

## RALPH NADER RADIO HOUR EP 354 TRANSCRIPT

**Steve Skrovan:** Welcome to the *Ralph Nader Rader Hour*. My name is Steve Skrovan along with my co-host, David Feldman. And David, today we're going to be celebrating the 55th anniversary of Ralph's seminal work *Unsafe at Any Speed*.

**David Feldman:** Yes, very exciting.

**Steve Skrovan:** And the man of the hour, Ralph Nader. Hello, Ralph.

**Ralph Nader:** Hello. It's good to see regulation working because of citizen group vigilance and some good members of Congress. Saved a lot of lives.

**Steve Skrovan:** That's right. And also, I know, Ralph, you're too modest to say this. It helped launch the modern consumer movement. And on the show today, one of the great advocates who has been with Ralph since the beginning is the former president of Public Citizen, Joan Claybrook. She's going to be our first guest today and she's an expert on auto safety and is going to tell us about the report she wrote that came out November 30th marking the 55th anniversary of *Unsafe [At Any Speed]*. In that report, we find out that in the 55 years since its publication and the laws that flowed from it, 4.2 million lives have been saved on our nation's highways. She'll also tell us what more needs to be done to bump those numbers up even higher.

In the second half of the show, we will be joined by Ellen Brown, one of the foremost advocates of public banking. She's the founder of the Public Banking Institute, which works to create a public alternative to the current high-risk centralized, private banking system. Her most recent article argues that during this economic downturn, private banks are either unwilling or unable to inject credit into Main Street and that public banks would be a better tool for the Federal Reserve to use to revive local economies. Somewhere in between, we will as always, take some time to check in with our corporate crime reporter, Russell Mokhiber, and Ralph will answer some listener questions as well. But first, let's hear about one of the greatest life-saving victories of consumer action and what more can be done to expand that legacy. David?

**David Feldman:** Joan Claybrook is one of the public interest champions of the modern consumer movement. She is one of the co-founders and president emeritus of Public Citizen. During the Carter administration, Ms. Claybrook headed the National Highway Traffic Safety Administration of the U.S. Department of Transportation. Ms. Claybrook has testified frequently before congressional committees on many public interest issues, but with a particular focus on auto and highway safety. Welcome back to the *Ralph Nader Rader Hour*, Joan Claybrook.

**Joan Claybrook:** Thank you.

**Ralph Nader:** Welcome back, Joan. You know, you ran under Jimmy Carter, the auto safety regulatory agency that we call NHTSA, and you had significant support in Congress at the time. You want to describe what's happened since you left office in 1982 to the congressional

constituency for auto safety and people like John Dingell who represented the auto companies very forcefully and curbed a lot of what the auto safety agency wanted to do, especially on airbags. How have things changed?

**Joan Claybrook:** Well, one of the things that's changed is that the various administrations have never given a priority, since Jimmy Carter, to this agency and they've cut its budget. They've virtually starved it to death. A lot of really important staff people have left—talented people. And the auto industry has really infiltrated the organization. It hired many of the people who were at the top level, who were looking for the next step in their lives. And they have really put a kibosh on the money. However, I will say that the good side is that there are a lot of outside advocates that you helped to spawn actually, Ralph. The Center for Auto Safety and Public Citizen, and you've run the board of Consumers Union, which has an auto group, and Advocates for Highway and Auto Safety, which was formed after Prop[osition] 103 in California with the insurance company got beaten to death. They spent \$80 million, you spent \$2 million, you got regulation of insurance and they wanted to do something. So they had some ideas and you guided them to form an organization where we all agree on something which is auto safety and they've been spectacular.

So, these outside groups have put a lot of pressure on the agency and have also made lots of friends on Capitol Hill. And in fact, Jackie Gillan, who worked with me at DOT and I have worked to pass eight laws over the last 20 years. That's a lot of laws. And each one of them, we have mandated the issuance of motor vehicle safety standards for rollover and all sorts of different things to protect the public. And that's what's kept the agency active.

**Ralph Nader:** Joan, just to inform our listeners who may not be factually framing what's going on here. The federal laws on motor vehicle and highway safety, which were passed in 1966 and signed by Lyndon Johnson, creating the auto safety agency in the Department of Transportation, authorized the federal government to set mandatory safety standards for motor vehicles. That's for example, seat belts, airbags, rollover bars, all kinds of things that now reduce the risk of fatalities and injuries in cars and also standards for brakes and tires. So there's quite a bit of authority there to save lives on the highway. And indeed, the record has been pretty amazing, even though there've been long periods under various administrations in Washington, when they basically limited what the auto safety agency could do, vis-à-vis the powerful auto industry lobby that was swarming all over Congress and the agency. And the death rate in 1965 was about almost six fatalities per hundred million vehicle miles traveled. And now it's under 1.5 fatalities just by one measure of progress showing that regulation works. You know, the auto companies and other corporations like to say, deregulation, deregulation, let the free market operate. Yeah. Then there was huge slaughter, bloodshed on the highway. Still, there are about 40,000 people who die and increasing share of that are pedestrians. And there are all kinds of safety features on the shelf that you have championed to be put into mandatory standards. So you want to put the proposal to the Biden administration, assuming Biden's people are listening to this show, what would be your priorities?

