

Angrynomics

Ross Welcome to Renegade Inc. A heady mix of precarious employment, stagnant wages, diminished opportunities and a contracting economic pie has pushed many people to the limit. This means that how people experience the world is at odds with how politicians explain it. This mismatch creates fear and anger. And it's what the economists, Eric Lonergan and Mark Blythe call, Angrynomics.

Ross Joining me to discuss the economics of anger is the economist and author Eric Lonergan. Eric, welcome.

Eric Lonergan Thank you.

Ross Sitting here in the middle of London, throw a brick out of a window, it's going to hit someone who is angry. And, of course, it will hit them and they're angry because they've just been hit by a brick. We're living in the age of anger. And not very many people would reject that idea. Why is everyone so livid?

Eric Lonergan Why is everyone so livid? I think people have always been livid. And the interesting thing about anger to some extent, is its universal. Even children recognise anger. But we're very inarticulate when it comes to explaining what it is.

Ross Why, because we just say anger and it's just one thing?

Eric Lonergan Maybe because it's everywhere. And we're so familiar with it. We've grown up having experienced that as human beings. For some reason we've never really given it a lot of thought. And I speak absolutely for myself here. If you'd said to me, why do people get angry? What are the different types of anger? Is there good anger? Is there bad anger? What should you do if somebody gets angry? I suddenly find myself completely inarticulate.

Ross And was that a starting point for you? Because you hadn't actually got into this idea and started to break down, you know, microaggression right through to rage, for instance, and none of this had been pigeonholed. So it was just this thing.

Eric Lonergan Well, the starting point for us was almost the opposite. So Mark and I - Mark, the co-author is a professor of political economy - we had a view about what was going on in the world as economists, political economists, political science, and one day we were trying to work out how to write it and we were having conversations about it. One day he just said, what about anger? What can we say about anger?

Ross And was that a light bulb moment?

Eric Lonergan Absolutely. It just suddenly got the intellectual juices flowing because we suddenly thought, God, that's fascinating. And we started to start reading about it. And the more you read, in a way, the more interesting it became because, again, it felt to me that I couldn't find anywhere where there was a synthesis. So there's work on neuroscience studying the angry brain. There's work in social psychology about children getting angry,

groups getting angry, moral philosophy dating all the way back to the Greeks about appropriate response to injustice. You have all of this disparate literature, but nowhere does it really synthesise it and say these are the three, four types. Everywhere it assumes we know what it is.

Ross So what are the types? Let's get into this.

Eric Lonergan There were a couple of key moments. So the first one that was intriguing to us was the idea of anger that exists in moral philosophy. And this is Aristotle's idea, which is this is an appropriate response to an injustice. And that's what most of the work, historically, has been done on anger is all about. You witness an injustice. We seem to have a reaction that's of anger, a loss of temper which kind of says, if you keep doing that, there's gonna be consequences, right? We won't tolerate it. And this is kind of ethical anger. This is an appropriate response. And that is the sort of the anger of angels. We'll use this typology. Now, then what we did is we did a data search of news stories. So we got what is an analytics big IBM programme to sort out through news stories, hundreds of thousands of news stories sorted by anger around the topic of anger. The second most frequent type of story was angry sports fans.

Ross You shock me.

Eric Lonergan Exactly. I mean, this is the hilarious thing. Did you really need big data? Anybody could have told you that. And this is one of the hilarious things about it, is that as soon as it's pointed out to you, you go well, of course. But then you say, well, why? You know, why is it that - and it's mainly men - spend good money on a weekend in their leisure time, often to travel to miserable parts of the country to watch a really rubbish game of football, to get furious.

Ross You sell it so well.

Eric Lonergan Right. And yet we do. And that was critical because we have these two faces of what we describe as public anger - the angel and the devil. And the angelic form, the moral outrage, is the kind of black lives matter witnessing an appalling injustice of police brutality. That's unacceptable. We're going to go outside and we're going to let people know that it has to stop. That's the kind of ethical regulator. And yet then we have this other sort of the angry fan who's a very curious phenomenon. So I started going to football matches and studying these angry fans. And the intriguing thing about them is we all expect them to be antagonistic towards the opposite side. But what's really interesting is when fights break out within the fan group. So they also regulate identity within their own. And that's the key thing, is that anger as a fan seems to be this kind of tribal identity regulator. It's something about I'm more loyal than you.

Ross Why? Because I've supported the club for longer?

