



# Transcript — Marketcrafters: The 100-Year Struggle To Shape the American Economy — A Book Talk with Chris Hughes

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## Speakers

**Chris Hughes**

Economist, writer, and chair of the [Economic Security Project](#)

**Natalie Foster (moderator)**

President and Co-Founder, [Economic Security Project](#); Senior Fellow, Future of Work Initiative, The Aspen Institute

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## [Marketcrafters](#) Transcript

**Natalie Foster (00:05)**

Good afternoon. I'm Natalie Foster, a senior fellow at The Aspen Institute and co-founder and president of Economic Security Project, and it is my pleasure to welcome you today to our

conversation, *Marketcrafters: The 100-year Struggle to Shape the American Economy*, a book talk with Chris Hughes on his powerful new book, *Marketcrafters*. It frankly couldn't come at a better time. People are so disillusioned by the economy, how it works, for whom it works and if it will even work for our children in the future. In the midst of this, Chris offers us a bold and unnecessary reframing, that markets are not natural or neutral, but they are made. They are crafted. They are shaped by policy, by power, and most importantly by people. So this conversation is part of our Opportunity in America series where we examine the changing economic landscape that workers face and how we can create an economy that works for everyone. We are so glad that you are all here today.

Before we get started, let's do a quick review of the technology. So everybody's muted today, and if you have questions, which we hope you do over the course of this conversation, use the Q&A button at the bottom of your screen to submit and upvote questions. We hope you'll share your perspectives, ideas, examples or resources that you have to today's topic, things that are relevant to today's topic in the chat. We'd love it if you would post about this conversation on the social media platform of your choice. The hashtag is #talkopportunity. The event is being recorded and will be shared out via email and posted on our website. Closed captions are available for this discussion, so click the closed caption button, the CC button at the bottom of your screen to activate them.

Now, to the reason we are all gathered here today, to speak with Chris Hughes. Chris is an economist and a writer who serves as the chair, the board chair of the Economic Security Project, a leading nonprofit advocating for economic power for all Americans, and was a co-founder of ESP alongside myself and Dorian Warren. Chris holds degrees in history and economics from Harvard, the New School, and is completing his PhD at the Wharton School at the University of Pennsylvania. His writings and essays have been published widely from the New York Times to the Financial Times. His first book in 2018 was called *Fair Shot: Rethinking Inequality and How We Earn*, and I have such fond memories of that book coming out.

So it's very exciting to have you, Chris, with your next book here in 2025. It's just going back in history, in 2004, Chris co-founded Facebook and then later directed Barack Obama's digital organizing efforts in President Obama's insurgent 2008 campaign. So that's around the time when I got to know Chris and have gotten a front row seat to watching your work, Chris, his work on rebalancing the American economy over a decade-plus. So let's actually start there, Chris. I'm so glad you turned your attention to the economy and it couldn't be frankly more important of a time to do it and of subject matter to take on, but tell us why. What shaped your journey? Why the economy and why this book?

### **Chris Hughes (04:17)**

Well, I'm happy to go there and anywhere else that makes sense in this conversation, but first I just want to say thanks to you, Natalie, for that very flattering and kind introduction and more importantly for the past near decade of working together as colleagues and as co-conspirators in the effort to make the economy more fair and prosperous, and also to Aspen for convening us today and for everybody for tuning in.

So economics, why economics? My career zigged and zagged for a little while until I found economics about 10 years ago and then I feel like I've had a home. As you said, I was part of the founding team of Facebook in 2004 at Harvard. I grew up in North Carolina. My mom was a public school teacher. My dad was a traveling paper salesman. I got financial aid to go to boarding school. Then to Harvard, we started Facebook and it exploded. Everybody was interested in it. I worked on the product and communications teams for several years. I liked it. I thought it was interesting. It was not a mission for me in the way that it was for Mark in particular, but also others on the founding team. So I left to go work for Barack Obama, as you mentioned, for a couple years and then I sort of wandered.

I was in my late 20s. I had, to be honest, made more money than I could have ever dreamed. I paid off all my loans from college obviously and all kinds of things. So I thought a little bit about venture capital. Then I worked in media for a while. But in 2016, after a lot of conversations with you and with other people, I began to focus more clearly on the question of how can we make the economy more fair? Income inequality, wealth inequality were all skyrocketing. This was right before Trump was elected. My own story was so bizarre. I had worked for a few years to create a company that at that point I was still generally proud of and made more money than we could have ever imagined. While that had worked out great for me, it also didn't feel fair. It felt like emblematic of a kind of economy where a few people get these bonanza kinds of wins and everybody else is struggling to make ends meet.