**Joan Claybrook:** Well, my highest and best priority would be to have mandatory motor vehicle safety standards for these new electronic systems that help guide the driver and avoid crashes. For the original safety standards, we were looking at designing in crash protection, so that the

occupant inside, even though there was a crash, would not be harmed or killed. And now the automotive supplier industry with its ingenuity has come up with things that we never really would have ever believed could happen. And so there's an opportunity for a driver assist provisions to help stop the car and to help if you make a mistake and you don't see a car beside you and also for the backup. Now, the backup one, we actually got issued into law, but these others are, you know, available and ready to go. They're on some cars already. So the agency could just say, we don't have to do any research; we don't have to do any evaluation. These systems are in the rich people's cars, the expensive cars; let's mandate them for all cars. And if that were to happen, for example, the automatic emergency braking system would save 56% of the crashes. And the single sideswipe type crash would be a 20% reduction. So these various and sundry systems [including] blind spot detection would save some 25% of crashes and the rear automatic brake would reduce back-end crashes by 78%. These are all numbers prepared by the Insurance Institute for Highway Safety.

That's the most important thing I would do first. Because if you don't have a crash, you don't have all the other consequences that go with a crash, including injury and so on. So that would be the first thing. The second thing that I would really work for is this new alcohol detection technology to stop drunk driving. And it's been, you know, moving along slowly, slowly, slowly for 10 years, and NHTSA has put tons of millions of dollars into it. And the auto industry has been working with them and it's not happening. And so I think it's time for them to go to some other companies that have ingenuity and start issuing a performance rule that you cannot start the car if you're over 0.08 alcohol, which is the legal limit, and that would save 9,000 lives and it would be so fast, it's just unbelievable. So those are the two things that would save the most lives most immediately.

**Ralph Nader:** There is a problem of whether the agency has the capacity. Why don't you tell our listeners what kind of new leader has to be appointed and confirmed by the [U.S.] Senate, by the Biden Administration and how much the budget is already? I often compare this budget with the \$500 million that the U.S. government is spending on the U.S. Embassy in Iraq after the criminal war that destroyed Iraq led by [George W.] Bush and [Dick] Cheney. What is the auto safety that is setting all these standards that you're talking about [such as] recalling defective cars, what's their annual budget compared to the \$500 million for the embassy in Iraq?

**Joan Claybrook:** Well, for military marching bands, which are about twice NHTSA's budget. So NHTSA's budget is in most recent years for motor vehicle safety has been \$194 million. So, it's tiny, you know. And the most interesting thing to me is that 95% of the deaths in transportation are on the highway. And NHTSA gets 1% of the DOT budget.

**Ralph Nader:** And how's that compared to the military bands?

**Joan Claybrook:** Military bands, marching bands get twice the money that NHTSA does each year.

**Ralph Nader:** Okay. So what kind of person should be nominated to head NHTSA?

**Joan Claybrook:** Well, I think you have to have someone who is bold, who is not connected to the auto industry in any way, and who has some knowledge of the motor vehicle and motor vehicle standards. So that's the kind of person that I think we need to look for. And there are some people who have worked on this issue for years who are scouring around to find the right person.

**Ralph Nader:** We've been talking with Joan Claybrook, who has just authored with others a very important report called *Safer Vehicles and Highways: 4.2 million U.S. Lives Spared Since 1966*. And what else needs to be done? It's ready to be put into your motor vehicles, all kinds of motor vehicles, especially better braking system, better handling, better protection and rollovers and other long-deferred advances. You can get this report by going to [nader.org](http://nader.org). It's online, [nader.org](http://nader.org), and it's a really good, compressed and very accurate checklist. If you had one comment to make on distracted driving, which is taking over 7,000 lives a year, it's beginning to creep up to be equal with drunk driving, give us a brief summary of the situation there.

**Joan Claybrook:** Well, distracted driving is very related to use of cell phones in the car. And this issue has arisen because of that in recent years. And there needs to be technology that does not allow the use of the phone while you're driving. And some phones now say, do not use if you're driving, but then you say, "I'm not driving." You press the little thing. I'm not driving, and then you can use it. So there needs to be much better technology. That's the only way it's going to happen, because people are too tempted to use their phones at all times. And there's work going on on that. It's not perfected yet, but that's a huge priority because of the large number of lives involved.

**Ralph Nader:** Well, you've led the way in child protection, not only backseat and front seat child protection, but also pedestrian child safety. Do you want to summarize that?

**Joan Claybrook:** Well, you know, when I took office in 1977, children would just ride in the car like an adult and without any belts because they were too big for them. And we pushed getting child restraint usage laws passed and got them passed in seven years, between '77 and '85, '84. And now since then every state has had a child restraint usage requirement. One of the problems is that even though they have a special latch, that NHTSA has a regulation on, these seats are often put in the car in the wrong way and their families make mistakes. It's not clear. And I believe that the ultimate and best solution is to build the child restraints into the back seat of the car and have them fold down. And then when you have a child in the car, you just open it up and the child can fit in the child seat and that's the best for the child riding in the car. And of course they should always be in the back seat. One of the problems of course with back seats is that often the seat back to the front seat collapses in some cars, because the standard written in the 1967 is very inadequate. It's like a lawn chair. It's about the strength that you have to have in that seat. So we need to fix that to stop it. And then of course the other problem is child pedestrians. In Europe, they have some very strong standards for the design of the exterior of the car so that it doesn't hurt adults or children or it's reduced. And then you have to have a highway design take children into account, which it really never has. We have, you know, the manufacturers right now are pushing something called autonomous vehicles or self-driving vehicles. And there's going to have to be a huge expenditure of money for the fixing up of highways in order to accommodate the autonomous cars. And it's going to be billions and billions and billions of

dollars. And no one's even talking about the children in fixing up the highways, particularly in urban areas, so children are not harmed.

