – and I'm going to find the graphic postproduction and maybe just put it up on the screen quickly when it comes time to edit this – but it showed that there was the way that the public consensus or lack of consensus had drifted, it was impossible to gain a majority in the center, right? So that only you could win an election, you could only gain the number of votes needed to win on the margins, which meant that every successive election was going to polarize further and further and further. And so the center could not hold.

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And it was actually Ben Hunt who wrote an essay by that title that referenced the Pew research survey, which showed that you can't get consensus in the center anymore. You can only overwhelm the opponent on the fringes. And so the fringes were going to get further and further away from each other and thus more extreme and polarized.

When listening to your ideas about more government tech, Kunstler had a book called Too Much Magic, which was about the sort of – I'm sure you're aware of that one, both of you – but I kind of bristled when I heard the part where markets and neo liberalization doesn't work because I've still always been this free market believer and I listened to you and I read your books and I'm kind of like, is he right?

And I find myself thinking, well, you know, free markets don't work because people don't let them work. There's too much government interference. And then I listen to myself and I think: Am I saying the not real capitalism line the same way that we say? That not real communism line to all the people who try to apologize for every failed experiment in socialism? And I'm like, see, in that, I got no answer for it. It leaves me in a place that's very uncomfortable. So I don't want you to be right. But –

Charles Hugh Smith:

No but let me speak to that. Sorry, Jesse. Let me just cut in here because my current book – this is what I'm writing about. Is that I finally realized it's about scale. That if you open a local market, like the equivalent of the Tang dynasty in China or the medieval open markets, the fairs; these things worked because they were granular. They were localized. They were small.

Now you could travel. People traveled hundreds of miles to these big trading fairs in medieval Europe. But there were no dominant players. And what happens in the current version of state monopoly capital is some huge corporation goes into some developing world, offers to build a factory there. If they get all these, tax breaks. So they pay nothing to the government; or, you know, a token amount. Then they exploit the low wages. They build their stuff until they find a cheaper source. Then they close the factory and leave a devastated economy because that economy got dependent on them. Or they mine someplace and destroy the whole ecosystem, or burn the forest to the ground. All to make maximum profit which is the “be all to end all” in capitalism as we know it.

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And so it's like the scale. Once you come in and you're a 10 billion dollar corporation and you come into a small economy or a small market, then you can totally just ruin it and exploit it. And because you have all the capital, you have all the power. So I think Mark, what I see as the CLIME system is a way of keeping the market small. Like there is no – you don't allow a dominant player. And if we look at successful development, it's where a government has the political power to say no, we don't allow that. We don't allow unrestricted capital flows. You can't move a hundred billion dollars in, buy all the resources of our country, and then exploit them and then split, and leave us with all the damage. You can't do that. So the issue is scale.

Jesse Hirsh:

And that's why when we were talking about government, and technology and markets, that's why I felt it was important to take those three figures and say well, what is the ground? What is the context in which they take place? Because all three are essential, right? Like I obviously love technology and there's so much about technology that I'd benefit from and that I'm interested in pursuing, but I've always believed that technology should be subservient to social needs. That it's about the technology bending to us rather than us bending to the technology. And I certainly have a similar relationship with government. And it's not about us bending to the government. It's about the government bending to us and serving our needs and helping us as a population. And I feel the same way about markets. That markets are not about us bowing to markets, it's ideally about markets bowing to us and meeting our needs and working with us in a positive symbiotic relationship.

And so, all three of these are indispensable to human civilization. And I agree Charles, that scale is part of the issue, but I also think configuration is the other context. And my entire life, I thought that the nation state is stupid. And that's the concept of the nation state is fundamentally part of the problem. I also believe that political parties are fundamentally part of the problem, which is also why I keep hypothesizing or speculating on what might replace them, or what might make them worse, or what might make them obsolete. And so that's why when I look at government, when I look at technology, when I look at markets, I think context. and those three things in the nation state – terror, destruction, degradation – horrible things.

But our current question, our current challenges: what are those three things in networks? In networks, what kind of government do we want? In networks, What kind of technology do we want? In networks, what kind of markets do we want? And that's

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where on the one hand we have consolidated power like Google, and Amazon, and Facebook. But we also have a competing model which is decentralized. Which is open source. Which is based on a whole different scale and a whole different – not efficacy, but fairness when it comes to participants in that market.

And I think that's what we, as intellectuals, but collectively we, as a society are interested in and pursuing; is how our government, technology and markets reconfigured in a network society. And is there an opportunity for us to ensure that that reconfiguration serves the greater good. Serves the whole. Serves the people rather than serving either the state, or a few billionaires, or some crooks. Because historically, that's been the model, and that's why I am cautiously optimistic. I think we have a very unique historical opportunity to reconfigure these things for the benefit of all. And I'm not alone in that. I think that's the open source movement. I think that's a lot of the online movements who see an alternative to the nation-state and its networks.

