# The Hale Report

## Episode 30
## Andrew Smithers

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*Edited Transcript*

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**0:00:10.4 Lyric Hughes Hale:** Welcome to the Hale Report. My name is Lyric Hughes Hale, and I'm Editor-in-Chief of EconVue and your host today, Thursday, May 26, 2022. EconVue, based in Chicago is a home for independent voices and expert analysis of critical global economic issues. If you'd like to subscribe to our monthly newsletter as well as listen to our podcast, please visit our website, and if you can, support us on Substack. You can also find past podcasts on our website, e convue.com and on Apple Podcasts, Spotify, and all the usual places.

My guest today for our 30th episode is Andrew Smithers, and we are here to talk about his new book, "The Economics of the Stock Market". I know that this is a topic that interests just about everybody in the Hale Report audience.

Let me tell you a little bit about our quite legendary guest before we jump in. Andrew Smithers studied economics at Cambridge and ran the fund management business at SG Warburg, which became Mercury Asset Management and is now a part of Black Rock.

**0:01:17.1 LH:** In 1989, he set up Smithers and Company as an economics consultancy. Here I quote the Financial Times, "Much of the comments on economics and markets that he read as a fund manager struck him as nonsense, and he has had great fun in pointing this out to clients over the e years. He now has the opportunity to disseminate his views more widely and hopes that this will a muse and inform readers."

Andrew is here with us today to tell you that what you think you know about the stock market and interest rates is wrong. Andrew, welcome to the Hale Report. Before we begin to talk about your new book, our regular listeners know that I usually begin by asking my guests how they became interested in the field that became their life's work. I've had some pretty interesting and unexpected responses. How did you decide to study economics and become a really a formative force in the financial services industry?

**0:02:19.6 Andrew Smithers:** Well, when I left school, I applied to the Cambridge College Clare, which my father had gone to, and I applied to read natural sciences. At school, I was in what they called the C ladder. The C ladder of my high school consisted of basically of the study of maths, physics and chemistry, and maths was what I was best at when I was a small boy. When I applied, I duly hadn't... In those days, you took a college exam, and I took a college exam, and then waited for the conclusion of the college. And it so happened that the Master of the college had been the senior tutor when my father was there. He was a good friend of my father's, and he suggested that I should read not natural sciences, but economics. I duly did that. And I was very, very fortunate in having as my supervisor and director of studies the very well-known economist, Brian Reddaway, who he was a wonderful teacher, and from the very first time I started in economics, I was absolutely wielded by this subject.

**0 :03:37.4 LH:** A great teacher will always be important in that journey, right?

**0 :03:48.4 AS:** So true, so true.

**0:03:49.0 LH:** So after decades as a practitioner, what moved you to write this book? And your

book does show your aptitude for mathematics, there are all kinds of charts and graphs, there's really plenty to delve into, but what was the impetus for the book?

**0:04:12.2 AS:** Well, when I was running a fund management business, I found that a standard view rule of everybody that I ever met in the financial services industry conflicted with the assumptions of economists. Economists believe in a thing called profit maximization. And profit maximization is defined in the consensus model of economics as seeking to maximize the present value of the net worth of your company. I have never met anybody who worked in the financial services industry who thought that had anything to do with the actual motivation of either companies or their shareholders. Both of whom were actually concerned with the present value of their companies as represented by the stock market, not as represented by net worth. And that led to a whole lot of interest in for a while, because these are two separate values and the relationship with them is the famous Q ratio. And very early on, when I had started Smithers and Co, I first of all started with a colleague, part-time colleague who was still a Don at Cambridge. And he was introduced to me by Brian Reddaway, my economics teacher called Martin Weale. And after we'd been working together for a few years, the business seemed to be able to afford to have another expert economist and I... They suggested to me that I should employ Stephen Wright with whom I wrote the second book called Valuing Wall Street.