Eric Lonergan Exactly, I'm shouting louder, I'm singing more. You know, don't sit down, stand up. You don't have enough commitment as a player. And of course, the referee, let's just kill him. But in terms of, you know, you were saying this before. It's about, as someone like Alex Ferguson, the Manchester United manager. You want to see that level of

commitment. So this is so intriguing that this is about reinforcing our group identity. Even if the basis of it is completely spurious, it's literally yellow shirt, red shirt. And I think you can't help but conclude that periodically - and this is what's worrying about this tribal energy - it's a precursor to tribal violence. So if you look at the history of this in social and economic history, it is a precursor to violence. And if you go back to Greek and Roman times, tens of thousands of people could get killed at sporting events. Sporting events could erupt into brutal, brutal violence. So it clearly serves some kind of a function, whether it's over scarcity or resources. But also there's a collective action problem. And here's where one does a bit of economics, which is put in English, is if you're going to go to war, you don't want to be at the front line. You need to send somebody else to the front line. That's a collective action, but we'd never fight wars because we'd always saying, no, no, no, you go first. You know, it would be like a Monty Python sketch. So you need this little angry fan who goes around saying, 'no, no, no, everybody get in line. You're all fighting'.

Ross With that tribalism, when you deploy that tribalism, are you saying that human beings by default, that tribalism isn't very far away?

Eric Lonergan Absolutely.

Ross So we're there?

Eric Lonergan We are on the verge. This propensity to be tribal is always latent in human beings and very easy to trigger.

Ross So when you get a leader that comes along, let's just take Donald Trump, for instance, when he says and you put it in the book, 'I am your voice'. And then you've a Nigel Farage quote in their as well saying, 'see the anger, see the rage'. What they're doing is channelling that tribalism to their own political ends.

Eric Lonergan And Trump is particularly brilliant.

Ross Why?

Eric Lonergan Look, when you analyse anger and you look at the way he operates. Ok, because this very quickly becomes a political strategy. What you realise is to win an election - most of the elections we're witnessing at the moment are being won by converting a minority. So it's a majoritarian election, but it's tiny numbers of people are swinging the votes. So you take Trump's election victory with 80,000 votes or a fraction of one percent of the U.S. population. Angry people are more likely to vote. So they may be a small number, but if you can trigger them, you can get them. It motivates them.

Video clip (Donald Trump) And we will keep radical Islamic terrorists the hell out of our country. Another major part of our agenda is immigration security. We need to protect American jobs, security and safety. We're going to build the wall. We have no choice. We have no choice.

Eric Lonergan Now, he is well aware of the two types. I'm sure he can't articulate them, but he will go to the Rust Belt and make ethical arguments. But he will say, you've been

neglected. Your wages haven't grown. Nobody listens to you in Washington. This is textbook moral philosophy, giving people a vote, representing their interests, the wrongdoing, the sense of wrongdoing. So he will absolutely tap into that sense of an injustice.

Ross And when Clinton, for instance, came out and said, 'basket of of deplorables' that then absolutely puts him into the stratosphere because then there's more anger because the supposed incumbent or the sure fire winner, you can then direct more anger at that?

Eric Lonergan Well, it's a disastrous strategy. If you think that our propensity, because am I a deplorable? If I am then I'm against you. What you should never do in any attempt to cooperate with other human beings is make your identity in opposition to theirs. And Trump, of course, was able to convince people. It's absurd when you think about it, how they could somehow perceive him to understand their plight. I mean, you're talking about people who had lost jobs in the industrial Rust Belt of America trying to identify with a property magnate from New York. Nothing in common. That's the success of saying we're on the same side.

Video clip (Pragya Agarwal) A lot of our politics now are partisan politics, is based on this notion of fear and threat. And so much of our biases are manipulated by politicians. So we see that in the US and the UK and India. These divides are laid down by politicians. They create this fear of anybody, an outsider, who is not part of their group, coming in and taking their jobs or questioning the status quo or impinging on their rights in any way. And we know from research that our biases are more activated of prejudices when we are being fearful or we are feeling under threat because we feel like we have these limited resources to compete against. And anybody who is not part of a group is somebody to be feared, somebody to be a threat to these resources. So politicians actually play on this that by creating this fear of anybody who is an outsider. And we see that more in communities which are not diverse, which are more isolated, which are more secluded. And so they get they become these silos where these views are being echoed back again and again.