**Ralph Nader:** You fought successfully a couple of years ago and blocked the attempt by the auto companies and their allies to develop a deregulatory structure for autonomous vehicles like a double standard. And you've been very critical of autonomous vehicles as unproven. Do you want to elaborate that?

**Joan Claybrook:** Well, not only have I been critical, but so a lot of industry people have been critical. And I think that the auto companies really would not be so involved in this if were not for the tech industry who they're afraid is going to take over their business with autonomous cars, because they're so aggressive about this. I don't think that truly autonomous cars are going to be seen for 20 or 25 years on our highways because there are just so many problems with them. But what the auto and tech industry have wanted to do is among other reasons, let me just say, because their costs vary, that would be very, very expensive. Some estimates, 80,000 to 150,000 per car because of all the technology and design and effort that were put into testing. But what the tech industry and the auto industry tried to do was to get passed a federal law that would deregulate autonomous cars, essentially not having any safety standards and many of the safety standards even apply, and also not having any liability in the tort system, liability system apply. They didn't want that either because they knew that were going to be problems, so they're trying to cover themselves with that. And their bill had numerous exemptions from safety standards, bureaucratic advisory committees that distract regulators [and] take a lot of time, but don't do anything and no new money for the agency to do it. They wanted to further starve the agency to death so that it couldn't do the kind of work that needs to be done to evaluate all of this.

**Ralph Nader:** You and Jackie Gillan of the Advocates for Highway and Auto Safety were all over the House and Senate and you blocked it in the Senate and they're going to have to go back to the drawing boards. Now that just shows you what a few people can do. In fact, this whole history of auto safety has been spearheaded by a handful of people, year after year, pushing the auto safety agency, getting hearings in Congress, getting Congress to mandate deadlines that couldn't be mandated by an industry-indentured auto safety agency. And I once totaled up all the people working full time on this, Joan, for Center for Auto Safety, for Advocates and other areas, and it's a smaller number than the number of people hired by the Corvair Spare Parts Company [Clark's Corvair Parts, Inc.] in Northern Massachusetts, which had 29 full-time people providing Corvair enthusiasts and the Corvair Club Members of America [Corvair Society of America] with spare parts. You really can't make this up, but it also tells our listeners how and what a small number of dedicated people like the late Clarence Ditlow, who for over 45 years headed the Center for Auto Safety, a very small number of people equipped with solid knowledge and laser beam focus here in Washington and informing people around the country, can accomplish. In this report, you discuss the issue of autonomous vehicles. You also discuss the kind of standards that are needed for trucks, not just automobiles and vans, but the part that I think our listeners may be most interested in, you want the auto agency to give the public—car buyers and owners—comparative make and model consumer information program. And until they do that, people should know about *The Car Book*. Tell people about *The Car Book*, how it came about and how it comes out every year, and it's incredibly useful.

**Joan Claybrook:** Well, *The Car Book* was created when I was NHTSA administrator and we were getting tons of letters asking for information, and we had lots and lots of data, but it was not organized to give to the consumer. And so, I asked one of the agency staff people who had a master's in business, so I thought it would be the most appropriate, to put together a publication that would list all of our crash tests by making model; so that the public could read and see how the car they were thinking of buying or were buying or had owned how it performed technically. And we called it *The Car Book* and we put it out. I went on *The [Phil] Donahue Show*. More people requested that book than have ever requested a government publication in the history of the United States government. And we gave it out free so that people would come and get it right away. And it was such a smashing success that when the Reagan administration came in and killed *The Car Book*, would not publish it again, Jack Gillis left the agency and went and worked with the Center for Auto Safety to publish it privately. And it's been privately published and available to the public through this year. It's now going to be online only starting next year, but very, very available. And so it lists by make and model; you can look up your car and see what you want. It also has a lot of the safety rules and requirements.

**Ralph Nader:** I don't think I've ever seen a more useful guide to consumers than *The Car Book*. It deals with how to buy auto insurance, deals with used cars, warranties, all kinds of useful graphic, clearly printed information. It's called *The Car Book*. Well, we're out of time. We've been talking with Joan Claybrook. And when she was heading the auto safety agency in the late seventies, under the Carter Administration, she was so tough on the auto industry that they called her the Dragon Lady. [Claybrook laughs] And ever since there hasn't been anybody that comes close to heading the auto safety. Most of the heads of auto safety leave, and they become consultants, or they go to work for the automobile industry or related company. So thank you very much for that. The report, which included contributions by several very, very stalwart auto safety advocates, is available free at [nader.org](http://nader.org) called *Safer Vehicles and Highways*. Thank you very much, Joan.

**Joan Claybrook:** You're very, very welcome, Ralph. Thank you, Steve, as well.

**Steve Skrovan:** We've been speaking with auto safety expert, Joan Claybrook. We will link to her work at [ralphnaderradiohour.com](http://ralphnaderradiohour.com). Now let's check in with our Corporate Crime Reporter, Russell Mokhiber.

**Russell Mokhiber:** From the National Press Building in Washington D.C., this is your *Corporate Crime Reporter*, morning minute for Friday, December 18, 2020. I'm Russell Mokhiber. General Electric will pay a \$200 million penalty to settle charges for disclosure failures in its power and insurance businesses. In 2017 and 2018, GE's stock price fell almost 75% as challenges in its power and insurance businesses were disclosed to the public. But the SEC said that GE misled investors by describing its GE Power profits without explaining that one-quarter of profits in 2016, and nearly half in the first three quarters of 2017, stemmed from reductions in its prior cost estimates. SEC Enforcement Director Stephanie Avakian said that "GE's repeated disclosure failures across multiple businesses materially misled investors about how it was generating reported earnings and cash growth as well as latent risks in its insurance business." For the *Corporate Crime Reporter*, I'm Russell Mokhiber.