**0:06:21.5 AS:** And Stephen and I then worked together particularly on the Q ratio. And this blossomed, you might say a great deal of the work that we did was basically to show that economics as defined in its assumptions by the consensus model simply is not what happens out there in the real world.

**0:06:52.2 LH:** And so conventional macroeconomics was formulated before also the kind of data that’s available now on markets that's been generated by financial markets. And you say in the book is that this data proves that the consensus economics model is broken. And your theory is this... The stock market model. And that people's misunderstanding of what you've just described has very adverse consequences for economic policy.

**0:07:23.9 AS:** That is absolutely correct. I'm not the first person who was worried both about the model’s correctness and its consequences. Two very famous economists George Akerlof, who's a Nobel laureate and Ricardo Caballero who's a professor at MIT have both written papers fairly recently which question fundamental assumptions of the consensus theory. And one of those fundamental assumptions is this profit maximization. And they all form together into a theory, which depends entirely on its own assumptions. And they query whether the results of that, which is what in Caballero's word means. We live in a one deviation only economy is correct. What Caballero means by that is that if you manage the economy well enough to get the right level of demand for keeping the economy in neither inflationary nor badly underemployed, you have done a ll that's necessary and everything else will be in equilibrium.

**0:09:00.5 AS:** They question that, and what I'm showing in the book is that clearly there is another disequilibrium which can exist because in the attempt to preserve the balance between demand and supply, which keeps you at the optimum level of the economy in terms of inflation and unemployment, you can only too easily create a serious imbalance in asset prices. And that is indeed what we are looking at at the moment. I think that the risks of a financial crisis are very high at the moment. And unfortunately, that risk is almost the natural result of the economics, which is followed by central bankers. It's a few years ago. Stephen Wright and I wrote a paper for a journal

called world Economics, which we subtitled The Economic Consequences of Alan Greenspan.

[ laughter]

**0:10:05.9 LH:** Well, I think we're still seeing them today. And this is important because in the United States, at least 55% of people own stocks directly and others indirectly through their pension funds. So the stock market is not just something that affects the wealthy, which seems to be also a trope recently. You say also that conventional economic theory does not take financial markets into account because they're zeroed out because of efficient market theory is the efficient market hypothesis. Is my understanding of that correct? And is that why it's thought to be since it is basically prices are marked to market every day. By the way, for our listeners there's a wonderful glossary at the end of this book that explains all of these buzzwords that we've been saying, it's the clearest place you can go for I think a quick course on economics that there is.

**0:11:08.5 AS:** It's you're quite right. The idea that you've got an economy, which is easily stabilized if you do the one theoretically easy if practically difficult job of balancing demand at the right level is false and it follows from the efficient market hypothesis. If you assume that markets are not efficient this doesn't mean that shares relative one to another are mispriced. There is quite a lot of evidence that individual share prices relative to one another are quite efficiently priced. What I'm talking about here is the pricing of equities compared with bonds compared with their underlying value of equities, their net worth, and with short term interest rates. The consensus assumes that all these returns, the returns on bonds, the returns on cash and the returns on equities move up and down together. They don't. And this is something that we demonstrate. Now when the market theory was evolved, the efficient market hypothesis, there was no data available by which it could be tested. But in the last 40, 50 years, we have acquired very great deal of data on the returns that happn from equities, from the long bonds, and from short term deposits.

**0 :12:50.0 LH:** Back to 1801, yeah.

**0:12:51.8 AS:** And the assumption. That's right, that's thanks to Jeremy Siegel who did some wonderful economic archeology, you might say, which in very kind it centers the data, and I always like to give my thanks to Jeremy for that. And what you cannot test is the Efficient Market Hypothesis. And this was tested many times with different people, and all would find that the assumption, which is called the Random Walk Hypothesis
is
valid. There is amusing account of this in Andrew Lo and Craig Mackinlay's book, A Non-Random Walk Down Wall Street. They tell how... When they presented the data showing that there wasn't a random walk in equity returns, they could scarcely be believed by their discussion because the idea was so deeply embedded in everyone's ideas. But now I think we are at last got to the stage when the Efficient Market Hypothesis is really not held, but if it isn't held, then you cannot have consensus theory as a whole rounded model for managing the economy.