So that started on a long journey first as an activist and in the non-profit world. Then over time, it's been more as a researcher and a writer. I got my master's and began to work with my PhD. I wrote the first book. Now I've written the second. I love economics because it's important. The study of money and production and how we coordinate, I think, is one of the most important stories in the history of humanity and the history of the United States and it's also very much up for grabs. It's a field that is debated and lots of people want to tell you exactly how it works and you got to agree with most of the things in the textbooks, and that's just not what I do. I'm sort of naturally suspicious, and that means that I've gotten the opportunity to engage really on a first principles level with a lot of economic ideas and I find that challenging and fulfilling. So that's why I do what I do.

**Natalie Foster (07:51)**

This book went through many iterations before it landed as Marketcrafters?

**Chris Hughes (07:55)**

Yes, it did.

**Natalie Foster (07:56)**

Talk to me about that.

**Chris Hughes (08:00)**

A lot of the academic work that I've done is in the history of central banking, and so I thought that I was initially writing a history of the Federal Reserve and the history of American central banking, and that's where it began several years ago. Then there was this explosion of interest in industrial policy around 2021, 2022. This term that had been really banished from political and economic discourse was taking center stage very quickly, and I was fascinated by that. I thought it was really important and exciting and relevant, but I also thought it was too limited because when people kept talking about industrial policy, they were using a term that most of the time was supposed to apply to manufacturing and blue collar kinds of labor.

What I saw there was the government supporting a particular industry because it believed that it was important for whatever political ends. That could be semiconductor manufacturing. It could be the climate. It could be a lot of things. But if you look at the history of American capitalism, we do that all the time. I mean, the story of finance and banking is a story where we believe that it is important and it's critical to keep prices stable, to have financial stability, to ensure maximum employment, moderate long-term interest rates. All of those things are managed by the government and particularly the Fed, but not the Fed alone, the OCC, the SEC to some extent the FTC and other institutions.

So what I saw was something broader, which a political scientist, Steven Vogel had coined the term marketcraft several years before, and that really stuck with me. So I decided that I wanted to write a book that would combine my interest in a lot of the institutions of American finance like the Fed with a history of industrial policy purposefully to broaden out that term and to say that we have a long history of crafting markets towards political ends. Sometimes we're successful, sometimes we fail, but we have to be clear-eyed about that history if we're going to pull out some of the lessons for the future. So that's what I am spending a lot of time doing these days.

**Natalie Foster (10:28)**

Before we get into the economic specifics, you just have this metaphor of the garden that you worked in, I think, grudgingly, if I remember, and how that is the metaphor you used when writing this book. Will you connect those dots for us?

**Chris Hughes (10:46)**

Yeah, I'll try my best. Many of my friends do vegetable gardening and love it. It's a source of respite and pleasure. For me, my father had a vegetable garden growing up. I grew up in Hickory, North Carolina. We lived in a house that had a yard, but my dad tilled up a third of the yard. For me, gardening was just the pits. It was the worst. On summer evenings when I want to be inside watching TV or reading, I had to go out and stake green beans or stake the tomato plants or harvest the green beans or deal with the squash, all this stuff that at least I as a kid of six, seven, eight was not that interested in doing, however, all that time did lodge in my memory. So when I was thinking about what kind of metaphor I could use to talk about how markets work,

the one that I kept circling back to was the idea of a garden, and it was for a few different reasons.

The first is gardens are places of the natural world where there are organic forces that seem to be propelled by their own logic. So the lifeblood of the system is the organic, the outdoors and things grow. There are also places where we acknowledge that growth and then we point it in a certain direction. We harvest all that energy towards a particular kind of production. So in some kind of free market fantasy, you might walk through the woods and just hope that you find some blueberries that you can eat or some tomatoes that are growing that you can eat. But no, the history of humanity is we say, "No, we want those tomatoes. We like those tomatoes. We're going to take them. We're going to plant them in the garden. We're going to make sure that we have the right amount of shade or the right amount of sunshine. We're going to make sure that they have water, maybe even fertilizers."

Because we do all of this work to manage and harness those organic forces, what do we get? A lot more tomatoes. We can in fact be innovative and even invent new kinds of tomatoes or engineer new kinds of tastier or nutritious food. That metaphor of organic forces that may seem uncontrollable but then are harnessed towards human ends, things that can produce abundance, can produce more food than our ancestors could have ever dreamed of, that metaphor, I think, sticks with markets because markets too, there are these cross-historical trends in markets, property law, stable currencies, exploitation of labor. There are these trends, some of which are good, some of which are very much not. We can recognize that and still say, "But wait a second, we want markets to work for us." Capitalism is something that we can shape and harness so that it works for people. People should not be working for capitalism. So that metaphor made it into the introduction of the book and it stuck with me.

**Natalie Foster (14:06)**

I think it's great, and I'll make sure to lay it out to my kids when we garden in the future, but I want to talk more-

**Chris Hughes (14:16)**

They'll love it more than I did, I'm sure.

**Natalie Foster (14:18)**

What'd you say?

**Chris Hughes (14:18)**

They'll love gardening more than I did, I'm sure.

**Natalie Foster (14:20)**

Yeah, the pits.