Mark Jeftovic:

Well, nobody has said the word decentralization yet, but I think that's kind of the defining characteristic of what we're talking about here. What we've talked about a lot of times in the past and I would say the sort of defining characteristic of those three elements, right? If you have decentralized governance, if you have decentralized technology – and that goes back to the protocol versus platform, tension and decentralized markets.

I mean, I still believe that the Austrian school economists had it right when they said you leave a market alone and you get better results. And that the going against the sort of Keynesian managed economy interference. That's the difference between centralization and decentralization right there. The Austrians were more sort of a decentralized and the Keynesians are sort of like, you need a bunch of eggheads and white lab coats and a chalkboard to just plan out how this economy is going to go. And it doesn't really work like that.

The one thing you said Jesse about Technology should serve us, we shouldn't serve technology, this might seem like a really jumping out of the lane tangent, but I had to just mention it.

It's why I find our societal fascination with artificial intelligence so quizzical. Even though I don't believe artificial intelligence exists, and I don't believe it ever will. And yes, I'm

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writing another book about why I think that, but the people who take it seriously, they write think pieces about, well, what are we going to do with AI decides to go Skynet and kill us all. And that's the ultimate enslavement to our own technology that we're actually seriously trying to engineer our way towards something that we don't even know what it's going to think of us once we accomplish this mission. And I guess it does bring us back in a way to the whole platform versus protocol question, because AI, I think by definition, is going to be in a black box, right? It's going to be a platform. It's going to be Google AI or AI by Amazon or whatever. And they might even say we can't open source this because it's too dangerous to be in the hands of just every run at the middle guy on the street versus open source, decentralized, protocol-based computing which is just it's there for all. Anyone can audit the code, anyone can look at it and –

Jesse Hirsh:

See, but to your point, I don't think either is inevitable. I think that we're at a fork in the roads where both are equally possible and both have a lot of power and benefits to those who would back it, which is why I like Charles' ongoing analogy of a French Revolution or a political battle. Because I think what I really like about this current discussion is we're sort of implicitly – and to your point, you said, we haven't mentioned decentralization, and I think you're right for bringing it up because that is the shared assumption. I think another shared assumption is that government, technology, and markets are inseparable. That they are intertwined. That they exist with each other. And what we're talking about is what relationship they should have with each other. And decentralization being one very clear assumption; transparency or openness, being another very clear assumption.

And again, on the one hand, I feel every episode. I sort of say, here's how evil the world is. And then more you jump in, you go, I know, I know, or do. And then I come back and say, no, actually, I think there's a lot of optimism as to why there are clear signs that we're headed in the right direction if we can only deal with the 800 pound gorillas in the room. The Facebooks, the Googles, right? The institutional power that has sort of been hidden in plain sight. That the more people wake up to them, the more people are like, no way I don't want that secret AI ruling over my life. I want an open source AI that's decentralized. That works for me. That I get to control.

I think markets are going to lean towards those positive outcomes if they're actually informed. If people actually understand how these things work, that to me is the billion dollar challenge because the industry of mythology is so large, so sophisticated, so

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effective that we – actually, one thing you said last week, Mark, that I really kept bouncing in my head, I wanted to bring back – was you sort of implied that watching movies was bad and that reading books was good. Because you sort of said, you know, I keep mentioning all these different movies that I just want to say I read a lot of books, which is a classic intellectual lie, but I actually think movies are essential. And I think TV is essential. And I think that most people shape their view of the universe, not from the printed word, but through the spoken word. Through podcasts, through movies, through television. And I think that's why I love Adam Curtis because he brings to life and brings to audio visual pleasure a lot of the written words that people should be reading, but they won't read. And that's part of why I think our podcast is so important. That the two of you read way more than I do. So you certainly feed me a whole bunch of knowledge that I wouldn't otherwise have. And I think in having this conversation, we make this knowledge even more accessible so that more people can be informed and go, yeah, I want an open source distributed AI working for me because I can't trust Google or Facebook.

Mark Jeftovic:

Alright, Charles, are you saying something because you're not here and –

Charles Hugh Smith:

Oh, sorry. Yeah. There's traffic. I'm sorry. Thanks. I try to mute myself cause we're right in town, so when there's big trucks and stuff, I try to mute that. But thanks.

No, I just want to touch real quickly. There was a wealth of topics – Jesse – you raised. And you mentioned a key word to me that I want to relate to Mark's, you know, are concerned about markets is fairness. You mentioned fairness. I think we can kind of say humanity, it prefers fairness and liberty, right? Those are like sort of core things. And so, a market is an expression of fairness and liberty if it's kept decentralized and symmetric.

