



AxisofEasy Salon #14: Jobageddon and the Coming Education Revolts

Mark Jeftovic, Jesse Hirsh, and Charles Hugh Smith

Jesse Hirsh:

Which would take I think about 16 hours, and you'd still only be one third of the way because the rest of the way there are no roads.

Mark Jeftovic:

Well, and that borders Hudson Bay probably.

Jesse Hirsh:

No you can't even get to Hudson Bay. That's what I mean. Like the road would get you halfway to Hudson's Bay.

Mark Jeftovic:

Wow.

Jesse Hirsh:

And Hudson's Bay is still nowhere near the North part of the province.

Mark Jeftovic:

Wow.

Jesse Hirsh:

They have ice roads for four weeks of the year where you could drive up to those remote native communities. And I've been to one that's on the West Coast of James Bay, which is just South of Hudson's Bay – it's part of the same body of water. And it was -50. And it was March, because that was the only time we could get there.



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Mark Jeftovic:

Wow. Okay. I definitely retract the far North. I'm not even sure you count as the middle. I'd say the lower North.

Do you know even where we are? Well, more so me in Toronto than Jesse in Ottawa, but in Southwestern Ontario, we are actually further South than places like North Dakota and Montana and stuff like that, because we cut down below the 48 parallel or whatever it is.

Charles Hugh Smith:

What I find interesting is like – where is that – you know – are you guys on the same parallel as like Edinburgh or like Emborough or maybe Dublin or you know, London? I don't, you know, because –

Jesse Hirsh:

I think London is maybe where I am, and it's North of where Mark is; but I think Edinburgh is still quite a bit North from where we are.

Mark Jeftovic:

Yeah. Yeah.

Jesse Hirsh:

But because they're an island, it's a little more moderate weather compared to here, where it's just fucking crazy up there.

Charles Hugh Smith:

Right, right. Yeah. I know that the Gulf Stream makes the UK inhabitable. That's it. It boils down to that.



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Yeah. Well, we're on the same latitude as Mexico City or something like that.

[opening credits]

Charles Hugh Smith:

Most point of the “American Empire”.

Jesse Hirsh:

I'm just going to quickly reload my browser. One sec.

Mark Jeftovic:

Okay.

Charles Hugh Smith:

Okay.

Mark Jeftovic:

So I might as well do a quick intro because I've just been testing.

Mark Jeftovic here with Axis of Easy Salon #14 with Charles Hugh Smith, Jesse Hirsh, and myself. And we are recording this on July –

Jesse Hirsh:

Sunday, in some month, in a middle of a pandemic.

Recorded July 23, 2020

<https://axisofeasy.com/podcast/salon-14-jobageddon-and-the-coming-education-revolts/>



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Mark Jeftovic:

July 23rd.

Charles Hugh Smith:

Well I think you guys have both been writing about major topics. The Cantillon effect or since he was born in Ireland, we can say Cantillon; and meet the new boss worse than the old boss. Your algorithm.

Mark Jeftovic:

You know, one of the things I didn't put in the email when we were sort of talking about this – but Jesse has been writing a fair bit on it also – is Tiktok and the Tiktok ban. And one of the things – as I was kind of making a quick note – well, you know what, we'll get to that. So that was just one thing I thought I would kind of like throw onto the stack as the programmers say. Jesse? What's on your mind?

Jesse Hirsh:

I want to talk about Portland.

Mark Jeftovic:

You want to talk about Portland? I will admit right now I am really out of the loop on Portland. All I know is that it's kind of bedlam.

Jesse Hirsh:

Well I wouldn't say bedlam, but I think Portland – my line was it's the canary in the coal mine, but I think what's happening in Portland is already happening in other cities across the United States; or will happen in other cities of the United States. And it offers an interesting glimpse into where we may be headed in the weeks and months to come.

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Mark Jeftovic:

Now the CHAZ Autonomous Zone was not Portland. It was Seattle?

Jesse Hirsh:

Yes.

Mark Jeftovic:

Right. Okay.

Charles Hugh Smith:

Yeah. And just my quick point is to contextualize that Portland is considered a pretty laid back city. In other words, it doesn't have a reputation historically for having a sort of radical social kind of mentality, or zeitgeist, right?

So for things to be happening in Portland is in itself extreme. That the fact that there's anything newsworthy other than it's raining or we have really great scenery or whatever. That's the kind of things that Portland is known for. Brew pubs, laid back scene –

Jesse Hirsh:

Although if the HBO show Portlandia taught me anything, there are certainly some quirky characters in Portland.

Charles Hugh Smith:

Well one last topic on the stack for me is self-organizing alternatives to institutions that are failing. And in the US, the number one is education. As everybody here struggles to try to figure out how their local school board and department of education is going to deal with the pandemic, and yet somehow return to some semblance of normality.