**Chris Hughes (14:24)**

Mm-hmm.

**Natalie Foster (14:26)**

Let's talk about free markets because a second ago you called it the free market fantasy, where we might get blueberries if we're lucky, and I think that is so right on. I'm curious, why do you think the myth of the free market is so durable. Then you have the I word you call it, intervene. Talk a little bit about those two things.

**Chris Hughes (14:55)**

Well, I think really until about 2016, 2017, I would've talked about the power of, I think, I don't know if I would've said pre markets, but I would've talked about markets as if they were organic forces that come first, that markets work this way or that way, and then government is there to intervene. The metaphor there is something like a stream rolling down a hill and government shows up to put a dam in or to change something that's naturally occurring. That metaphor is one I use, and I think it's one that continues to be pervasive, not just on the right, but on the left.

So when I was writing the book, I was determined not to use the word intervene at any point. So by the end, I did a little Control F just to make sure in the manuscript I had not, because it's a sticky idea and it's one that when we grasp for the language, that's what we find, but I think it's a really dangerous one because it does suggest that markets are just fine on their own. It makes no observations about the things that make markets work in the first place, the basics of property law, contract law, a stable currency, investment capital that can be developed and deployed, all of which rely on government, on public policy. Even in the most libertarian kind of scenarios, markets require government. Then what I see when I look at the history of American capitalism is something even more robust.

If you go through some of the major markets in the United States, banking and finance, health insurance, pharmaceuticals, airlines, cars, defense production, semiconductors, I could keep going on the list, every single one of these industries has been managed by policymakers for 100 years. So there is the idea that there's a free market where government comes in afterward and then moves things around is not empirically true, and yet that is still such a pervasive idea that we keep using, we keep coming back to linguistically. That's one of the big reasons why I wrote the book is to first off, just make it clear that markets are often managed and crafted and then to explore, well, if we're going to do it, a lot of those industries I just mentioned aren't going so well, health insurance, pharmaceuticals, et cetera. So let's talk about when it works and when it fails so that we can do it better.

**Natalie Foster (17:48)**

Reading your book it becomes so clear that markets are crafted, right? Even by the second section, it's like, "Oh, yeah, of course." Yet, it is still a persistent mess. So who does it benefit to believe in the free market fantasy? Then I guess the other question I have is how do you make

the case of how this is relevant to the everyday family, that this enduring myth holds us back and harms the everyday family?

**Chris Hughes (18:26)**

Yeah, those are great questions. I think the myth of the free market is particularly useful for the most powerful market actors, which tend to be capital holders in a lot of cases because markets are often dominated, sometimes by private actors and sometimes by public actors. If you can get enough people to think that markets are somehow self-regulating, magically organizing dynamic structures, you have made the case that the government should be less active and thus those who are most benefiting from that particular market order will stand to benefit even more. Depending on the market, depending on the cost of capital, depending on the level of investment, that needs to happen. You can have markets that will move into a naturally oligopolistic or monopolistic arrangement, and the idea that that is the result of free market tendencies can enrich a lot of people in a very meaningful way.

Now, even in that story, there is still an important asterisk, which is what I call the emergency room and we can see this super clearly in finance and banking. Even people like Alan Greenspan, who I spend a good chunk of time with in the book, who believed that government was often the problem, who was a deregulator. He also had a marketcraft, which we can talk about towards financial innovation, which he believed would exert market discipline and make the markets more stable. Even Greenspan became so well known for his emergency room actions, what many people might call bailouts or structured interventions. He did it in 1987. He does it famously in Mexico in the early '90s, then with long-term capital management in 1999. We can go through a long list. Even in the libertarian fantasy of the free market, there's still the state coming in to help capital holders when the emergencies come.

I think that sort of mythology, that story has been particularly enduring and worked very well for those who had the most resources and the most power. Obviously, the one I'm trying to offer is one where we say, "Uh-huh, guys, we need to structure the market first in a way that makes it work for more people that prevents those kinds of emergencies and bailouts in the first place, but the only way that you can follow a preventative regimen is if you understand that markets need management and structure in order to work well and in order to be stable," which I think we're closer to that set of ideas now than in 2007 or 2006 when Greenspan stopped being Fed chair.

**Natalie Foster (21:48)**

Yeah. So when you think about the everyday family, I mean, what I hear is that costs are higher, that there's a concentration of power and wealth within a market. If we pretend that it doesn't require some marketcrafting, how do you talk about what it means for an everyday family?

**Chris Hughes (22:10)**

Yeah. When I was finishing this book, I talked to a politician who was like, "I like these ideas, Chris, but marketcraft is never going to work on the stump. It's too heady. It's too intellectual." I said to

him, "Yeah, I know. That's not the idea. The idea is that you as a policymaker and other economists, influential folks, media, et cetera, can understand this as a key foundational observation for future policymaking. Just as you wouldn't run on competition policy or tax policy or industrial policy on the stump, no. In competition policy, you would instead talk about corporate power and how it's harming the voters that you're trying to court and what you're going to do about it and that particular story or market." So what I'm trying to say is I think marketcraft is relevant to everyone because how we craft markets matters enormously and it need not be the kind of thing that we are all chatting about around the Thanksgiving table.