**0:14:16.3 AS:** 'Cause if markets are capable of being mis-valued, which they are, and if the mis-valuation means by definition that they are going to go back to value you have got an unstable situation and the more the market is away from its fair value, the more unstable it is. And if you would say, I rightfully said, a very large proportion of the total population is dependent to some extent on the stock market either because of their direct holdings or their pension funds. And the problem with stock markets, it's not only that they get mis-valued, but when they correct, they

correct very sharply. And when stock markets fall sharply, people get scared, and what happens then is that savers wish to save more money, which means that consumption falls and investors are frightened, so investment falls. Vendors are frightened, so debt is hard to get hold of. Borrowers are frightened so they don't want it anywhere anyway, all of which drives us straight down towards a recession.

**0:15:33.7 LH:** Is this the reason, do you believe for the incredible volatility of markets recently?

**0:15:40.2 AS:** Well, the recent volatility as you should say, is the problem... The likely result of an extremely over-valued market, because once you get an extremely over-valued market, which we still have, you are obviously in danger of finding this peculiar feature on stock markets, which is that they fall much faster when they rise.

**0:16:03.0 LH:** Well, you also discussed something called the Life Cycle Savings hypothesis, I think that's Franco Modigliani, and how time horizons affect how people look at their assets, both equities and bonds, I think... Can you explain a little more about that?

**0:16:23.6 AS:** Yes, I did a chapter on the Lifetime Savings hypothesis, but do not underline it. I find out that I think that it doesn't actually apply as propounded by Franco Modigliani.

**0:16:43.8 LH:** Right.

**0:16:44.4 AS:** What happens is that people say, basically, to have a reasonably decent living when they're in retirement. The first paper that started to get worried about what's called the Equity Risk Premium, which by the way is a very unstable thing that doesn't have any stability. But it is on average equities give you a very much higher returns than bonds. And Mehra and Edward Prescott, I don't remember... Rajnish Mehra and Edward Prescott produced a famous paper called The Equity Risk Premium Puzzle. And in their model, it was a puzzle because they assumed that people saved to get rich. That gives you a different attitude to how much money you need to make out of your savings. If you are saving to get rich, shouldn't you take some risks, because there are not any great risks if you don't win. In fact, the vast majority of savings is represented by people not trying to get rich but trying to avoid a miserable old age. There of course, you'll get a far higher risk element. If you're saving in order not to starve, worst, or at least not to be miserable in the old age, you do not wish, under any circumstances, to lose your savings. So you have a very much higher risk aversion. And a central element in the book is to show how risk-aversion determines the high returns that you get on equity, and it also determines the fact that those returns are very stable over the long-term.

**0:18:38.0 LH:** One of my takeaways from reading your book is that economics is more about human psychology and behavior, whereas financial markets are data, the data is very clear. Is that a good juxtaposition of how you look at economics versus...

**0:18:56.1 AS:** I would put it slightly differently...

**0:18:57.9 LH:** Okay.

**0:18:58.2 AS:** But you put your finger on two important points. The economy depends on the decisions of all of us. So it depends fundamentally on the psychology. But all sciences, and economics is a science or it's a rubbish. All sciences, including economics, work by producing the

model. And a model, in my case and others has to be a model based on what... How we assume humans will behave. Now, it doesn't mean retaining all that behavior, you're not describing human behavior, you're picking out the essential things that you think are going to influence the economy. And you test them by seeing if they agree with the data. And this is what I'm claiming to do. I'm building a model based on human behavior based basically on the risk aversion of people. And I'm showing that if you do it that way, you can test it. And when you test it against the data, it is robust. It is therefore it falls on the right side of Karl Popper's famous demarcation between science and math.