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And some people are just opting out of the whole thing, realizing there's just no way – you're not going to make this work with half-time students, or one day in school, one day at home. And then how are parents who have jobs? How are they supposed to deal with that? It's just impossible.

So that, I think, is a very good topic.

Jesse Hirsh:

I'm inclined to start with that one, because what I like about it is both its symbolic power of being representative of the crisis of institutions that we're seeing in almost every sector, but also the conflating of ideas.

Because the issue of education is not just about education; it's fundamentally about daycare. And it's about what do we do with our kids during the day so that we can go to work, so we can make money, and the economy can get going again. And that's what strikes me as so significant about the education issue.

It's not just symbolic. I think because all institutions in my various [inaudible 6:45] are failing to adapt to the pandemic and to the political economic crisis, but it's never a simple issue. It's always complicated. It's always a Venn diagram with multiple things overlapping, and the more we try to simplify it, the more we fail to understand what's really out there; because on the one hand, I feel that that institutional education as we know it is either in severe mortal risk, or it's done and people are just in denial.

And I've always been a bit of a Timothy Leary tune in, turn on, drop out; and of generally people to just stay away from institutionalized education. But I almost feel that what used to be a radical position is now actually starting to become more widespread. And more people are seeing through the myth of education, especially postsecondary education, where these schools are trying to charge the same fees they used to for what is arguably an inferior product now, especially given the total lack of preparedness for distance education or online learning. But this daycare issue I feel is fundamental. That there are a whole bunch of parents, especially moms, who have been totally sabotaged by this pandemic and have incredible difficulties doing their job at home when the kid is also at home and not engaged. And that, I think, is a broader socioeconomic issue of wanting our workforce to be productive. And we've been always using school as a surrogate for daycare and childcare; and maybe that was a mistake which we're now really seeing at a large scale.



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Mark Jeftovic:

This could really eat up the whole episode because it's such a multifaceted thing. As a parent of a teenage daughter who's entering high school and heading towards university –

Charles, do you have kids? I can't remember if you've –

Charles Hugh Smith:

No, no, no. I've been close to nieces, friends' kids I've been engaged with, but no. None of my own.

Mark Jeftovic:

So as a parent, I find myself in this kind of double bind where somewhere along the line, my daughter has just internalized the fact that when high school's done, she's going to university and she's going to do something. And sometimes, she stresses because she doesn't know what she's going to major in. And as a responsible parent, I'm supposed to be like yeah, study hard.

And you know, you've got time and think about this and take this all seriously. But as a parent who's lived in the real world for most of my adult life, I have to just kind of like, nobody gives a shit about your university education, right? Nobody's going to care. Here's a laptop, start learning React, start learning spreadsheet, start coding.

I've employed 20 people; I've never asked anyone where they went to school – not a single person. But you can't say that to your teenage daughter, especially if you would want to live within the same residence as your wife, because you'll be sent packing. So it's this whole sort of path that is just so ingrained into the structure of family and career path, and then the whole –

Wow. I'm kind of losing my train of thought.



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So I'm going to step back here and just say the daycare thing I've noticed right from the word go, because you would be going to school, you'd be dropping your kid off. And there's a bunch of kids rolling around coughing and snotting all over the place. And you know that their parents are just putting them there because they've got to get the work and they've got to do the job, and so they send their kids through to school, sick, kind of benign. It happens. Kids love to share these things, but now Coronavirus, well, new ball game – whole new ballgame with that etiquette and doing something like that; and whether the kids are even going back to school. Right now, my daughter's school is the only one I know that's actually going back in September with smaller class sizes and stuff. But every other parent I know, their kids are doing remote so far.

Charles Hugh Smith:

Yeah. Well let's let me unpack a few more topics, and as Jesse said, complexity here. 15 years ago when I started my blog, one of the first things I wanted to talk about was the factory model of education. In other words, it's literally like a factory. We're going to put all these people, workers, or students, or whatever; cram them into a facility, and then they're going to all be treated equally. Like the stamping machine is going to produce the same education in every one of these individuals and they're going to therefore be ready for life in corporate America, or a government agency where they take orders. They can function in an organizational setting, blah, blah, blah. That's the whole model.

And then, as Jesse was pointing out, that's fits in with the whole factory model of the economy, which is we're going to aggregate huge numbers of people in these giant buildings, whether it's an IBM building or an Amazon warehouse or a Cisco systems coding farm, whatever it is. We're going to cram a bunch of people into one spot and we're going to put them in a hierarchy. And so the whole idea that this is this whole hierarchical centralized factory model is failing or is no longer functioning. Well then, then that's the decentralization game we've talked about.

The other point I want to bring up is the people that I personally know who were engaged in this decentralized work-around where a half dozen upper middle class families are going to find a tutor, and they're going to bring all the kids together into one spot and have like a mini school with a semi-professional adult who's going to kind of incorporate the curriculum that the students are supposed to be learning in their schools, but maybe add some personal training or the oomph factor, like actual attention from an adult, which you're not going to get in remote learning.