But now when I talk to politicians these days and try to think about, "Well, what's the upshot of marketcraft for the moment that we're living in?" I think that some of the key urgent concerns that Americans have are around the cost of living. There it's very clear that state action can craft markets to at least stabilize prices for housing, food, health care, child care, if not even bring them down. So as much as I wouldn't recommend running on a marketcraft agenda in 2028 per se, I would say, "Hey, we can shape housing markets to make it easier to build, make it cheaper to build and to build faster, and we can go through modular housing, construction funds, zoning requirements, all the different ways that we can craft those markets to get that done." So I think it's key and critically important that policymakers and politicians understand the history of marketcrafts so that they have the confidence to be able to say, "We don't have to just lean back and accept markets as they are. We can shape them to make them better."

#### **Natalie Foster (24:48)**

Yeah. One of the things that your book did for me was once you've seen it and you lay it all out so clearly, right, over the course of 100 years in which we've shaped all the markets that you've named, you can't unsee it. So part of what I'm hearing in your answer too is the way we talk about the metaphors we use, for example, it may not be a politician talking about marketcrafting on the stump, but if they talk about the economy, like the weather, like something that just happens to us, then they're reinforcing that fantasy of a free market as opposed to a clear role of government and business and society all having roles to play in creating an economy that works for everyone.

#### **Chris Hughes (25:31)**

Yeah. I mean, housing is a topic that is partially because of its centrality and the abundance agenda and people in the policy world have been talking about recently, but it's obviously been an urgent problem for Americans for years now, particularly after the run-up in costs that came after the pandemic. I think a lot of politicians, including Democrats, did not understand the urgency of this as an issue. But that's a useful one to think about how to craft those markets. So in the book, I go back to the 1930s when housing marketcraft really began with the creation of Fannie Mae and a set of policies that made it much easier and cheaper for Americans to buy homes. America has the 30-year mortgage, which was pioneered in the New Deal Era. We had the National Investment Bank called the Reconstruction Finance Corporation that created a market for these mortgages so that someone could loan to somebody in Denver to build a house and a banker in New York could buy it.



Once you make it more liquid, you make it cheaper. You amortize it over the course of 30 years, suddenly housing became much more affordable to a lot more folks. Of course, the more houses you build, the more jobs you have and the story goes. So that market was very intentionally crafted in that period. Then I think lots of people know now about the history of zoning and how the government has crafted cities in a way that sometimes has worked well, sometimes has become too sclerotic. But then you zoom forward to today, and I think we need to have an urgent question about how we can craft housing markets to meet the housing shortage that we have. I mean, the estimates are that we need somewhere around four to five million new housing units to be built. With interest rates where they are now relatively high, there's not a lot of building happening, even in places like California where a lot of the zoning rules have been reformed as the abundance folks make a lot of hay out of.

So, what do you do? I think you have to have something like a housing construction fund that creates a structure that ensures that the rates that multifamily developers, for those who build dense housing, can have. So that when rates go up, they have a more stable rate, and when rates come down, they have a more stable rate so that they know that it's going to be affordable. So the math works for them to build. By the way, some of the estimates on that mean that you could build over a million housing units just through the creation of a \$50 billion fund, which sounds like a lot, but in the context of the full federal budget, which is several trillion dollars, it's pretty affordable given the urgent need.

You could have an industrial policy for modular. Modular is the kind of housing where it's built off site and then you bring it on site and it's fabricated. Excuse me, the fabricated parts are used to build very, very quickly and half of the homes in the Nordic countries are built this way. We could do that in the United States. There are challenges to it. One of the biggest is the lack of private capital that's moving into that. Public dollars can attract those private dollars. So I'm saying all of that as a way of gesturing towards the important need to think about how can we craft markets, housing markets to bring down prices and to boost supply. We can use that kind of framework for housing. We could use it for eggs and commodity prices. You can use it for care. You can use it for a lot of these things to get to an agenda that is at the end of the day somewhat simple and direct and speaks to the needs that American families have.

### **Natalie Foster (29:33)**

Let's stay in housing for a second. Digging into that example you're giving, we start to see some of the core elements of marketcrafting as you lay out, right? So I hear an institution, the housing construction fund, would be an important, institutional player. I hear the need for leadership. Name some of the elements here that you think are key to marketcrafting.