**0:20:14.5 LH:** So this makes me think the other side of savers are companies and corporations and this really made me think about the role of a company in our society. And also, for example, with ESG. Have you thought about how, what is the responsibility of a company today? There's so much debate about that, is it just to the savers?

**0:20:40.8 AS:** Yes, obviously, companies have a very important duty towards their investors, they also have a responsibility in my view, towards society in general, because we all do. What is our responsibilities? We are responsible, because we are human beings, we have responsibility to our country, our families, even ourselves. But we also have responsibilities that come from our jobs. So nothing is absolute. You don't have absolute responsibilities; you have a number of them. And if you are running a company, you should try and take all these into account. Now, an area which has broken down here is the way in which companies pay their employees. In the 1990s, a sudden thing developed which was say that we must try and maximize the short-term value of companies and bonus culture came in. And my previous book was pointing out that one of the results of the arrival of the bonus culture has been very, very bad for productivity.

**0:22:05.1 LH:** So bad incentives, misaligned incentives. Really.

**0:22:09.5 AS:** Productivity has flattened out something appalling. And that is damaging for the economy. And it's damaging for all of us in our citizenship role, our human role. So we should strive not to do that. And I would like to see the incentive structure of companies changing, so that instead of being disincentive against investment, they became incentivized to invest.

**0:22:40.5 LH:** Japanese companies, as you know, don't have that same kind of incentive structure. And Chinese corporate structure now it's becoming increasingly clear that it's state capitalism and the companies are all very much controlled by the policies of the state. So the US is a little bit different.

**0:23:01.1 AS:** A problem I've pinpointed, you're absolutely correct, is particularly an Anglophone problem. You don't really find it nearly as much in Germany, where a very small proportion of the total output of the economy is actually from credit companies. America is much higher.

**0:23:19.0 LH:** But yet, would you say that the markets, the US market has outperformed for example, the German market?

**0:23:27.4 AS:** Well, not as far as one can tell in the long run, it looks as if the returns from all stock markets tend to be the same in the long term. So if you have a period in which one stock market has greatly outperformed the others, one is tempted to feel that type of market has become more expensive. Not only absolutely but relatively to others. And that I think is the case at the moment.

America does look more expensive than Germany, I don't know much about Germany, but Japan and the UK which I think I know something about, US market looks a lot more expensive than Japan and the UK.

**0:24:05.1 LH:** Back in March, you wrote that economists believe central banks can stabilize economies by altering real interest rates, which the Fed did again earlier this month. Interest rates are thought to decide the cost of capital and levels of investment, which then change the levels of economic activity. But you say that's not right. What they believe... They're acting incorrectly based on false assumptions.

**0:24:31.7 AS:** Well, the changing interest rates does affect investment and behavior, but not as in a simple-minded way that the consensus model assume. Changing interest rates... When the Fed was cutting interest rates it was indeed helping demand but unfortunately, it was driving up asset prices far more than it was helping demand. So it was creating a huge instability in asset prices. And I demonstrate that in the book. I suspect they were also creating another imbalance which was debt. I can't show this. I suspect it is there when I say that I've showed that there's at least two equilibrium equilibria. There's the equilibrium of demand, which needs to be maintained. And there's the equilibrium of reasonable asset price levels, which need to be maintained.

**0:25:34.5 AS:** I'm not suggesting there are no other equilibrium, which could cause problem. And I think that debt is almost certainly another major disequilibrium, but what is quite clear, I think is that debt and equity prices do up... Go up and down together. So you get excess debt times when X investment equity prices are also boosted. So, we may have in practice... We... They may be... We may be looking at a multi equilibria problem. Whereas in practical terms, two of them are so closely aligned that we can actually worry only about two equilibria.