Eric Lonergan I guess that the next level question one should ask oneself is, why is this happening now? Why has politics become about triggering these identities and getting motivation through tribalism, given the tribalism has always been there? And I think one of the other interesting dimensions is, in a sense, what happened after the Cold War. So during the Cold War, we had very clear political identities. You know, your representatives came from a part of the country like you. Maybe you shared an accent with them. They represented your social economic status. They represented your interests. It was a battle of ideas, you know. Are you Left-Wing or Right-Wing? Are you pro, state or pro the market? With neo liberalism for want of a better term, you have this kind of consensus in the middle, and I think a lot of people started to feel unrepresented. There was nothing to motivate me in politics. It's all dull. It's technocrats. It's different suits arguing with each other over trivia. So everybody becomes disenfranchised.

Ross But then also there's the triumphalism of the market. Neo liberalism winning supreme. Inequality starts to take off and then you get a massive disparity. There's the so-called deplorables or the people who are on the economic scrapheap. And then there's the one percent.

Eric Lonergan Absolutely, so the thing is that in a sense when people actually sat back and assessed it, there were no motivating political ideas or the politics became motiveless. And yet we had huge problems. We've got a huge environmental problem. We've got a huge problem with inequality. We've got problems with child poverty. We've got stress and anxiety in people's lives with mental illness. You know, in the developed world, we've got global and national problems. And yet politics has become, you know, talking heads arguing over one variant of a policy versus another. Then in come the Farage's and the Trumps. You know, you think of the the Italian populous, the five star movements, the indignatas. All of this is ripe for political populists to tap into these, effectively, more primitive motivators like tribal rage.

Ross Welcome back to Renegade Inc. Before we talk more about why everyone is livid with the economist and author Eric Lonergan, let's have a look at what you've been tweeting about in this week's Renegade Inc. index. First up from Draxtor: 'Neo liberalism leads straight to fascism. No surprise. The legitimate anger and loss of control that people feel due to stagnant wages and lobbyists running the EU show the right is able to weaponize this'. The right has used this hasn't it because people feel disenfranchised so they can be exploited?

Eric Lonergan Yeah, I mean, tribalism is, I think, being exploited by populists from both left and right. And the only way to counter it is to refer to what Draxtor is getting to here which is legitimate anger - to tap into a genuine sense of injustice and convert that into something positive.

Ross Next from Bloomberg Economics: 'The economic gauge known as the misery index is expected to be at a high in November, posing a significant threat to Trump's re-election'. Would you argue the opposite? Because if the misery index is high, there'll be more anger therefore there'll be more votes for him?

Eric Lonergan Well, I don't know. I mean, there's an interesting question here about whether the incumbent suffers because he's deemed to be held responsible. I think the response to the political class's treatment of Covid I think is going to be a big question. And it may make him very vulnerable. I have to say, I think that would be a good thing.

Ross And finally, from Stephen Pimentel: 'One could be forgiven for imagining that Trump is a false flag thrown to discredit opposition to neo liberalism'. Come on, that's beautifully conspiratorial. The neoliberals put him in.

Eric Lonergan He's definitely a flag waver. Beware of flag wavers.

Ross Our book of the week this week, Angrynomics by Eric Lonergan and Mark Blythe. Eric, pitch it to us.

Eric Lonergan Right. So two types of anger are ruling the world. You should really know what they are.

Ross Sold. I'm buying it. So to recap that first half, two types of anger. What are they?

Eric Lonergan There's moral outrage which everybody understands which is what we teach children, why we get cross with them if they don't treat people appropriately. And then there is tribal rage, the angry sports fan.

Ross So as an economist, you've identified this. Now bring it to the political and economic realm.

Eric Lonergan So those two types, really, are relevant to understanding what's happening in politics, globally. Probably the best, most articulate, populist is Viktor Orban in Hungary. And Orban explains very, very clearly what his political strategy is. And what he's really saying is that - Viktor Orban, by way of background, was part of the student movement against communism. So he should be the greatest advocate of free markets and liberalism. But he pretty much says free market and liberalism don't win you elections. What wins you elections are issues of national identity, social conservatism, motivating people around these instincts that they care about deeply. And that's what's happening with our politics. So our political class in order to win elections, combined with the power of the media, is trying to exploit these two types of anger to win elections. Politics outside of the populace, what is it trying to achieve? What is it going to do to change our lives? I can't answer those questions. If if you said to me, you know, what is Macron, who is the kind of successful centrist, largely successful, I should say, because the turnout was so low in the presidential election. So what does he stand for? What is he going to do? Is he going to change French people's lives? No.

Ross Could the average French person tell you?

Eric Lonergan No.

Ross Right.

Eric Lonergan And that is a major problem.

Ross That's the problem isn't it?

Eric Lonergan That's the problem right there.