**Steve Skrovan:** Thank you, Russell. Welcome back to the *Ralph Nader Radio Hour*. I'm Steve Skrovan along with David Feldman and Ralph. These days the lines at food banks are getting longer and longer, and meanwhile, the stock market is booming. There is a disconnect here between Wall Street and Main Street. Our next guest is going to clue us in to a better way to revive Main Street. David?

**David Feldman:** Ellen Brown is an attorney and the founder of the Public Banking Institute whose vision is to establish a network of state and local publicly owned banks that create affordable credit while providing a sustainable alternative to the current high-risk centralized private banking system. Ms. Brown is the author of 13 books, including the bestselling *Web of Debt* and *Banking on the People: Democratizing Money in the Digital Age*. Her latest article is entitled “Why the Fed Needs Public Banks.”

Welcome back to the *Ralph Nader Radio Hour*, Ellen Brown.

**Ellen Brown:** Thanks. And it's great to talk to you, Ralph.

**Ralph Nader:** Thank you, Ellen. And for our listeners, banking and issues of monetary policy often turn people off, but this is very, very grassroots oriented—what you're going to hear. The Federal Reserve is our central bank; they're supposed to secure the stability, the currency, and establish interest rates and provide an implied guarantee that if Wall Street collapses, the Fed will print a lot of money, increase liquidity and bail them out. Now let's get back to the grassroots. The existing banking system is piling up money. They're buying back their stocks. They're paying their executives humongous compensation packages, but they're not lending the way they should, given the needs of the society. They don't think it's particularly profitable. The whole public works area is considered only to be funded by the taxpayer. Poor people don't get adequate credit. Areas are redlining. People are unbanked in the millions. They can't afford, given their income, to pay the charges for having a bank account, and the banks don't really want them [because] they're not profitable enough.

And here comes Ellen Brown, who's a pioneer in banking for the people. The Federal Reserve in the COVID-19 crisis seems not to have been able to do anything other than juice the stock market for the wealthy and to provide an implied guarantee that if things really collapse, it can step in and bail out with the association of the [US] Treasury Department. So Ellen, why don't you describe what you would like the Federal Reserve [and] what you would like Congress to do. There are bills that have been introduced by Bernie Sanders and Elizabeth Warren. And why you think each state should have its public bank just the way the State of North Dakota has for over 100 years--very satisfactorily, very honestly, and very productively? The Republican conservative state of Oklahoma has the State Bank of North Dakota [Bank of North Dakota]. Take it from there.

**Ellen Brown:** Okay. Well, there are actually three probably bank bills on the books right now that will hopefully get some action next year. And one of them is called the Public Banking Act. And the idea is to get the Federal Reserve to acknowledge public banks and to set up credit lines, et cetera. So, we want all the liquidity and credit facilities that regular banks have. And you know, it's obvious why public banks need the Fed. They're currently lending at 0.25% to banks,

all banks in good standing from their discount windows. So that's like they're practically giving the money away to the banks. And then the banks obviously make loans into the real economy. But nevertheless, banks are still charging an average of about 20% on credit cards. They're not passing those benefits on to the people and they're not making loans adequately to small- and medium-sized businesses because they still consider it too risky to really be profitable. They've got shareholders that take their profits, and then they've got, as you point out, they've got these high-paid CEOs, et cetera. So a public bank doesn't have that sort of cost, so they can actually afford. If we could get liquidity at 0.25%, I mean, we could do a lot. We could, you know, fund a lot of businesses that, well, I know one business, for example, that used to have a 7% credit line with this bank, small business, and now he has to borrow at credit card rates. So even a 7% loan would be welcome by small businesses, but if they could get loans at 2% or 3%, that would be amazing. So, why hasn't the Federal Reserve done that? People tend to think that the Fed just prints money, and they can throw it around like this whole concept of helicopter money that the Fed can just fly over the people and drop money on them. And so why aren't they doing that? Ben Bernanke said in 2002, which got him the name Helicopter Ben, that it was easy to fix a deflationary depression. We're basically in a deflationary economy where the economy is just not working. Anyway, so he said it was easy to fix it. He cited Milton Friedman. You just fly over the people and drop money on them. But in fact, the Federal Reserve is not empowered to do that. They can't fly over the people. All they can do—we actually have a two tiered money system. There are the reserves that banks use to deal with each other, to clear checks between each other, and that is what the Federal Reserve can create. The Federal Reserve does not create the bank deposits, which are what we spend in the real economy. So deposits are created by private banks currently by banks, and most of which are private, when they make loans. I wrote *Web of Debt* in 2007. And at that time that was considered conspiracy theory. But in 2014, the Bank of England finally came out and acknowledged it. They said contrary to popular belief, banks do not lend their deposits. They actually create deposits when they make loans. And in fact said, the Bank of England, 97% of the money supply is created in this way. So that would be the U.K. money supply, but ours is almost the same. So when a bank makes loan, it just writes the money into your account, and it counts that as a liability to itself on one side of its books, because they're going to have to cover that check when it goes into another bank, but they count it as an asset to themselves on the other side of their books, because you've agreed to pay that back over time plus interest. So they say their books balance, and that's how they create money.