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And some of my friends' kids are saying it's so hit or miss. Because this is the other thing, right? Some teachers are just clueless. They're not giving you any feedback at all. No help at all online. You're just tossed out there and the curriculum is kind half measures, and then other teachers are making a better effort. So there's that, I guess. I wanted to introduce the idea that it's just such a hit or miss process the way it is now; and that the centralized control has been lost.

In other words, it's just like the confetti has been thrown and let's hope you get a handful like that. The last thing is inequality, right? If you're a janitor and you have to show up for work, or you work at the water treatment plant or whatever; Number one, you're not going to be in the circle of knowing how to hire a tutor. That's not in your social capital network. Then also, you may not have the free money that the upper middle class has. So then we're going to see acceleration in yet another field of inequality. That well, my kid got a professional tutor, somebody that just graduated from college, and your kid is watching Tiktok at home instead of doing his remote viewing, you know? So, it's sad but I don't see any way around that.

Jesse Hirsh:

And I think that's a very powerful point because if you look at the research around the concept of the digital divide – which originally the digital divide focused on access – it looked at how certain communities didn't get the same level of internet access as others. And while that is tragically still true, that digital divide is actually being bridged. But then they realized that the second digital divide is what you did with that access. And what they found was this remarkable dichotomy between people who lived in high socio economic status neighborhoods and households, and they would use internet access for education; versus people who lived in low socioeconomic neighborhoods and households, they would use that access for entertainment which is kind of understandable given that if your life is already kind of rough, the time you spend online, you want to be distracted. You want to forget. You want to have a release. Versus if your life's doing pretty good and stable and in your loving environment, well then you're going to use that access to fuel your mind – to do education. And you know, that research really focused on how to bridge that divide.

But what I heard when you were sort of discussing that Charles, was the way in which this pandemic not only exacerbates the internet access in terms of those of us who have crappy access and who have difficulty keeping up; but I think it's also going to exacerbate what you do with that access. To your point, people with high levels of socioeconomic status are going to double down on private education. They're going to double down on self-education and really use this as an opportunity to upgrade their



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knowledge; versus everyone else. They're just struggling to get through the day and not get sick, and try to keep your job by showing up, even though there's a risk of being sick.

So I think absolutely, we're going to see that become even more [inaudible 16:51]. The other time I was thinking about sort of pointing out some of the struggles, especially the labor struggles. I suspect we're going to see a lot of teachers' revolt come the fall. Either because they're being forced to go to school that they don't want to go to for reasons of health; or because they're being forced to do online education without the resources. Without the training. Without the proper support. And I suspect that at a certain point, many teachers in certain jurisdictions are just going to say: no, I'm just going to go onsite. And part of that will depend upon the large political climate, but that's why I think Portland is particularly interesting and relevant, both for its symbolism but also for the way in which this revolt in the United States is starting to spread. Now Portland, amongst a handful of other cities, has not stopped protesting ever since first protest in response to George Floyd's death. Portland every single night has had protests. And for the most part, the entire community – I shouldn't say the entire community – a plurality of the community has supported these protests; including the mayor, including a lot of city officials, and to a certain extent, even the city police. And that the city police in Portland had engaged in the same level of violence or in the same level of response.

So the white house has sent to Portland a [inaudible 18:26], which has been identified as the Department of Homeland Security and Elite Border Taskforce, but it's not clear whether it is exclusively for that unit or whether it's arranged people from the Department of Homeland Security. But the point is, they're not identifying themselves. They don't bear identifying information. They're arbitrarily detained and snatching people in the streets and then they're engaging in wholesale violence against protestors and against some people in Portland to the extent that earlier this week, they pepper sprayed the mayor of Portland, who is there in one of these protests. And it strikes me that this type of indiscriminate police file, and the extent to which the Federal Government is abusing their authority by going into these communities against the wishes of local government, against the wishes of state government, that that's when you really start to provoke people. And that's when people start really standing up and really resisting and really thinking of alternatives.

And I raised this in the context of education because in my very modest study of labor history, teacher strikes tend to be the most powerful because teachers are able to command a moral high ground that other workers are often denied. And because teachers often have a relationship with children and parents, it's easier for them to get the general public support their labor actions. So I kind of feel that if we see teachers start to take political action this fall and start to take to the streets, that we get closer



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You're on mute there, Charles.

Charles Hugh Smith:

Sorry. Mark, are you ready to jump in?

Mark Jeftovic:

No, no, you go ahead.

Charles Hugh Smith:

Well I think that's a very interesting intersection, Jesse. And locally here in the state of Hawaii, the teachers' union has already flexed its political power by basically saying: you know what, you guys aren't ready for us yet. We're not opening in early August and the political powers are going to have to listen to them because Hawaii has a somewhat unique situation where the Department of Education is in fact statewide. It is not a local school board, like the vast majority of the US. So I think you're absolutely right; that the teachers probably are pretty close to feeling like they've had enough already. And they want more say about how this is going to work.