### **Chris Hughes (30:01)**

So when it goes well, I see three things that happen in those stories. The book is a collection of a dozen different stories or moments focused around the people who are the marketcrafters, hence the name. Some of them fail and many of them succeed. So the ones who succeed, there tend to be three ingredients. First off, there's a clear mission, so build X number of housing units in the context of housing, or it could be onshore semiconductor manufacturing or it could

be in short energy prices remain stable or financial stability. The mission has to be clear, sensible to everybody and aspirational. Secondly, you have to have an institution that you can hold accountable for. We really don't like institutions in the United States for the most part. We fear the consolidation of power, particularly in the federal government. The irony is a lot of the institutions that we have when we create them and then when we give them the third ingredient, which is power and discretion to accomplish a mission, they can be very effective.

So the Fed, I think, is maybe one of the best examples that's out there. The Fed has a clear mission, price stability, maximum employment, and it has read financial stability as a piece of its mandate as well. It has an institution that is very clear. The central bank is... It's very complicated, of course, with the FOMC and the Board of Governors and the reserve banks and da-da-da-da-da, but nonetheless, there's an institution that we can hold accountable to fulfill that mandate. It has a lot of discretion and power, and it makes mistakes, for sure. We just came out of a period of high inflation, and so it is by no means perfect. But generally, if you zoom out for a second, you say, "Wait a second, there's a reason that finance loves having the Fed." It's because they set the price of short-term credit. They make sure that that price stays stable and that enables that industry to invest with confidence and assuredness of what the cost of capital is going to be like in the short term and the medium term.

So I think those ingredients of mission, institution and power are really key. You see it in semiconductors. You see in energy price stability. You see it in a lot of the other things that are in the book, and that's the kind of approach that I think is more often. Of course, that is very much not in the zeitgeist now. We are living through a moment where on the right. As we've seen, they're trying to bludgeon the government and the institutions of government. Now, there is a steel man argument that they would say, "Well, they've become sclerotic. They've become inefficient, and we need to have them be more accountable to the executive." I think that's mostly a theoretical argument in practice that doesn't seem like what DOGE in particular has actually been doing, but there is a sense that the institutions are the problem on the right.

As much as I agree with some of the conclusions of the abundance movement, I think underneath it there is also a kind of appeal to common sense. Well, don't you know the institutions of government, again, are really the problem? That's why we don't have cheap housing in the United States. It's a different politics, so it takes you to a different conclusion, but on both sides, there's a wariness of institutions. I think that's been much more common than not in the history of America. From where I sit, what I'm trying to do with this book is to say institutions are fallible, but they also often really succeed. So instead of just saying the institutions are always the problem, let's take a magnifying glass to the moments when the government actually works so that we can not just celebrate those, so that we can replicate them because there are many, many problems that we are going to need the government to help solve.

### **Natalie Foster (34:24)**

Well, let's spend the last 10 minutes and then we'll go to questions from folks on the Zoom with us, but let's spend the past 10 minutes talking about one of those ingredients that make institutions work, which I really do think is leadership and the people who hold the mission, articulate the mission. I love the stories throughout this book. We learn about Bill Martin's, one of the longest

serving fed chairs that his dedication to his faith and his tennis game, part of what set him up for five... It's five different presidential administrations, is that right, that he was the Federal Reserve chair through?

**Chris Hughes (35:06)**

Eisenhower, Kennedy, Johnson. Yeah, four or five, yeah.

**Natalie Foster (35:13)**

Yeah. So it's stories like that, which I just have been amazed at what you were able to find. But from antitrust enforcers to central bankers, it's like the marketcrafters are really what animates this book. So tell us about one of your favorites from the past, and then I'd also love for you to tell us about one of the marketcrafters from a more current era, which I think you call new marketcrafting, the sort of last section of the book, which includes a lot of the Biden folks. So start with the history though. Let's go there. Let's go back for a second. Tell us about a marketcrafter and what they did and how it shaped American history.

**Chris Hughes (36:00)**

I think the thing that sustained me in writing this book was the people. I was writing it, and so I hope that it is what sustains the reader. I wrote it as a collection of a dozen different stories and moments in time. Don't tell my publisher, but I wrote it so that if one does not want to read it cover to cover, that is a-okay. They always say, "You should write a book in the way that you want the book that you want to read." For me, a lot of books, I'll read the introduction and the first chapter, and then I'll go through the table of contents and see the chapters that are most either the stuff I know a lot about, I want to see what the author has to say about it, or things I know nothing about and I just want to learn something new.

So I wrote the book so that you could do that if you wish. I mean, a lot of people have read it cover to cover, which is just great too. So because of that, I got to go really deep into these character stories. You feel like you get to know them. You're going through their correspondence, their appointments books. They do oral histories in many cases in the last decades of their life, so you hear them reminiscing. In some cases, I talk to their kids. Anyway, I did a lot of character research around the marketcrafters. The ones that I found that were the most fascinating were the ones who I found who I felt were most entrepreneurial. I do think that is the word. They came in ready with an idea of what they wanted to see, and then they were creative in getting it done.