**Ralph Nader:** You've stimulated this movement towards state public banks. The governor of New Jersey, Governor [Phil] Murphy now supports a state bank in New Jersey, like the one that is in North Dakota. There has been very much activity in California for a state bank. In fact, it almost became law under Governor [Jerry] Brown. And there's another attempt to get it through coming up. What would a state bank do? Where would it get its money? Because I don't think people realize how much public money, public pensions, public budgets, are all used to further the profits of the Wall Street bankers and brokers who charge enormous fees. And the state public bank movement is to cut that exploitive control and recirculate public money for public purposes. Can you show how this would affect the lives of ordinary people and improve our economy?

**Ellen Brown:** Yeah, well, the whole idea of a public bank is we want to keep our money in our state or our city or whatever, you know, the region that set up the bank for our own purposes.

And as you say, all the money is going off to Wall Street. They're investing it where they want, and they are not returning the favor by reinvesting it back into our local economy. There are three bills, and one is the Postal Banking Act. Another is the National Infrastructure Bank Act of 2020, H.R.6422. And it would do like [Franklin] Roosevelt did in the 1930s to rebuild the whole country when we were absolutely broke, by basically issuing bonds and then building things. And then the proceeds from the things you built like railroads and energy companies, et cetera, even farms they funded, would pay back the loans and then you'd pay off the bonds. And so it was just a way to recirculate credit through the whole economy. And this proposed bank is based on that model. I mean, we clearly need infrastructure. They've been talking about that for years how better infrastructure is. And China, on the other hand, is running circles around us. And how do they do it with the same sort of banking system that Roosevelt used, where the government owns the banks or the big banks, the big development banks, and then that bank can just issue the credit on its books, build whatever high speed rail, and then the proceeds from the railroad pay back the loans. And that's the way the system should work. You put out credit, you build something and pay it back.

**Ralph Nader:** Well, then why isn't there a huge support for this public infrastructure? Create millions of jobs, well-paying jobs that can't be exported—number one. Every [U.S.] Chamber of Commerce, every labor union back home, all kinds of groups would want their community to be upgraded, repaired, rebuilt, expanded. The usual list is public transit; it's bridges, it's highways; it's drinking water and sewage systems; it's schools, many of which are in crumbled status, according to the American Society of Civil Engineers that puts out an annual report on this. You've got the mayors; you got the city council people; you got the governors--all that is real power. So why can't they power this through Congress?

**Ellen Brown:** Yeah. Well, hopefully they will. This bill was just filed in March and it does have a lot of support, a lot of interest behind it. One reason we've had trouble getting public banks going is that the original model would be if you base it on the Bank of North Dakota, then all of the state's revenues are deposited in the bank. And for instance, in California, our state's revenues went in the Treasurer's Investment Pool [State Treasurer's Office Pooled Money Account]. And up till recently, they were earning like 2.25% or whatever on that pool. And for us to get that money in our public bank, we would have had to pay that 2.25%, and that would have been a hefty cost. But now banks are able to borrow directly from the Federal Reserve's discount window at almost nothing. I mean, they're almost getting free money. So we want that. We want to be able to tap into the deep pocket of the central bank. And if we have banks in good standing, we can do that. So that's what we're working on. So these are actually new models that are being presented this year, and clearly, there's more need than ever for them. And the Federal Reserve has been virtually begging for Congress to do another stimulus bill because the Federal Reserve can't get money out there except through the reserve system. So what they do is they create reserves, buy bonds off the books of banks. So usually, it's either federal securities or mortgage-backed securities and these special purpose vehicles that they set up along with Congress involved corporate bonds, but they didn't have very many takers because the terms were too difficult and there just weren't that many qualified borrowers. So, there was this whole outrage in the last couple of weeks over Steve Mnuchin wanting back that \$454 billion or what was left of the \$454 billion that they put up for capital. But that money was only being used to prop up big corporations and to feed the stock market and to sort of job own the bond market, so that the

bond investors thought, well, the Fed has our backs. And so, so they jumped in and were buying the bonds again. So that's what made, you know, it's propped up the stock market, but it has not helped the small businesses. So we need some sort of either an infrastructure bill, but then that depends on Congress to do it. Whereas if we had these public banks, that is a way to get cheap credit into your local economy.

**Ralph Nader:** Before we get into this, the movement for state public banks, it's important, I think, for our listeners to understand that this is not a normal time where small businesses have trouble getting loans at a decent interest rate. Millions of small businesses are going out of business. Six hundred restaurants in Connecticut, I've just been informed, are closed. And so this is a crisis and a crisis can become an opportunity. And tell us, Ellen Brown, what's going on in the states. What States have now proposed legislation and state legislatures to start these state banks? These are not banks that are going to have customers. They're not going to compete with commercial banks or credit unions for customers. These are banks that are mostly taking public funds, saving a lot of money from the Wall Street brokers and investing them in public investment priorities that the corporate private banking system is ignoring and doesn't want to invest in. What's going on at the state level from California to New Jersey?