**0:26:09.8 LH:** So how does the Japanese invention of quantitative easing fit into this picture then?

**0:26:15.5 AS:** Oh, this I think is very interesting. I worry that the current present governor of the Bank of Japan is a very good friend of mine, Haruhiko Kuroda, and I have discussed this often with him and I'm... I think what he has done has been great success for the Japanese economy, but I am a little worried and perhaps he is too. And I couldn't... Obviously nothing I say is going to reveal anything about a conversation I've ever had with him. So it's entirely, I'm worried that if it goes on much longer, we may start to find things going wrong in the financial markets in Japan or inflation will happen. It's not happening yet. There is no sign as far as I can see why inflation is picking up in Japan. The money supply seems to be well controlled. And the Shuntō, which is the annual spring wage negotiation, is very low this year. So, the short-term pressures from inflation do not seem to be present yet in Japan.

**0:27:32.3 LH:** The interesting thing that most people don't know about Japan is the Bank of Japan actually is the majority shareholder of many, if not, most of the companies on the Tokyo Stock Exchange.

**0:27:42.9 AS:** Certainly a very sizeable one, yes.

**0:27:46.2 LH:** Imagine the Fed doing that. So do you think that the Fed should be listening to markets more closely ignoring them if you were the head... If I made you right now, chairman of the Federal Reserve in order to avert a crisis, what are the steps that you would take or are they on

the right path?

**0:28:08.2 AS:** Well, you wouldn't start from here. The Fed has made a number of mistakes. And one of my books had the subtitle inept central banking. And when I was given a recent seminar at the National Institute of Economic and Social Research here in the UK, I discussed and said... When he read this, he had been working at the Bank of England. And I said, I apologized because I said, in fact, I now would put the blame much more on economic theory than on central bankers. Because you cannot expect central bankers to do anything except conform with economic theory.

**0:28:52.6 AS:** So, I think the Fed should have started to tighten much earlier. Indeed. I don't think it should ever have introduced quantitative easing, which I think has been a very bad mistake. But if it hadn't done so, it would've been important that somebody else would've supported the economy. Now, this is a very important part of my theory. I not only suggest that you can stop creating a bubble that's in stock market, but I also suggest that you don't need to use either fiscal or monetary policy to control demand in certain circumstances. Here, it is important to understand that if you tax investment, you will get less investment. If you tax consumption, you'll get less savings. Now, since the Keynesian famous, Keynesian disequilibrium is an excess of intentions to save or intention to invest. Clearly one way of stabilizing the economy is to reduce taxes on investment and increase taxes on consumption.

**0:30:25.2 LH:** A VAT tax kind of thing.

**0:30:26.8 AS:** No one of the probably... I just don't mind how you do it, but they... any way we have VAT, which is a very good system. And you could have sales taxes and they're not as good as value added taxes. They're not efficient, but you can have those income taxes are tax on consumption and on savings. The tax that matters here though is actually the tax on investment. Because of the faults of consensus economics, it is not widely understood that corporation tax is not paid by shareholders. VAT and corporation tax are both collected by companies. Neither are paid by them. Companies don't pay anything to somebody... To pay something you have to have less of the results from it, or it's real. And consumption taxes reduced consumption, investment taxes reduce investment. And investment tax that matters is the level of corporation tax. Now this is not the nominal rate. It is the rate after you allow for depreciation or credits as... And the America has had a big credit on intangible investments since 1981. And the proportion of American investment going into intangibles is now 38% of the total back over up from, I think it was 12 in 1981.

**0:32:09.0 AS:** So, what you need is a tax credit on tangible investment, because it is tangible investment, which we need. There's a sort of romantic attitude at the moment in the world, all we need is more inventions. In fact, I think we've got all the inventions that we need. We could... If only people would invest in them, you would have a booming economy. And the famous remark, I forget by whom it was, said, "You see technology everywhere except in the statistics," put his finger on the spot. The reason that you don't is because the bonus culture has inhibited expenditure on tangible investment. And we want to reverse the bonus culture that perverse incentives are out, by changing the incentives away from investment towards positive investment.