In other words – and so as we all know – it's the kind of money you have and how you distribute it. So right now I can go borrow. If I'm a financier or a corporation, I can go borrow \$10 billion from the fed or fed proxy. And then I can go buy the resources in some small undeveloped country with a currency that is weak compared to the money I'm borrowing, which I can arbitrage. And then I can totally dominate and strip mine their resources, because I can borrow money that's created out of thin air. That's why the

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CLIME system is you cannot have a fair libertarian market that's symmetric to all users if you don't have money.

That's the same way if you're going to allow a handful of people to borrow trillions of dollars out of thin air, then they can buy the whole world, which is what's happening, right? Or buy their competitors. If we're talking about platforms, how did they achieve dominance? You look at the list of hundreds of companies that Google and Facebook and Apple have purchased. I mean, you know, you guys have seen the list. It's hundreds. If you can print money – and printing shares is a way of printing money, right? For these big tech companies, you can eliminate all your competitors and by just vacuuming them all up. You know, a billion dollars – sign. Here it is – 2 billion.

Jesse Hirsh:

Especially if you have access to everyone's personal mobile devices. So you can see when they start using a competitor's app and know that that app is going to be popular before it becomes popular. Offer that app ludicrous amounts of money before the app itself realizes it's worth that kind of money. It's an antitrust dynamic that is unprecedented.

Charles Hugh Smith:

Yeah, you know, you're absolutely right.

Well, I want to tie this either the comment about there's hope, right? That we're in a transition phase, it could go a lot of different ways. I want to tie it back to that article I sent you guys on the foreign affairs article about how there's this cult of comfort when you're in a global empire or a global system or a nation state where you think it could never really unravel, and so it turns out that of course, we all know they can unravel. And so I think we're all been kind of talking around the idea that the US as a nation-state, as an empire, seems to be really close to unraveling. And so then I'm really interested in well, what's going to be the triggers or as the article said, what is the most unlikely event that we could imagine? And then we sort of work backwards, like what could trigger that? The disillusion, the dissolving of the American nation-state. That kind of crazy unlikely thing, what could cause that? An election to be canceled or this kind of

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thing. So anyways, I wanted to bring that up in the context of Jesse's kind of characterization of this being a unique moment in time where that kind of shift from linear to nonlinear and a phase transition seems to be becoming more and more possible.

Jesse Hirsh:

But I think very briefly Mark, I think the pandemic speaks to that exactly. That while the pandemic was something that was anticipated by a lot of people in the right circles, whether epidemiology, whether emergency, or pandemic preparedness, it was for all practical purposes of Black Swan event for everyone else. And I think whether you consider it a dress rehearsal for climate change, or a dress rehearsal for what you're describing Charles, which is the collapse of a civilization, I think what the pandemic showed us is that we're not at all ready for anything outside of our tiny narrow Overton window. And I think that's part of the problem. That maybe we need to start practicing getting outside of our own overturn windows as way to be prepared for the absurd. To be prepared for the unexpected because I think what the pandemic should teach us is that those black swans are actually all around us. We're just not looking.

Mark Jeftovic:

That foreign affairs article was quite good, and I'm going to link to it in the show notes page. And I actually forwarded that to a colleague who then called me up the next night and he's like saying, what do you think is going on? Like what's happening, Mark? And I told him what we talk about here. I said we think that there is a major phase transition happening and that it's the end of the nation-state as we understand it. And the end of an empire, and the end of a global financial paradigm. Like the post Bretton Woods thing. And what I wrote twice here in my notes is the sort of observation that when we sit here on this show and we talk about maybe this is going to happen, or what if this has happened, Jesse is usually the guy who says, what are you talking about? This already is happening, or we're in it. And I wrote that down in two different places here. It's like, it's not things are going to go from linear to nonlinear. I mean, we've already crossed that Rubicon. I said a couple of months ago – and it's an analogy that's just kind of gotten stuck in my head – is that yeah, we're the bizarroverse. Somewhere, there's a normal existence and a normal reality that they make jokes about a bizarre parallel universe where Donald Trump is president and Mahatma Gandhi's statue is being taken down for being racist, and they just joke about that parallel universe and do

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sitcom episodes about it. We're in that universe. We're the bizarroverse. We've already phased transitioned from linear to nonlinear. And we're just kind of like those luge guys just bombing down that tube at 300 miles an hour that are just kind of hanging on for dear life. That's what I feel like we're doing, and we're the only ones that know we were in that tube bombing down the side of the mountain.