They don't want to just be a – like we're talking about the factory model and the hierarchy. They don't want to be told something that's nonsensical. This is just impractical. And that they're supposed to just somehow make it work.

So I also want to mention that all of us are used to technology – you guys more than me, although I did buy an original Mac with a low serial number for an amazingly huge amount of money. And so we just have tons of equipment lying around, right? All of us, we all have extra laptops. And it's just a matter of how old is the laptop you're using at the moment. Is it brand new or is it a couple of years old or whatever. And I was talking



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to one of our cousins here who's a grandparent, who's been watching the kids. And he says that he thinks about a third to a half of all the kids don't have a laptop in the household. And so you can say: Oh well, they're using a smartphone and it's all like, you really want to do all your remote learning on a smartphone?

And so it's this digital divide plays out where if you're just using it for entertainment and communication, then a smartphone is what everybody thinks is a computer. They don't even open their computer. They don't own one. What's a desktop? Where those of us who are technophobes or used to it, it's like, well, we want a real screen because we're going to be scrolling through spreadsheets or whatever. So to talk about a digital divide, what do you do with households that don't even have a laptop or a desktop?

And there's probably a great number of those because if you're going to spend 600 bucks on one thing, you can get a very good laptop. In fact, I just bought another 17 inch laptop for \$600. I thought, why not? It's so cheap, it's cheaper than an iPhone, but if you're looking for status, like 99% of the population is, well then you're going to spend the 600 bucks and get an iPhone because it has more status than a Samsung, right? Or whatever. So all these things conspire to increase that digital divide that you're talking about. And then I did mention family. That's a whole another thing. In a mobile factory model economy, the mobility of the workers is a key source of the means of production, right? You want to move people around without any friction, right?

And that's our key point of production. We're going to move the most productive people around as needed. And never mind what happens to them in their families. That's completely secondary. So here, because it's an island, there's a lot more grandparents around; and so therefore, there's more buffer – if you will – for families stuck in this circumstance. But in the average American household, the family members are hundreds of miles away, hundreds of clicks away. And so it's like: well, there's nobody except your friends. And you know, friends are important definitely. But they don't have quite that level of buffer that having family around is. So that's a whole another thing that I consider wrong with the factory model. You basically use Marx's thing of everything dissolves into air to maximize production. And one of the things that get dissolved is his family ties and the buffer that creates for individuals.

Mark Jeftovic:

The talk that we've been doing today about the digital divide and how that tends to play out along socioeconomic lines reminds me a lot, Charles with what you've been writing about – the red herring of universal basic income that people think.



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So the mistake in assumption is that we just have to send people cheques, and then people are going to transition to this life of leisure. And if I understand you correctly, say is that's not really going to happen. They're going to fall into despair and unhappiness because they don't have any meaning in their life from meaningful work. And I think that is the kind of thing that plays out along the same fault line, right? That the people who have already some socioeconomic means and human capital at their fingertips, they have the extra laptop that their kid can use. And when they have that time, they're going to use it to research education or something that furthers their career, whereas people who are not on the same side of that line are going to use it for – and if they're getting UBI or just using get by – get the most calories at the cheapest price – it's the same thing of borrowing money to buy something that appreciates, or borrowing money to go on a vacation. So you still have the debt at the end of it, but is it working for you or is it working against you?

It's the same sort of dynamic that we're going here and what Jesse talked about almost in passing, but it really kind of hit me – the prospect of a general strike in the US. I mean, I've been thinking a lot lately about November. As a Canadian, I mean typically, we shouldn't care what goes on in another country's election, but we do this –

Jessen Hirsh:

What if it's an 800 pound gorilla that sleeps behind you?

Mark Jeftovic:

Correct. You care. And so I've been thinking about it a lot. We've touched on it in this podcast. The odd time is like I really don't know how you even approach a semblance of normalcy this November for the election. And the idea that the elections are not going to go as they're supposed to go in the sense of just occurring and the thought of a general strike, I mean, when I hear the word general strike, I think late 1980s Poland, East Germany and Warsaw Pact countries. I don't think Portland to Washington, to New York to Orlando. I don't think general strike there, but –

Jesse Hirsh:

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But that's historically where it happened a hundred years ago. 150 years ago.

Mark Jeftovic:

But it kind of just jarred me of like, yeah, it could come to that. It may come to that. We could be where all this is heading and I really don't know what to make of that.

Jesse Hirsh:

Part of the reason I think of a strike was the epidemic. Because the epidemic was the closest thing we've seen to a total economic shutdown, except it didn't come as a result of labor unions demanding the economy shut down. It came as a result of governments being incompetent and not being prepared to handle the pandemic, but it resulted in the same effect which is the economy shut down.