So one that I'll talk about is actually he was the most difficult character for me to write about. His name is Bill Simon, and he was the treasury secretary in the Nixon administration. He was a libertarian who didn't really believe in government so much and yet ends up in the Nixon administration being put in charge of oil and gas, and the Yom Kippur happens and the oil embargo is a result, and all of a sudden he is responsible for ensuring that nobody in America freezes to death in the first oil crisis. He's actually very successful. So he crafts markets. He does a few things. He stockpiles the oil and gas reserves. He does resource allocation to industries and

to geographies, making sure that hospitals and the military are taken care of. He creates price controls, so that allowing the prices to go up, but more moderately than they do in Western Europe.

Through all of this work in that crisis moment, on the other side of it, the actual first oil crisis in the 1970s was relatively successful. He did a good job. He was a difficult guy to read his stuff because he's not a person I would've been friends with, and yet it was hard not to come to that conclusion. That's in contrast to what happens at the end of the decade and the second energy crisis when Jimmy Carter is president. After the Iranian revolution, he makes the move to decontrol prices to just sort of let it all go and say, "You know what, the market is going to just sort it out," and prices skyrocket. There are the lines that we all remember culturally as part of the problem. So it was like the mirror image of that story.

The institutional thing that comes out of the Simon experience is they create the strategic petroleum reserve, which stores hundreds of millions of gallons of oil and the salt caverns in the Southeast of the United States. It still exists today, and it's one of the big reasons why we have had significantly more energy stability, at least until recent years when domestic production significantly increased. So Simon was fascinating, but there were so many other characters. Andrew Brimmer, who was the first Black governor of the Federal Reserve, is in the book who really hustles to make global finance work. His story is fascinating. I talk about this woman, Nancy Teeters, in the midst of the Volcker shock who wanted to find a different way to squelch inflation that didn't have such an extreme effect on manufacturing jobs. The stories were what sustained me.

### **Natalie Foster (40:38)**

Yeah, absolutely. It's what makes it so fun to read too. I mean, not only is it's sweeping history, but then people and some of whom we've heard about, but most of whom we haven't, and it's a wonderful glimpse into their lives in that period of time. The hard part about the period of time we're living in is you don't always see it as history-making, it's just the headline of the day. One of the things your book did was situate the last four years, the last six years really in the historical context. So tell us about a marketcrafter that we do know, whether it be Lina Kahn or Brian Deese.

### **Chris Hughes (41:20)**

Yeah, I focus on two folks in the past 15 years, but with a lot of supporting characters. So the final quarter of the book is contemporary, and it was a totally different way of researching. The first sections were much more in the archives and trying to recreate these people who are not alive. The later chapters were something I lived through and people that I could interview. Brian Deese is a fascinating character. He's not a household name, for sure. He was the director of the National Economic Council under Joe Biden. I think his story matters because he's emblematic of a shift in political economy that has happened over the past 15 years. He grew up as part of the crew in the 2000s with Jason Furman and Larry Summers. He actually works for Larry and Jason in the early White House, and he's in the Obama White House, and he is charged with overseeing auto bailouts.

If you remember, in the great financial crisis, not only did the banks all threaten to go under, but GM, Chrysler, Ford, all of these companies were just hemorrhaging money. The government steps in, provides that kind of emergency room assistance. The lesson that Brian takes away from that is radically different from the lesson that Larry and others take. I talked to them both about that experience and their answers were just diametrically opposed. Brian's takeaway was these markets need to be managed so that we never get back into an emergency room kind of situation, so a bailout is not what you need to be talking about. Whereas in the classic economics, neoclassical vernacular, it would be about market failure. Well, markets sometimes fail and the government has to take care of that. That could be with an externality. That could be in a crisis moment, but that's just how markets work and what government's there to do.

So Brian took away this lesson, and then he continued to do all kinds of interesting things in the Obama administration. He becomes the climate czar. He's at OMB for a time. But in the Biden years, he becomes the director of the National Economic Council, and he assembles a team of people who are very focused on spurring clean energy investment, bringing back the semiconductor industry to the United States, making major investments in infrastructure. On each one of those things, the Biden folks succeed legislatively and substantively. Now, of course, the inflation that happens with up to 9% turns everyone's attention away from those pieces of the agenda and towards price stability. Americans rightly, understandably suffer and are very angry about it, and of course, Joe Biden didn't win the election. It was partially because of the economic legacy, but I think it's critically important to separate those two things out.

The inflation was not caused by that legislation. Even the highest estimates that come from moderate economists like Olivier Blanchard or Ben Bernanke are that about 2%, at most of the 9% of inflation, was related to that early ARP stimulus pill. The vast majority of the inflation was because of the supply chain bottlenecks that we all experienced in that rapid shift in consumer demand, and yet so many people just want to throw the baby out with the bathwater.