Jesse Hirsh:

I agree with everything you're saying, and it's a way for us to try to wrap up. I kind of feel that the narrative coherence or the opposite cognitive dissonance is what we're dealing with. That because the language that describes our world no longer describes it, and because the catastrophe that we're expecting has already happened, but we're just putting the pieces together. We don't actually have a credible narrative to tell us what's going on, and whatever political leader or whatever entertainer can present that narrative. That's where I think there is incredible political power. And for me, one of the more influential artists of my life was Bobby Dylan. And what I loved about Bob Dylan as a writer, as a lyricist, is he was rarely literal, but when you listen to his songs, it evoked this kind of – not just zeitgeists, but this kind of narrative coherence that made you think, yes, I get it now. I understand. And for me, I kind of feel that we're on the precipice of that happening. And I think to go back to outrage culture, I think that's why the stakes in outrage culture are so high, because it really is a battle over who gets to be the storyteller. And I think that the storyteller is going to be in a position to exert tremendous power, because they're going to describe this new world. And so Charles, to go back to what I think Mark and I both interpreted that foreign affairs article as being about, was the collapse of America. And the article was really about the collapse of the Soviet Union. But it was using the collapse of the Soviet Union as a kind of metaphor for what's currently happening in the United States. And as a non-American, as someone observing America from a little bit of critical distance, I would not count America out. Not one bit. That the United States has such tremendous power and energy.

The problem right now is polarization, right? It is that this energy is pitted against each other; is frayed in a way that it is arguably incoherent, but all the United States has ever needed was an artist or a leader to renew the story of America. And in so far as they could renew the story of America, then all of a sudden that energy could be harnessed. And that's exactly why I'm terrified of Facebook and Google and Amazon. Because I kind of feel that if they didn't have the hesitancy or incompetence or mediocrity that they currently have, that they could actually tell a much more compelling story of who they are and what their role is in this empire; that they could effectively unite the country and harness that energy that is America – that has allowed it to be so globally dominant. So

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I'm not yet convinced that America is in decline. I think that America is divided. And in so far as America is divided, that makes the country vulnerable. But I actually think it's possible to unite that country in scary and sometimes wonderful ways. And that's why we talked about the power of the platforms, and that's why we keep talking about the type of powers that are currently active in network environments. Because if one of these factions could become dominant and could articulate a story that unites people, all bets are off.

Mark Jeftovic:

Peter Z Han has written at length about don't bet against, and not in just a raw raw, raw way, but he makes some pretty compelling arguments on how just even the kind of rock clay out of which America is built, is going to stand the test of time. And maybe you're right. If some impetus galvanizes America back into unity, I hope, I just really hope, it's something positive and not like a shooting war with China or something like that. Because that would really suck. But –

Charles Hugh Smith:

Maybe we'll just conquer North America. I mean, it can make us feel good, you know. You said military that's laying around.

No, I'm joking. Seriously joking. Okay. Okay. Don't cancel me because of that Quip. Okay. Yeah.

Mark Jeftovic:

I'm going to cancel Jesse for something he said earlier on, but anyhow, go on. Yeah.

Jesse Hirsh:

Look, the point about cancel culture is none of us could be canceled. That's why there's no cancel culture. Yes. The people who can't be canceled maybe should be.

Mark Jeftovic:

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Oh, that's untouchable material. Go ahead Charles.

Jesse Hirsh:

It was a joke.

Mark Jeftovic:

I know. Jesse was joking. Okay, go ahead, Charles.

Charles Hugh Smith:

I'm going to end with kind of tying together our many previous discussions. Institutional decay and failure. And this foreign affairs articles The Russian Dissidence work that's described, he talks about that comfort cult where no one can possibly even imagine the Overton window; is we're saying is so narrow about anything bad happening because we live in a permanent society, et cetera, et cetera. I think that if there's going to be a positive result. People are going to have to get out of that cult of comfort and recognize that the institutions have failed. And then we're going to have to use a whole different system of operating system – to use Mark's phrase – and tying into Jesse's a whole new network decentralized way of organizing life. And that means the economy, society, and politics. And to get there, that's going to be a difficult transition because people are going to have to surrender all their expectations and their sort of comfort.

Mark Jeftovic:

Give me convenience or give me death, right? Wasn't that an old – a dead Kennedys record?

Charles Hugh Smith:

Now, there is an illusion we really have to track down and put in the liner notes of this thing.

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Mark Jeftovic:

I remember the cassette version of that record. You had a note on the cover or something that said, We would like you to know that home taping is killing the big entertainment industry. With this in mind, we have left side two of this tape blank for your convenience.

Jesse Hirsh:

Let's end on that note.

Mark Jeftovic:

Alright. Give us comfort or give us death.

So I guess I should do some sort of a plug. Like us on Spotify, Stitcher, iTunes. Leave us a review. No one's left us a review yet. And feel free to comment in the YouTube comments and tell all your friends and visit us at axisofeasy.com

Have a great day.

[closing credits]

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