Mark Jeftovic:

But do you think then that the... say, let's call it the angst of the population – the general angst of the population. Would it go in the same direction as what's been imposed on them at the fact general strike, or would it go in the opposite direction of like we've had this sort of shutdown imposed on us, so a general strike wouldn't be a general strike as much as it might be a general sit in or like take over or general back to a workplace of like screw this, going to go open my auto body shop and get back to work.

Jesse Hirsh:

Okay. So there are foolish people attempting that, and they're not going to succeed because they're stupid; versus the other thing that we're seeing, which I think is on the same plane, is the revolt. And that's why I like the word revolt, because it's not a strike. Because it's a lot of people who are now unemployed and it's not organized by unions, so there isn't a leadership that you can negotiate with.

But to your point, it's a lot of angst and it's a lot of pissed off people who just don't know what to do. And, you know, that's where I think to bring it back to where Charles started this. That's where I think the discussion of alternatives is interesting because it is in



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those moments historically that not just individuals, but societies are open to alternatives. And unfortunately, that's where the current president of United States is offering an alternative. And it's authoritarianism, right?

And he's telling all the people who he thinks will vote for him or support him: We have chaos, you need order. I am the man to deliver it. And that's dangerous. And to your point about Poland, that's what's happening in Poland right now. That's what's happening in Turkey. That's what's happening in the Philippines. That's what's happening all around the world. “Strong men” are saying in these times of turbulence, in these times of volatility, I will keep you safe. I will give you order. I will give you security. And that's why we need an alternative. We need to think about what freedom centric or reasonable to use the notion of reason as a core principle; what those alternatives are pre pandemic. It was the world of decentralization that had the most compelling alternatives to offer people.

I personally still believe that some of those alternatives are viable, but I'm not sure how the rest of the population is able to grope or understand or comprehend those alternatives now. I mean, it's the stress of unemployment or the stress of these other things, but I also want to circle back in our now winded conversation to the notion of the universal basic income. Because I keep kind of nodding my head about – because I've always been an opponent of minimum income because I think the issue is maximum income. And I think if we had a maximum income, and then tax the wealthy, that we would have tons of money for social programs that would actually help mitigate the effects of poverty.

But I find it fascinating how the pandemic has radically shifted people's perceptions of a policy's viability, because now there are a lot of people saying Universal Basic Income. Let's do it. And here in Canada, we sort of have something close, right? We have this CERB, which is the Canadian emergency response benefit where millions of Canadians are now getting 2000 bucks a month. And it's created on the one hand, a lot of people saying: I like this, I want this to continue, but it's also created a lot of resentment, and it's created a lot of problems where instead of working, people would rather just chill on their two grand a month.

And so the government has just announced that they have another program called CEWS - Canadian Employment Wage Subsidy, and they want to push people from CERB to CEWS. Because they're like, we want to give people this money, but we want them to be working and how we do it. So I think it's going to be interesting to see if they could do that. If they can accomplish that, if they can convince people that that free \$2,000 a month is better earned in a job.



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But an interesting engagement with a local tradesman who I hired to teach me how to fix my garage door; he was saying how their business has never been this busy, and they are backlogged with new garage door installs until October. And I was like: well, why do you think that is? Do you think it's because people are at home in the pandemic and they're fixing their homes? He was like: no, it's that damn \$2,000 a month. If you've got two people at home, that's \$4,000 a month, and they're spending it on new garage doors, which is terrible. To which I called out and just sort of say: but they're giving you that money. They're installing garage doors with that money. Shouldn't you like this? Does it not benefit? And he couldn't get past his resentment. His envy of them getting that money while he worked prevented him from seeing that it was he who was the beneficiary of all that welfare money because his business was booming. And it just struck me that the psychology of this is so silly, but at the same time as legitimate part of the puzzle that we're dealing with.

Mark Jeftovic:

It's kind of a profound. Give me one second Charles; it's kind of a profound misunderstanding of the broken window fallacy there. But I have to dispute you on two points there. One is we like to not over-generalize things on this show, we've talked about that. So I don't think we can really dismiss people who were making the decision to reopen their businesses. A lot of these people don't have a choice, so it's not entirely fair to say; well, they're just Covidiot or whatever, because if you've got a choice between a pandemic that is like for all we know – hang on – it's like,

Jesse Hirsh:

I misunderstood you. So I retract that. When I meant the idiots, I didn't mean business owners opening their business. I meant people going to bars and not wearing a mask and businesses that are not adhering to proper guidelines.

Mark Jeftovic:

If you're saying people who are like: Coronavirus is a hoax, let's go out and party. Yeah. Okay, cool. Covidiot. Right. But maybe I didn't articulate it. What I meant was people saying almost a reverse strike of like: I'm not staying shut down, I'm going to open up,



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and then everyone's going to and that would – so I didn't know how to actually capture that.