Ross Because in that void, you know, if you come to the Gramsci idea that it's an interregnum and that's where monsters can be born. The old hasn't died. The new can't be born. This is the time of monsters. That's when you start to get the nationalism, which ultimately leads the fascism. And we all know how that ends.

Eric Lonergan Yeah, I mean, you see it very, very clearly the role that the angry fan and tribalism serves. It is a precursor to war. So it's an extremely dangerous thing to unleash. War isn't top of my list of worries. I think the economic environment deeply disturbs me.

Ross So on your worry list, war isn't top, but it's maybe top five. How close to the top is the lack of ambition and creativity and just common sense of the current crop of politicians?

Eric Lonergan Well, I'm hopeful because I think there is a coalescence of the kind of broad population around three sort of self-evident objectives. I mean, the first one is the

environment. And so this to me is a huge opportunity. Because we're in societies where the biggest economic problem seems to be, supposedly, is the fact that interest rates are close to zero. We've all heard this. Well, that's fantastic because that means any investment that the state does it can finance. And we have this huge need for investment spending. So we should, absolutely. But no one is making this case that says, take the U.K., there are three things that we can do to dramatically transform the sustainability of our economic activity. And we will show the rest of the world how to do it. And we're going to do it in five years. Let's do it. Let's have a five year objective to zero carbon emissions. And we're get as near as damn it there. Why can't we have 90 percent of energy that is sustainable? You could easily do that within five years.

Ross Especially given the fact that we're now bailing out all these businesses.

Eric Lonergan Absolutely.

Ross So you put the caveats in to say we've got to be here by then. That's it.

Eric Lonergan But also, bear in mind, think of it like this, if you can borrow as a state for 20 years at a negative real interest rate, that means the private sector is paying you to take out a loan any positive return that you can make on any investment is worth doing.

Ross No brainer.

Eric Lonergan It's a no brainer. This needs to happen. And then if people have a vested ownership, they can see their society improving and being changed, that's a motivating politics. Somebody who delivers that to them, they will vote for.

Ross Is that the right channel to go through, politics? Because I've thought about this a lot and often see that most social change starts in the arts, it starts in creativity, it starts in entrepreneurship, it starts in fringe movements. It doesn't start in the political realm. The political realm then come along afterwards and legislate and all the rest of it. Do you need both things?

Eric Lonergan I think you're absolutely right. I mean, if you take the green movement, environmental sustainability, sustainability of the planet, that hasn't been led by politics, they follow it. You're absolutely right. And I think the work has been done. The only thing is it's very difficult to have a really interesting play, piece of theatre, piece of cinema, pop song about dual interest rates, right? Unfortunately, you do need the economists who say you've created the motivation. You've told us the problem. You've got people out there protesting, but now we need a fix.

Ross So you don't think Stormzy can rap it?

Eric Lonergan Stormzy probably could. But you do need the mechanic at the end of the day to help.

Ross Where do you put your effort? Where do *you* put *your* effort?

Eric Lonergan Well, me personally is in the mechanics. So I think I look at the economic system and I go, this is where we need to get to. How can we come up with nonpartisan, highly effective, simple ideas? And the good side to nationalism, I think, is - that this is again an idea of the Greeks. Aristotle again said that the opposite of anger is play, which is such a clever idea because it's not a straightforward opposite. But we all know it's the antithesis of anguish play. And the playfulness in the world at the moment is that you have so many countries that have the same problem and this reversion to the nation state. It's like lots of little experiments. Now, if one country shows us how to do it, everybody else will copy. And we don't like doing unconventional things because they're risky. But if somebody else has done it, suddenly the risk switches and you go, well, hang on a minute, Norway did it and it and it's working. Why aren't we doing it?

Ross So give us some action points. What do we do?

Eric Lonergan Right. We need a really quick, simple solution to wealth inequality.

Ross What is it?

Eric Lonergan And the solution there is actually for the state to buy assets on our behalf. So let me give you a really simple example. UK government borrows for 20 years at close to zero interest rate. If it went out tomorrow and it issued 20 year debt at zero interest rates, zero coupon, which means we only repaid in 20 years, takes those proceeds and sets up the equivalent of an endowment like the Norwegian Sovereign Wealth Fund or the Wellcome Trust or charities, we have hundreds of institutions globally and says, I want you to generate me a four to six percent return. Compound interest - apologies this will be the only maths that we use - says they'll be in 15 years time, they'll be able to repay the debt and have the assets because one asset is compounding like that and the other one is compounding and the liability is zero. So now what you could do is within six months you could set this up. And you could say to 50 percent of the UK population with very few assets, you're going to have a stake in this. So you have a housing fund, a health care fund and education. You have an inheritance and it will be compounding away and we will be the custodians of it. And we will do this for each generation.