**Ellen Brown:** Well, those are actually are the two states that are most active at the moment. I mean, we do have several states, Massachusetts [is] working on it. I guess there's some interest in Texas and various places. In California, I think that, well, we had the California Public Banking Alliance pushed through a bill a year ago for setting out the requirements for a charter, for a state-owned public bank. And there were like 10 different groups that are working on getting their bank set up. But right now in these difficult times, it's mostly the East Bay group, the San Francisco group, the L.A. group. I think those are most likely to get there first. I'm actually supposed to speak with someone this afternoon who has been hired by the East Bay group to do their business plan. I mean, one of the big expenses is you got to put a couple of hundred thousand dollars into a business plan, which is tricky. And of course, there's a question on capitalization. But now the Federal Reserve has made it so easy for banks that now is the time for us to jump in and get this very cheap liquidity. We don't have to be paying the state for its deposits anymore. We could be just borrowing directly from the Federal Reserve, which is what JPMorgan Chase [Bank] and the big banks are doing. They're all using the Fed's discount window. And obviously, they needed the least, but they know a good deal when they see it. So we want that good deal as well.

**Ralph Nader:** Well, Elizabeth Warren, [U.S.] Senator Warren has said on more than one occasion, why do the banks get almost free money from the Federal Reserve, borrowing free money and students have to pay 6% interest or at one time, 9% interest, and now it's still very high interest to the Federal government, Department of Education, for student loans? So getting back to the state banks, Ellen Brown, give our listeners an idea where the public money comes from. What are the categories, for example, in California or New Jersey or elsewhere, that provides the capital that can be invested in public necessities? Are they just public pension funds? Where does all the money come from? And it amounts to trillions of dollars, which is now controlled and invested according to Wall Street priorities.

**Ellen Brown:** Well, that's the thing, that because the Federal Reserve has changed its rules, they eliminated the reserve requirement. They have dropped interest rates at the Fed's discount window to almost nothing. And they have basically said, "Don't worry too much about the capital requirement; go ahead and spend your capital if you need it. So they're making it very easy to make loans. But still the banks are not doing it because they think, you know, the economy is poor and they're afraid to invest in businesses that might go bankrupt, et cetera. But if it's a state-owned bank, getting virtually free money, we can do just like the Chinese do, which is if you have bad loans, you just write them off, you know, carry them on the books; don't put the business into bankruptcy and don't put the bank into bankruptcy. Just keep everything rolling along because it's all essentially a nearly free money generated by the public banking system itself. I mean, I would envision the whole thing being one big system. Ideally, we would capture the Federal Reserve as a public, a truly public agency, which built into its mandate should be to serve the public interest and serve the public economy. And then the banks would be just sort of franchisees below there, you know, in this whole public network trading amongst with each other with basically virtually free credit.

**Ralph Nader:** Well, these state banks wouldn't just get money at almost zero interest rates from the Federal Reserve. They're also going to pool a lot of public funds, right? Can you describe those public funds?

**Ellen Brown:** Well, we've had a little chat. We can't really talk the pension funds into doing it, because they want 7% return and they want to be, you know, capital investors. So, a public bank, the whole idea of a public bank is you don't have investors that are sucking the profits out. You pump the profits either back into the bank or maybe back into the state or the city or whatever. So that's why it's such a good deal to be able to get free liquidity from the Fed itself. The problem is capitalization. Where do you find the capital? It used to be that cities and states had funds with money sitting in them that you could get. In California, we have a bill that hopefully will be renewed next year to turn the California Infrastructure and [Economic] Development Bank into a depository bank. So, it could take advantage of the Fed's discount window and leverage its funds. So, it has a pool of money that is its loan fund. That's the money it loans out, and that money belongs to the bank. I mean, we already have an infrastructure development bank so-called, but it can only lend that money once, wait for a year, lend it at 3%, let's say, which is considered a very good rate for businesses or for the types of loans they make in infrastructure loans; wait for the money to come back and then lend it again. But if you are a depository bank, you could take that same pot of money. I think it was 300 million. You could leverage that into 3 billion in loans. If you were a depository bank, you could lend 10 times as many loans as you have capital. If you turn that into capital, you could make 10 times that.

**Ralph Nader:** Before we talk about how hopeless it is to try to communicate all this to the average person, Ellen Brown.

**Ellen Brown:** Sorry.

**Ralph Nader:** Let's say people pay sales taxes to their state; people pay income taxes to their state; people pay franchise taxes to their state, et cetera. That comprises the state budget. The

state budget of California is tens of billions of dollars a year. If they have a state bank, isn't that where the money would be deposited?

**Ellen Brown:** Ideally, but we've had trouble persuading the states to do it, because they want most of that money going into a fund that earns interest. But right now, the interest rates are so low that we could afford to pay them. But that issue of liquidity, and no matter what we can get those deposits for, it's going to be more than 0.25%, which is what we could get the same thing for from the Fed. But yes, I agree, that was certainly the Bank of North Dakota's model.

**Ralph Nader:** Now, where does the State of California put the tens of billions of dollars of state tax, et cetera, revenue in now; day to day, where do they put it?

**Ralph Nader:** Day to day, they have it in several big banks, Wall Street banks, of course. But the extra, what they do have something like a hundred billion dollars in the Treasurer's investment pool. And that's some of the money that we want. I mean, there was a bill last year to convert the infrastructure, the California Infrastructure and [Economic] Development Bank into a public bank. And that bill asked for 10 billion of the a hundred billion, but it was denied because the Treasurer and the Controller thought that was too much, but we'd settle for 1 billion. You know, 1 billion will get you 10 billion in loans. That's certainly a good pilot project anyway.

**Ralph Nader:** Well, Ellen, tell us about the book you've written on public banking, so people can at their leisure, look into that and see how much it will improve their local community.