The other thing I had to almost physically restrain myself when you said maximum income, but so I have an obligation to say what I told a friend of mine. We were having a similar conversation a couple of weeks ago where I said: if there was no such thing of a bailout for any business for any reason whatsoever, and so the market worked out inefficiencies and people who blew themselves up, there would be less billionaires and there would be less wealth inequality. So I just really –

Jesse Hirsh:

A valid point. You and I have debated the maximum income previously, so we will again. In the future.

Let's throw to Charles.

Charles Hugh Smith:

Alright. Well, yeah. What a great discussion here. And I'm trying to pare down all the possible things to comment on, but I sent you guys – I want to talk a little bit about the zeitgeist of the V-shaped recovery dying and I sent you guys a chart of the unemployment rate in the US which is 21% based on a very simple number: How many people are getting unemployment insurance. In other words, they lost their job. They lost their income. They qualify for unemployment – well at a state or federal level. That number is 32 million people, which is roughly 21% of the workforce. A lot of people might not be counted in that. For instance, small business owners, unless you paid the unemployment insurance yourself on yourself, which most people don't, and you didn't qualify.

So there's a lot of gray area there but it's probably more like 25%. So this is like great depression level of unemployment in terms of a general strike or something similar – general revolt. I would think that might be the driver. In other words, that one of the drivers is: Hey, we were all hoping everything would get back to normal. Trump said it would all be done in April. We gave him a month extra – May. Things were picking up, how sales are going up. Yay. Everything's back. Garage door installers and architects and contractors are all busy, ladders through the roof, you know? And so it's all like,



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yay. And then now it's like, well, wait a minute. Stuff's starting to roll over here in June. And so there's probably another wave of layoffs coming up. And that may be part of the idea that the revolt could turn into the equivalent of a general strike.

And this is where the UBI comes in, because guess what? The elites love UBI because it's like bread and circuses. Like if we can just keep ownership of all the means of production and the political power, and all we have to do is print some money at zero cost and give it away to people 2000 a month. What a wonderful solution. They're all quiet. They go back to being happy little consumers and we get to own everything and control all the political mechanisms. And so this is partly – I think to Jesse's point – why the cultural acceptance of this is so overwhelming now is because the elites – it really works. And one of the things I often mention is why does it work for the elites? Well, because then all those peasants getting a couple thousand a month can make their student loan payments, their credit card payments and their auto loans.

And believe me, there's going to be a restriction on getting the money if you don't make your debt payments.

Mark Jeftovic:

So it's going to be –

Jesse Hirsh:

UBI is landlord subsidy.

Mark Jeftovic:

UBI is going to be a company script. Okay. So you say the elites are going to own all the assets. It's all the equity is at the top end of the food chain. All the debt is at the bottom end of the food chain. The elites won't even use what the lower class identifies as money. They're going to have something else. They're going to have whatever and it's going to have expiry dates, right? You probably won't be allowed to save it. It's going to keep that money velocity up. You got to keep spending it. You got to keep that economy going. And it's really going to be a misnomer to even think of Universal Basic Income as free money, because it's not going to be money. It's really going to be like food stamps or coupons or company script in one big company store.



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Jesse Hirsh:

Although that's what's interesting about the Canadian model because it happened so quickly that it got ahead of the company store. Because I agree entirely with both of you in terms of the UBI as typically a sub for the current system. It reinforces the current system and it formalizes the peasant in their position. And similarly, I think the opportunity for UBI becoming a company script – becoming a kind of a way in which you could contain or control people spending within a particular conglomerate. I think that too is its direction, but again, the pandemic as a crisis forced this to happen. And I think that's why it's interesting to think about how it plays out. But at the same time – I mean to your point Mark about – I mean, two of your points, one: that if the market was a true market and companies weren't bailed out that you wouldn't have the same concentration of wealth that is there.

I agree a hundred percent. The same way that if you had antitrust policies that just enabled competition and prevented consolidation and prevented a price control and some of the other things that oligopolies and monopolies do. Then again, you'd have a more level playing field. I agree with you a hundred percent. The problem is the nature of politics. The nature of corruption is we never get to that point. And I think that's where you need either broader base literacy so that more of the voting public understands that stuff, so that they recognize that it's in their interest to vote for those walls, or to your earlier point about business owners, staging a kind of unstrike.

I would love to see something similar, right? I would love to see the kind of what I would define as guerilla capitalism, where small and medium sized enterprises, instead of fearing each other, cooperated and started to recognize that there's power in numbers, that the original bourgeoisie was not large companies. They were small merchants who banded together to fight the aristocracy, to fight the monarchy, to fight for their rights.

I think if you had something similar today where business owners not just worked with each other, but worked with their staff and worked with their customers and worked with their communities – and there are lots of small and medium sized companies that do that in the United States. There's a big range. There's I think from B Corps benefit missions to small companies like Ben and Jerry's ice cream who fundamentally do the right thing. And I think that if there were more businesses that did that, that would make a better civil society and that would make a better democratic society.