So the last thing that I want to say on this is I think that wherever you might stand on economics, it is clear that there is a new conventional wisdom on the right and the left, which puts the state at the center of economic stories. The question is not like how do we get the government out of markets these days? It's between should tariffs be broad-based or should they be targeted? Should industrial policy be just for national security reasons or might it be important to have critical minerals here to support a private industry as well? That's the contour of the conversation, and that is very different from the world that Brian started out in 15-plus years ago.

**Natalie Foster (45:51)**

Yeah. Yeah, a paradigm shift.

**Chris Hughes (45:54)**

A paradigm shift.

**Natalie Foster (45:56)**

Chris, I guess to the first question that I'm seeing in the chat, and this is from Edmund Morris, and if I can distill it down, I think he's asking essentially, are there some things that just don't need to be in the market that should be a public good for people? Healthcare education he names out. What do you think about that related to marketcrafting?

**Chris Hughes (46:19)**

Yeah, I think so. We have an agreement in the United States that education, at least K through 12 education should not be driven by market forces and I think that's a good thing. We do not have that agreement on healthcare as lots of other industrialized countries do, and I think that it causes Americans to pay double what people in Western Europe pay for healthcare with health outcomes that are roughly on par. So I think it's really important to say... In fact, one of the more difficult chapters for me to write in the book was the one on healthcare, because even before I embarked on it, I hesitated to say, "This really what I want." Healthcare markets are crafted, for sure, by the state.

I focus on the creation of Medicare and Medicaid in the 1960s, but I could have written about the ACA. You could write it about many of these different moments. You see the government to shift a market and point it in a way that makes it cheaper for certain goods. It makes it more accessible that makes it work in a different way. But just by talking about it as a market, am I going to reinforce that idea that healthcare should be a market? I think I managed to not do that at the end of the day, but I think that that tension is very alive and well. There are a lot of places where I think we don't have a cultural or political consensus, for instance, student loans. There's certainly a market dimension for those, and you can make an argument for it. You can make an argument against it, but it's really tricky.

**Natalie Foster (48:19)**

Yeah. Your book really and your thinking influenced me when I was writing *The Guarantee*, my book, *Inside the Fight for America's Next Economy*. Both of those instances were really tricky to write about, healthcare. We're in this moment where we've passed some of the most important subsidies that we've ever seen. They're robust to enroll people onto the ACA. So it's like we've had this deeply imperfect system, this market system, and then we've figured out crafting that helps make it work, right? So 10 million more people were part of the ACA over the last few years than were in the past because of these subsidies that are going to expire in just a few short months. So it's like we're a ticking time bomb that will have a huge impact on upcoming elections, on people's individual lives. It's like all interesting because in this case, it's marketcrafting that feels invisible to so many people. Until the time bomb goes off, and then it won't be.

**Chris Hughes (49:26)**

But that's why we get back to, well, when you have successful marketcraft, you build an institution with the mission of making healthcare cheap. So instead of putting subsidies all over

the place in the tax code that expire and you have to renew every year, you could have just had Medicare have either an option for everyone to join. Obviously, politically that wasn't possible. Everything's 2020. In retrospect, it's less about blame and more about, well, why wasn't it possible? Why do we still struggle to say, 'Actually, we should have an institution that is responsible for providing quality affordable healthcare to all Americans'?

When we do that, we can hold it accountable. People hold Medicare rightly accountable for what it does with seniors. Historically, the prices have been managed by Congress. Now, we have Medicare Advantage plans, which I think need to be meaningfully reformed. But my point is when you craft the market to bury it in the tax code and provide these incentives rather than either creating or reinforcing an existing institution with the power, ironically, we get much more balkanized, less efficient healthcare that's more politically fragile than if we'd just done it the clear way in the first place.

**Natalie Foster (50:49)**

Were there any opinions you had that shifted as you wrote the book?

**Chris Hughes (50:55)**

That's a great question. I mean, I certainly learned an enormous amount. I don't know if there were any closely held opinions that changed because of the research. I think that maybe my position on discretion and power in the administrative state to use a sort of wonky set of words evolved over time. I think I have been and am sympathetic to a lot of the concerns about the administrative state being too isolated or insulated. But most of the time when I looked at government workers doing their jobs, I saw them struggling for resources and power to get things done, and then when they got it, they more often than not succeeded. So I definitely became more sensitive to all of the restraints that we have put on the government thinking that it is going to be a good idea, I mean, the paperwork reduction. I mean, we could go through specific examples of things that sound good in theory, but limit discretion in power and sort of hobble the state. So that might be one thing.

Another thing would be the role of Congress. We live in this time that is hyper-partisan, and I think people are very suspicious of Congress being able to get anything done. The Congress under Joe Biden was quite productive and often on bipartisan lines. I mean, everything from the confirmation of Lina Khan to the CHIPS Act, to the infrastructure bill, to these are things that I think that we need to take note of and ultimately expect Congress to be in the driver's seat. These days, particularly on the right, the theory of the unitary executive, the president is the only person who's going to be able to actually get the administrative state and to shape. I seek Congress as the ultimate boss of the Fed or Vanny and Freddy or a lot of these institutions, and I think that's a better arrangement than investing it all in the executive.