**Ellen Brown:** Okay. *Banking on the People: [Democratizing Money in the Digital Age]* is my latest book, but before that, I wrote *Web of Debt: [The Shocking Truth about Our Money System]* and *The Public Bank Solution: [From Austerity to Prosperity]*.

**Ralph Nader:** Okay. And now let's get to something that people can really put their hands on. Until 1968, people would go to their local post office and put their savings in the Postal Savings Bank [United States Postal Savings System] there. And it was very convenient, very democratic, and they weren't ripped off. But the Postal Savings Bank competed with the commercial banks, or at least the commercial banks thought that there was competition and they went to Congress and got the postal savings institution abolished. You and many other financial consumer advocates want to reinstate it. And there's a report out of the [U.S.] Postal Service a few years ago saying that it would be good for the post office. It would probably bring them \$9 billion in additional funds, as well as provide banking services, simple banking services, checking services, et cetera, for some 20 to 30 million people who can't afford to be banked in commercial banks, and they would use their local post office. Tell us about how far that effort is going, whether in the Biden Administration, Bernie Sanders, Elizabeth Warren who are champions of this, are going to have any influence on them but tell people exactly what kind of services this could provide lower-income people.

**Ellen Brown:** Yeah, well, that's the Postal Banking Act that was introduced in September by Bernie Sanders and Kirsten Gillibrand. And there are several possibilities. People could have like free checking accounts instead, or instead of right now, they pay an exorbitant sum just to write a check or cash a check, or, you know, cash their paycheck, et cetera. So they could have all those

resources for free. And if they're going to do more stimulus checks, it would be a very easy way if you open an account at your postal bank, or anyway, it would be a very easy way to get checks to the people generally.

**Ralph Nader:** Yeah. The check cashing stores in poor areas in the country, boy, they really rip off people [who] want to cash a \$300 check. They take a hefty discount and there are all kinds of other payday loan rackets, et cetera, that the postal savings institution would tend to provide a better, more fair opportunity for millions of people. Do you think there are going to be congressional hearings on the postal banking?

**Ellen Brown:** I hope so, but it's been—we'd been working on it for about a decade and we haven't gotten there yet, but because we have this idea of a stimulus checks that go to everybody and we had so much trouble with it before, I think this coming year could be the time when it really attracts some attention.

**Ralph Nader:** Well, what about the Democratic [Party] leadership in the House? Nancy Pelosi is House Speaker. What about the Democratic leadership? Aren't they coming out in favor of this?

**Ellen Brown:** Well, not that I've heard. As far as I know, we still have sort of two factions in the Democratic Party. But you might know more than I do about that.

**Ralph Nader:** Well, we have a situation where Maxine Waters is from Southern California. She is the Chair of the House Banking and Financial Services Committee [House Financial Services Committee]. She is African American. And I can't believe that she is not in favor of this. Isn't she in favor of this Postal Banking bill?

**Ellen Brown:** I don't know, actually. I mean, I would assume so too, but I haven't heard that.

**Ralph Nader:** And then there's almost a hundred members of the [Congressional] Progressive Caucus who I'm sure are on the record favoring this. So I think we may get some House action, which means we're going to get more press, which means more people will say to their members of Congress, "Get going; we want to restore the early twentieth century successful postal banking system."

**Ellen Brown:** Yeah. And the postal banking system was our original public banking system that, you know, was all across the country; you had postal banks everywhere. It was instituted a year before the Federal Reserve Act was passed. And it worked very well through the Great Depression. People were rushing to pull their money out of the banks, which were crumbling and put it into the post office. But that was a threat to the big banks. They could see that this was going to be too popular, but we're probably looking at similar depression circumstances today. So, it should be a big winner.

**Ralph Nader:** We've been talking with Ellen Brown, a longtime advocate and organizer for state public banking and for a different kind of Federal Reserve and capital system in our country, as if people matter first. And she's the author of the new book, *The Public Bank Solutions*. Thank you very much, Ellen.

**Ellen Brown:** Thank you, Ralph.

**Steve Skrovan:** We've been speaking to banking expert, Ellen Brown. We will link to her work at [ralphnaderradiohour.com](http://ralphnaderradiohour.com). Hey, let's do some listener questions, David.

**David Feldman:** This first one comes to us from Paul [Kulas]. He says, "Howdy, Ralph and Steve and David, I live in Colorado District 3. QAnon believer, far-right extremist, Lauren Boebert is now our Representative. She has made it clear she has no intention of representing my family, my neighbors or fellow Democrats. In fact, she has shown hate for us. As I write this, she's tweeting lies about the election. I won't stand for this and neither will others in our district. So I'm going to follow what I've heard you talk about. I'm going to summons Congresswoman Boebert to townhall meetings. I read your books, *How the Rats Re-Formed the Congress* and *Breaking Through Power*. Maybe I need to read them again because I don't get what I need to do to get Congresswoman Boebert to come to a meeting. What did I miss in the books? Is there a step-by-step guide somewhere? I want her to attend our meeting in person, but right now in Colorado, there are restrictions on gatherings. So unless the restrictions are lifted by the time I organize the meeting, Zoom will have to do to start. What do I do if she doesn't show up?"