So to bring back to your example, I would have loved to have seen businesses before even the official reopening happen stand up and say, I've spent time to read the medical literature. I've spent time to follow the scientific research. I feel that this is an airborne disease and I'm going to have everyone wearing masks. And I don't think surface



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sterilization is that important because there haven't been any transmissions, but I think physical distancing is important. So I'm going to open up my store. I'm going to demand that people wear masks and I'm going to have people lining out the store so it's not too much crowding in the store. And if businesses had done that before government told them to, they would get support. They would have credible authority to be like: yeah, that's a business I can get behind. And ironically, that was one of the reasons why I went to Costco, because Costco is one of the first big box stores that demanded a mask policy and insisted that everyone coming into the store wear a mask. It was like, okay, I support that. I'm going to give them my dollars, even though they are a big box store, because I want to support companies that show that kind of leadership, and really start to demonstrate to others the responsibility that's necessary to the pandemic.

So I agree with that. I would support businesses that do kind of leadership, but it's really only small and medium sized businesses that ever have the courage to do so. And it's usually only a minority of them that actually do it. So a whole other question would be how do we facilitate more of that business innovation that is this resilience and politicization so that they start playing a role in society along with everybody else?

Mark Jeftovic:

But you're describing exactly what I was pushing for with my Guerilla Capitalism Blog and what I called the transition company. And that was my idea of companies that started to take a longterm view of things, and it was based on a premise that the credit super cycle was coming to an end. So you know I was philosophical on this often.

So yeah. What I always said on the support guerilla capitalism link on the blog was like: I don't have a Patreon, I don't have a donate button. If you want to support guerilla capitalism, then just direct more of your business towards independent and small companies. And I always thought that if this – and maybe this is what an unstrike would look like is more and more of these independent businesses would be starting to seek each other out and and work with each other to develop a more of a grassroots ecosystem that responds to these kinds of situations.

Geez, I don't know what's the matter with me today. I just completely lost my train of thought again. So, over to you guys.



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Jesse Hirsh:

Although I'm not sure that unstrike is the right concept because on the one hand, I could see businesses being part of a strike because the thing about strikes is they do require infrastructure, right? And they do require what is essentially an alternate source of power and alternate economy. So I could see businesses saying: I stand with the strikers and I'm going to be on their side and support them and service them and open for them and only allow teachers into my store. So there are solidarity scenarios where businesses are on the side of the strike versus I think what you're describing is a network and it gets back into our notion of the network society or the network state that perhaps the future of independent small and medium sized businesses is to form networks of cooperation that are alternatives to digital platforms that allow them to scale up and do things that they couldn't do elsewhere.

Charles Hugh Smith:

Right. And let me break in here and say that that's exactly what we're talking about is forming networks that are self-organizing and kind of my whole idea with the CLIME system was to set up like a really easy to use infrastructure for those people that wanted to self-organize this kind of cooperative network. They'd already have a structure they could just kind of join. And then it would be like: Hey, this is so much easier than having to everybody trying to invent the wheel here.

But there has to be an incentive, and that's where I think we're talking about small businesses. They now have an incentive to cooperate, where before it was like: well, I'm taking a risk. I might lose my whole thing by trying to drop out of the status quo where now, if the status quo is crumbling away from you, then you have a huge incentive, like the parents who are self-organizing to hire a tutor, there's now a huge financial and emotional incentive to do this; where before that was lacking.

To your point Jesse about the pandemic changing the whole situation, I also want to talk about class because we're talking about the digital divide in class, and I want to refer back real quickly to the Vietnam War era which is now ancient history for most people. But what happened there is kind of a – there's a hidden history of that. When there was a draft with a college deferment, the upper middle class kids got deferred because they could just stretch out their college and then they'd take it six years or whatever. And maybe the war ended before that or and if it didn't, then they would use their social capital network to join the coast guard or get some kind of national guard thing like George W. Bush did to evade coming home in a body bag. Okay. So now, when Nixon ended the deferments, suddenly the middle upper middle class families were exposed to the fact that their son could in fact end up on the ground in Vietnam.



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And it's all like: well, wait a minute. This is like, what? And so then suddenly that changed from a bunch of wild haired hippies trying to levitate the Pentagon to a movement where people with political and economic power change their minds. When you talk about Portland, one of the first things that came to my mind was the families I know, our friends, and the kids who just graduated from college and used to work at a restaurant and made pretty good money on the tips. They have degrees in sociology or rhetoric or whatever.

To the dysfunction that Mark spoke to about higher education not really preparing you for real world; so then the restaurant and cafe, entertainment sort of sector was where people got jobs. Well, now they're all without jobs, and so many of them are in the front lines of the revolt.