Ross Sold. Next one.

Eric Lonergan Next one is, we supposedly have a problem with the fact that monetary policy is run out of steam and interest rates are zero. People worry about the fact that we can't get mortgages lower. It starts to affect savers. What are we going to do? There's a really, really simple solution here, which is what central banks have started to do is they've done what's called targeted lending. So we've hit zero interest rates so we're not going to change interest rates anymore. But what we're going to do is we're gonna have a separate lending facility, which we're gonna set at a negative interest rate. And the banks will lend it to you, but we're going to designate what function it serves, okay? So clearly we need more stimulus in the economy. We're in a recession, we faced deflation, we need to get a boost to the economy. How do we do it? Central banks come out and say we're going to do five to 10 percent of GDP. We're going to make the loans available at minus three percent, fixed for five years, but you have to do sustainable investment spending.

Ross How do you get them to do it?

Eric Lonergan Oh, I mean, to be honest, if you offer that to the private sector now, you can get virtually a guaranteed return from, for example, a wind farm. The state controls the price of electricity through the regulator. You just guarantee me a three percent real return and lend to me at minus one. Done.

Ross Ok, sold.

Eric Lonergan And you'll have a boom in energy investment. Deflation is actually a huge opportunity for a modern functioning state.

Ross I haven't heard anyone say that because people are terrified of it, because they look at the history books.

Eric Lonergan Well, it's terrifying if you leave it unchecked. But what it actually means is you can print money.

Ross Would you write off the private debt?

Eric Lonergan Well, I think you could. I think ultimately, yes. I mean, ultimately, I think private sector debt levels are too high and we need inflation to erode them. But I think we can do that over a 20 or 30 year view.

Ross Okay, third?

Eric Lonergan Okay, third is, I don't want recessions to cause any more human misery. I went into economics with the sole objective to see the end of risk. The intellectual challenge for me was how can we stop recessions from happening. If you look at human history, recessions are a disaster. They cause child poverty, unemployment. They are disastrous.

Ross And we are now looking at a depression.

Eric Lonergan And we're in a depression at the moment and people are hanging on, you know, just about hanging in there. And if this continues for three to six months, people lose their jobs or longer, it will be a disaster. How do we end it? This comes back to the zero interest rates. We need, really simple. Central banks have the ability to transfer cash into the bank accounts of all adult citizens. Use your banks to serve the function and literally the central bank, instead of messing around with interest rates, can come in next week and press a button and every adult citizen in the UK or the EU and the United States gets 1000 dollars, 1000 pounds, 1000 euros credited to their account. And you do that until your economy is recovering. In fact, you could do that until there's full employment. The only reason we don't do it is that central banks were set up in the 17 and 18 hundreds and they were set up to finance governments and to provide liquidity for banks. It's an accident of institutional history.

Ross Man, woman on the street listening to this. Let's bring it back to what we can do. You know, all that from an economist, which you explained brilliantly, just can be overwhelming because I just feel so helpless. Give me some solutions and let me do something. Solutions?

Eric Lonergan Well, so the solutions are that don't think of the environmental crisis as a crisis, it's a huge opportunity. The story that you want to be listening into, the arguments we want to be making, the debates you want to be having, are how do we solve this in a way that creates jobs, improves our cities, improves the distribution of conditions and circumstances across our society - and we can do that.

Ross And so suddenly you've changed the language and the problems become the opportunity.

Eric Lonergan And they are. I mean, I'm not just saying that they genuinely are. We need to have better jobs, more investment spending, a better environment, more regional growth. Those are all things that we need. And we have absolutely got the opportunity to do it.

Ross Back to the football match. What do you say to those fellas who say to you on a Saturday afternoon, ahhh mate, that's too optimistic?

Eric Lonergan Well, what I'd say to the football fans is just remember, it's fine for football, okay? But we need to leave the tribal rage in the football stadium. Don't take it into politics. I think, collectively, we need to be alert to this because we're all being manipulated. Our propensity to form tribes is so hardwired that it even happens to us inadvertently.

Ross Congratulations on the book and also congratulations to Mark Blythe your co-author. Really vital, especially now.

Eric Lonergan Thank you very much. Really appreciate it.

Ross Thanks for your time.

Eric Lonergan Not at all.

Ross That's it from Renegade Inc. this week. You can drop the team a mail, studio@renegadeinc.com, or you can tweet us at Renegade Inc. Join us next week for more insight from those people who are thinking differently. But until then, stay curious.