**Ralph Nader:** Well, right on, Paul, you're doing exactly what I would suggest be done. You're trying to turn your Congresswoman from a tweeter to a meeter. And the way to do that in a COVID time is obviously through Zoom. And what you do is you increase the number of people in her district who are asking her to meet, and post-COVID, to meet in person. No flax, no intermediaries, no rhetoric, just eyeball to eyeball meetings in a townhall type format. And you should re-read the book, *How the Rats Re-Formed the Congress*, because that really has a lot of suggestions and ways you can overcome apathy and get people to focus. She is a first-term member of Congress. I don't know much about her at all, but she does want to get re-elected. And it's easy to be a flamboyant campaigner in a campaign, but now she's going to have to face the needs of her constituents, which are in reality, not virtual reality. So develop an agenda that's widely popular by all people. And you can see many things like living wage and Medicare for All and others, and then present it to her and say, we would like an extensive Zoom town meeting with you. Here's the agenda, and what your schedule?

**David Feldman:** Don't you include a summons in your book?

**Ralph Nader:** Yes. There's a summons in *Breaking Through Power*--whereas, whereas, whereas, and then you fill in the 'Now therefore' part with the issues that you want to discuss or the kind of performance you expect of her. She's got to get serious now.

**Steve Skrovan:** In some ways, I would think the conditions where we have to do Zoom meetings make this easier because there are no excuses for not being able to be physically present. It's much easier.

**Ralph Nader:** Yeah. That's very true. Not quite as effective as an in-person meeting, but far more convenient in terms of scheduling, in terms of getting a lot of people who may not want to get into their vehicles or walk down to a town meeting on board. You get a much larger audience that way. But it's very important for you to provide her with the names and occupations of all the

people that agree with you to have a Zoom meeting where you, the people in her district, set the agenda.

**Steve Skrovan:** Very good. Thanks for that question, Paul Kulas. This next question comes from Sharon Knuth. This is, “Dear Mr. Nader, thank you for your independent voice over the years. From my vantage point, we need more of that in this country, which brings me to a question. [Donald] Trump and [Mitch] McConnell seem to be doing everything to retain power. Even when Trump goes, McConnell and gang will continue to hamstring any pressing problems, including COVID economic relief, income inequality, and climate change. Is there any hope of more independent senators, Sanders, Warren, [Mitt] Romney, [Ben] Sasse, [Lisa] Murkowski, [Angus] King and [Susan] Collins, maybe others, would form an independent party taking power away from Republicans and Democrats alike, with the hope of forcing real legislative action? Probably dreaming, hope springs eternal. Thank you.” From Sharon.

**Ralph Nader:** Well, you're coming to grips with it very well. This is one part of the Election Day disaster by the Democrats. They did not depose Mitch McConnell, the most evil, powerful Senator in modern American history, who is blocking everything and is proud of it. He calls himself the Guardian of Gridlock. He calls himself the Grim Reaper and he should have been rendered into retirement in some Kentucky horse farm, but he got re-elected even though his opponent spent about \$80 million in a futile campaign, but he got reelected. And now he has a slim lead. And unless the two Senate seats in Georgia flipped to Democrat, he's going to be the Senate Majority Leader again. He doesn't have Trump in the White House. He has to deal with the Democratic [U.S.] president; that reduces some of his power. And the rest of his power except for one, assuming he remains the majority leader, can be circumvented just the way you said. You start focusing on a few Republicans who are up for re-election and they add their number to the Democrats, and they can overpower his numerical majority that he now has. That's one. The one obstacle that's most difficult is he can decide what issues go to the floor. So there is a Senate maneuver to take it away from him, but it requires really extraordinary organization. It's not impossible. But you're right on the right track. You get a few Republicans; they become more and more confident. They become part of a little resistance club in the Senate. You add five, 10 votes Republican to the Democrat, and you can start getting something done. There's always the filibuster, but he so weakened the filibuster on a lot of things like budget reconciliation. There is no filibuster. You can use it to have tax reform just the way he did for tax cuts for the rich in 2017. So, you're right down. You're a very close scrutinizer of the dynamics. Keep it up!

**Steve Skrovan:** I like your idea, Ralph, about the Kentucky horse farm for McConnell, although I think he's probably a little too old to put out to stud.

**Ralph Nader:** [chuckles] There are other metaphors that are available too which we'll...

**Steve Skrovan:** Although it's more the glue factory, I would say. Well, thank you for your questions. Keep them coming in the *Ralph Nader Radio Hour* inbox. I want to thank our guests again, Joan Claybrook and Ellen Brown. For those of you listening on the radio, that's our show. For you, podcasts listeners, stay tuned for some bonus material we call “The Wrap Up”. A

transcript of this show will appear on the *Ralph Nader Rader Hour* website soon after the episode is posted.

**David Feldman:** Subscribe to us on our *Ralph Nader Rader Hour* YouTube channel. And for Ralph's weekly column, it's free, go to [nader.org](http://nader.org). For more of Russell Mokhiber, go to [corporatecrimereporter.com](http://corporatecrimereporter.com).

**Steve Skrovan:** For a copy of *The Day the Rats Vetoed Congress*, go to [ratsreformcongress.org](http://ratsreformcongress.org). And also, check out *The Ralph Nader and Family Cookbook: Classic Recipes from Lebanon and Beyond*. We will link to both of those. The producers of the *Ralph Nader Rader Hour* are Jimmy Lee Wirt and Matthew Marran. Our executive producer is Alan Minsky.

**David Feldman:** Our theme music "Stand Up, Rise Up" was written and performed by Kemp Harris. Our proofreader is Elisabeth Solomon. Join us next week on the *Ralph Nader Rader Hour*. Thank you, Ralph.

**Ralph Nader:** Thank you, everybody. You can get the copy of Joan Claybrook's report on motor vehicle safety past, present, and future by going to [nader.org](http://nader.org).

[57:54]

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