And so if you have a powerless working class neighborhood that rises up, nobody really cares if the police come in and stomp them; whatever happens, happens. But when the upper middle class kids are getting thumped or their unemployment runs out, suddenly it's a real issue. And I think that's part of what could broaden this thing into a general strike is if it's only the impoverished or politically powerless working class who's suffering, nobody cares. But when the upper middle class is suddenly impacted, it's like: well, now this is a real issue. And I think some of that manifesting –

Mark Jeftovic:

So what's the catalyst then?

Jesse Hirsh:

Let me quickly say that I met some of those catalysts who tried to levitate the Pentagon and they were genuinely pretty radical, if not also spaced out.

Charles Hugh Smith:

Yeah, no. I love that whole concept.

Mark Jeftovic:

Recorded July 23, 2020

<https://axisofeasy.com/podcast/salon-14-jobageddon-and-the-coming-education-revolts/>



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So what's the catalyst? What are the possible catalysts then that would actually galvanize the middle class into caring? That, you know,-

Jesse Hirsh:

I think Charles was right about education. I think education is one of the key places in which the middle class, the upper middle class, and even the lower middle class are kind of united because it's their hopes for their children. It's their belief that their children are going to get a better future. It's the idea that this is how their children get to have a crack at being part of the elite – get to advance the family's fortunes.

And I think as that becomes the clown show that we're expecting it to, as it starts to teeter on the brink, I think that combined with massive unemployment, and then I have a little sprinkle of fascistic police violence, that's where you start to get your mass revolt cake.

Mark Jeftovic:

That's the magic combo right there. Because especially in the US, education costs a fuck ton of money. Pardon my French. And that's not as much as Canada, but then –

Jesse Hirsh:

[inaudible 52:46]

Mark Jeftovic:

So you spend that kind of money for each one of your kids to go through university and graduate into a jobless, automated algorithmic, no employment society. And that is going to look pretty incendiary.

Jesse Hirsh:



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Although not to go off track, let me put back and say, don't blame the machines. It's the human who broke the economy. The automation is not actually responsible for the loss of jobs, it's the sheer stupidity of the men who run a lot of these institutions.

Mark Jeftovic:

Understood. But I need to tack on the thought that not only do your kids graduate into a jobless society; they have non-dischargeable student debt piled to the moon.

Charles Hugh Smith:

Yeah. Well, I think this is really interesting and I know we're wrapping up our hour, but this whole idea of tipping point, flashpoint where the complexity that Jesse – we started out discussing, that this is very complicated. Nonetheless, these dynamics can either self-reinforce – they build on themselves and then they go from linear to nonlinear and that's kind of like what we're talking about. And yeah, we're talking about education and our hopes for the future. And that's partly the UBI thing, which is for a lot of people, it's like: okay, they get it. This is an emergency, but for them to sacrifice all their hopes just to sort of get by, that's a step they're not yet willing to take. And so that's part of what we're talking about here is that desire for something more than just getting by.

Jesse Hirsh:

And let me flag for next time that we didn't get into Tiktok today; and we definitely should. Because I think Tiktok is a subtext to everything we've discussed today. Because Tiktok is the non-American controlled social media that is the zeitgeist. And I use Tiktok multiple times a day, mostly as a consumer. I don't yet upload to it because my internet sucks, but it's remarkable given that we're in summer. How many kids are in total denial, how many people are in total denial? That we take advantage – the three of us – that we follow the news, that we follow current affairs, that we've been paying attention to this pandemic. Most people are not, they got no clue what's going on and they're just having their summer because they think the lockdown is over and now's the time to party. So the extent to which this is going to be a rude awakening for a lot of people, I think we underestimate. And I think it reinforces what we've discussed today and why I think we should talk about Tiktok next week or the week after, or whenever we are able.



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Mark Jeftovic:

I had my note on Tiktok which I'm not even going to quickly say now, because it would take us to a whole new topic about just the nature of conflict, so –

Charles Hugh Smith:

I want to put in a word for the title and I know it's always Mark – Mark always manage to come up with a good name.

Mark Jeftovic:

I'm open to ideas.

Charles Hugh Smith:

You said Jobageddon. I think there's something –

Although if I had a similar thing for the whole educational institution imploding, that would even be better, maybe. But Jobageddon – that was a good one.

Jesse Hirsh:

Well, I think that's it. Jobageddon and the collapse of education. Or Jobageddon and the schools closed forever.

We can rip off that Alice Cooper song.

Mark Jeftovic:

School's out forever. School's been blown to pieces.



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Jesse Hirsh:

Yeah. Jobageddon and schools closed forever!

Charles Hugh Smith:

That's great. And then Mark you can link to that song on Youtube.

Mark Jeftovic:

Yeah. Then we'll get demonetized for copyright violations again.

Charles Hugh Smith:

Yeah. No thanks. Yeah. Okay.

Mark Jeftovic:

All right guys, we will see you next week. I'm going to hit stop on the thing now.

Charles Hugh Smith:

Yup.

[closing credits]