**0:33:03.9 LH:** So, less R&D and more manufacturing investment, for example in hard assets.

**0:33:08.5 AS:** R&D is good. I just want more investment in manufacturing and more investment in physical equipment. And I'm hoping that we will see that from Chancellor Sunak in his forthcoming

budget, which is due any minute. Oh, I think [0:33:22.7] ____ and I can't remember.

**0:33:26.9 LH:** I think it's very soon, yeah.

**0:33:29.2 AS:** I hope that Janet Yellen will somehow persuade Congress to do something very similar. It would be exactly what is needed to try and stabilize the economy. Because what you've got to do in America I think, is put up interest rates quite sharply, and particularly, to cut back on quantitative easing. So, there is no excess money floating around in the central banks area. The monetary base is far too high. Bring that down. You can control inflation. If what painful, and it would easily level through stagflation. But you don't want the stagflation to be a stagflation at high levels of unemployment, what you are going to get is stagnation anyway. Because the ability of the economy to grow rapidly at the moment has been ruined by the lack of past investment. And, fairly, to be fair, a number of nasty shocks that we've had to the world economy as well. But given that that economy is not capable short-term of growth, what you do want to do is build its longer-term growth up. And if you're going to build its longer-term growth up, you have to invest more in tangible assets.

**0:34:44.6 LH:** So, what concerns me... A possible risk is that what the United States does, doesn't stay in the United States. What the Fed does affects monetary policy around the world. So, my concern is with emerging market bonds. Because if, especially any debt that's dollar denominated and with a stronger dollar, it's going to make it more difficult for those poorer countries to pay back that debt, and they in fact might be faced with the kind of decision that Sri Lanka was faced with. Do you use your reserves to buy grain and energy for your people, or do you pay back foreign debtors? And I think it's clear what will happen. So, if the Fed does that to save what you're prescribing to save the US economy, won't those follow-on effects come back to haunt us?

**0:35:40.3 AS:** Well, I think you're quite right. I think that what the Fed has got to do is control inflation and bring down inflation in the US. That will have, I think, some unpleasant effects on the rest of the world economy, particularly emerging markets. But if America goes into recession, that would be much worse for emerging markets than if it doesn't go into recession. Therefore, I think it would be very important to try and keep demand and employment up in America by introducing a very large tax credit on investment. That's the... You can't stop the bad effects of bad policies in the past, but you have to try and mitigate their impacts, and the mitigation input is not going to be done by failing to raise interest rates. It's going to be taken by taking other measures, particularly that to keep the American economy fully employed and growing well and investing a lot more than it has been.

**0:36:47.1 LH:** It looks like in terms of hard tangible assets that it's more likely defense-related industries are going to get an additional share.

**0:37:00.6 AS:** I'm not against more defense. Anybody who cares about liberal democracy...

**0:37:05.3 LH:** Right.

**0:37:05.6 AS:** Must have realized that we've been under-investing in it. That's a bigger problem in Europe where it's been appalling. Where Germany has simply not complied with its own obligations under the NATO treaty. But fortunately, it seems to me that liberal democracy is highly lacking in its enemies. And Putin has clearly made massive mistakes. And that one of the things that's resulted

from that is he's woken up liberal democracy to some of the needs for things they need to do. But I would hope to see that we don't just get more tangible investment in defense industries, but we get it also in peaceful industries and right across the board.

**0:37:50.8 LH:** So, Andrew, I've been thinking, this misunderstanding that you described describe, do you think that that is a part of what created the financial crisis in 2007 and 8? Do you think that played a part in it, and what lessons can we learn so that we avert another one today?

**0:38:07.6 AS:** I quite agree. A friend of mine, Bob Aliber, who's in Chicago... He's America's professor. He emailed me not long ago, saying that he was worried that there was so many... An increasing frequency of financial crises in America. And I'm afraid this follows exactly from my theories. If the Fed keep on driving the asset prices up, when it tries to stabilize demand, you are going to have financial crises, and we had one. And I'm happy to be on record, Stephen Wright, and I, did warn. It is a myth to say that nobody saw the financial crisis of 2008.