**Natalie Foster (53:19)**

Yeah, very relevant for today's headlines. A couple of questions come together at this nexus. What Tony Simon said, "In project development, government action has been primarily limited to

mitigating potential harms, for example, through NEPA and permitting. What can be the narrative around the government advancing community benefits?" Then Alison Lingane says, "If you were to lay out a marketcrafting agenda, like a government advancing marketcrafting agenda that could result in changes that are helpful to everyday people, what would it look like?" I thought that was an interesting way to frame it from the passive to the sort of proactive.

**Chris Hughes (54:00)**

Yeah. Yeah, I think so too. The first question in some ways feeds into the second. Listen, I think the number one thing that Americans are frustrated about is costs and dignity. The second is harder to solve, but I think needs to be part... If I were advising a politician, I think she or he would need to speak to both. On costs, we talked a lot about housing already, but I think that agenda would be where I would start, so housing, food costs, care costs, and on each one of these, crafting those markets to either stabilize those costs or bring them down. I think you also need to talk about jobs because Americans care about how expensive things are, but people want to stable job. This is not a big insight over here. This is in not just polling, but just everyday conversations with people. So that means I'm thinking about higher minimum wages, sectoral bargaining, a lot of these things that Democrats have talked about for some time, but I think they need to explain how those are going to help people.

Then the hardest set of issues, I think, is around future-proofing to use a term, because there are a lot of threats on the horizon. Climate is an obvious one. I live in New York and our air is full of the smoke from the Canadian wildfires, and this now seems to happen every single year. I read yesterday that the dust from the Sahara has affected air quality levels in the southeast. Anyway, you're reminded of the global nature of these problems and the fact that public policy needs to respond to it, and AI. I mean, AI is radically changing, I think how we all live, and that'll only accelerate and there'll be significant labor market disruptions that come for it, and this time less so for blue collar folks and more for white collar.

So I think a marketcrafting agenda that speaks to those things is critical. But I will say you don't need to use the word marketcraft on the stump. You know what I mean? It's about the outcomes for people. I think that's what people care most about, the how industrial policy, this and that. How are you going to do this with the tax cut deduction? That's how the sausage is made, and so that may not be stump-ready.

**Natalie Foster (56:34)**

Well, it's stump-ready for me, so I'll vote for you.

**Chris Hughes (56:37)**

That's not [inaudible 00:56:40].



**Natalie Foster (56:42)**

Last question is just who are some of the marketcrafters today? Obviously, you wrote this book in a different administration in a different world, and now you're talking about it in a moment that is completely shifted. So how do you think about the market? How do you think about what marketcrafting in the headlines today and who are, if they exist, the marketcrafters?

**Chris Hughes (57:05)**

Yeah. The irony is in the first Trump administration, there were real gestures towards marketcrafting. A lot of the tariffs in that administration were more targeted than the ones today, and the CHIPS Act actually started in the Trump administration. It was a Trump idea to pursue. So there was a marketcraft in that. This administration is... Their economic policy seems to be defined by impulsive decisions around tariff and trade, and increasingly around tax cuts for the wealthiest on the backs of cutting Medicaid and food stamps. So there's not a lot of marketcraft to be seen is what I'm trying to say.

Here are some examples. Listen, the steel and aluminum tariffs are a clear marketcraft. They want to reinforce that industry for the jobs and for national security reasons. You can agree with it or disagree with it, but that is a marketcraft. The Crypto Reserve Fund, which they've created, it's small. It's only \$20 billion, but nonetheless, there is a mission to build and deepen the crypto markets and they want to pursue that. So there are signs of this in the corners, but by and large, this is an across the board economic policies that affect markets in a significant way and not the kind of marketcraft that we might have otherwise seen.

**Natalie Foster (58:35)**

Well, in a decade from now, Chris Hughes, I really look forward to Marketcrafters volume two, that will help us make even more sense of what it is. I just want to say it was really a pleasure to read it. I am so grateful you wrote it because it's a gift to all of us to contextualize what we're living through in this moment. I hope folks pick it up. It's a beach read for all the nerds out there.

**Chris Hughes (59:01)**

That's well said.

**Natalie Foster (59:03)**

And just couldn't thank you more for joining us today, Chris.

**Chris Hughes (59:07)**

Thank you for having me. [inaudible 00:59:08].

**Natalie Foster (59:07)**

I hope folks will stay tuned for the Economic Opportunities Program's next event on June 26th, Advising Small Businesses on Job Quality: Lessons from the CDFIs. I want to thank our team at the Economic Opportunities Program, including executive director Maureen Conway, Matt, Francis, Tony and Nora for pulling together today's event and our colleagues at Architects. We will see you all next time. Thank you for being here, Chris, and thank you all for joining us today.