**0:38:56.8 LH:** The Queen was wrong.

**0:38:58.9 AS:** No, the Queen was not wrong. She was misinformed.

**0:39:03.0 LH:** She asked the question why didn't anybody know, right?

**0:39:06.0 AS:** Right. Well, when that was announced, I wrote a letter to the Financial Times saying, her pointing out that this was not correct. I found out, I said that Cassandra was one of the world's great analysts. She was always right. Nobody ever believed her, and she accepted this most of the time. But when somebody... When the Trial Times ran a headline, Queen Hecuba asks, "Why did nobody warn us about the Trojan horse?" Cassandra was quite reasonably very angry because she did warn them. [chuckle] So we seem to have... We seem to have a queen who was equally misled as Queen Hecuba. Although I, not certain that I can repeat it in Trojan [laughter] or what the headline actually said, it is quite right to say, that several people, Raghuram Rajan who's also a chair at the University of Chicago, famously warned at a Jackson Hole conference of the looming problem only to be poo-pooed I may say rather badly on the record by the then governor of the... Among others.

**0:40:32.6 LH:** Well as individual investors, what do you prescribe for people? 'Cause obviously this idea of a tax credit for tangible investment, all of these things, it's hard to see the downside of that, but what can the individual do in the light of these economic policies that are founded on false assumptions as you try to prove it with your thesis?

**0:41:00.2 AS:** Well, obviously one of the frustrations of being responsible, have a free will is that your ability to influence the world is also very limited. We can... 'Cause I am trying hard to convince people to do the right thing. Can I have please all of you try and join with me in trying to convince the people to do the right thing. And let's try and get the subject that I'm raising here. Debating more, economists famously resist new ideas. This isn't limited to economists; the sociology of academia has been well explained. And there is natural resistance. If you've written books, papers, and your career is based on explaining something, which somebody else comes up and shows is it's wrong, you have to be very courageous to welcome that. You have to have that independence of thought, which is wonderful. But it's human nature not necessarily to want to be shown to be wrong. So, we are in a world where we must try hard, but we have very limited power.

And as I say it's the world of free will we have responsibility, but not a great deal of power. We are the exact opposite of the famous prostitute who had power without responsibility.

[laughter]

**0:42:34.6 AS:** We have responsibility and very little power.

**0:42:39.3 LH:** Well, I think one of the first places to start would be reading your book and the forward also by Andy Haldane from the Bank of England, formerly is just wonderful. It's available through Oxford Press for university press right now, and it will be available, in the United States, June 22nd, but you can pre-order it now. And I highly recommend that you do it. It's as I said, it's a book about a new theory, that challenges assumptions, but it also shows you the data upon which the new assumptions are based. And you could spend hours just looking at all the charts and the wonderful background information in the back of the book. It's one of those things I think I'll refer to again and again, it's not just a book that I'm going to read and put on the shelf. It's something that will be, will really give me guidance as I look at all these new and hopefully not too catastrophic events that we've been discussing. So Andrew, thank you so much for joining me. Where can people find more about what you do and what you're writing other than your book? Can they follow you on Twitter or do you have a website or?

**0:43:55.4 AS:** No, I'm too old for that.

[chuckle]

**0:44:00.8 AS:** Well, I have a website, but I do post always email me or my wonderful PA Vanessa, vanessa@smithers.co.uk.

**0:44:14.8 LH:** That's wonderful. Also, I'd recommend the stock market model, a new foundation for economic and monetary policy, which is an article that you've written recently as well. And we'll post a link to that on our website for people to read. Thank you so much for joining us, hope to see you in London sometime soon and...

**0:44:34.0 AS:** Alright, thank you very much.

**0:44:36.0 LH:** Thank you to the people behind the scenes who make EconVue possible- our managing editor, Ying Zhan and our producer, Sam Fu. Please visit our website to sign up for alerts about our next podcast.

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