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**RALPH NADER RADIO HOUR EP 324 TRANSCRIPT**

**Steve Skrovan:** It's the *Ralph Nader Radio Hour*.

♪ Stand up, stand up. You've been sitting way too long ♪

**Steve Skrovan:** Welcome to the *Ralph Nader Radio Hour*. My name is Steve Skrovan along with my cohost, David Feldman. Hello, David.

**David Feldman:** Good morning.

**Steve Skrovan:** We also have the man of the hour, Ralph Nader. Hello, Ralph.

**Ralph Nader:** This is a free course for listeners by an expert on the local giveaways to corporations in your community.

**Steve Skrovan:** That's right, and before we start though, we want to pay tribute to a few people we've lost in the past couple of weeks: some great people. Ralph, you wanted to pay tribute to two in particular: Frances Goldin and Nick Kotz. Tell us who they are.

**Ralph Nader:** They've received wonderful obituaries, given their life's commitment to public interest in *The New York Times* recently. Francis Goldin was a remarkable civic activist in Lower Manhattan for decades. She took on Robert Moses, who wanted to bulldoze huge areas of the Lower East Side and dispossess all these people, saying it's a blighted neighborhood, and she beat him with a coalition, which is unheard of. Robert Moses is like the unelected dictator of development in New York City. She started a literary agency representing a lot of good authors, and she was just indefatigable in heralding the cause of people who were maliciously prosecuted and put away for a long time in jail, wrongfully convicted, which is more than a few around the country.

So, Frances Goldin should have a biography written of her. Anybody listening, anybody know someone who is doing a PhD in history, or sociology, or economics; it'd be a great biography. She touched a lot of bases, and we can't do justice to her life now, but a biography can.

**Steve Skrovan:** Tell us about Nick Kotz.

**Ralph Nader:** Nick Kotz was the Bureau Chief for *The Des Moines Register* in Washington D.C., and I walked into his office one day at the Press Club Building, and I said, "Nick, *The Washington Post* is not interested in dirty meat in poultry plants, but coming from Iowa, you should be." So, I gave him what I had in terms of evidence, and he took it from there and he won the Pulitzer Prize, and that caught the attention of *The Washington Post* that hired him, and he went on to even higher journalistic

achievements. After he left *The Post*, he became an author on some very important civil rights issues. The collaboration, for example, between Martin Luther King and President Lyndon Johnson and other books, and he was just a marvelous person all around, and it was tragic the way he lost his life. He put his old Mercedes in neutral and went to get something in the backseat, and the car rolled back and struck him. We're going to miss Nick, and our condolences to Mary.

**Steve Skrovan:** Ralph, I noticed in the obituary in *The New York Times*, there was a picture that featured Nick Kotz, and you talking with Upton Sinclair, the author of *The Jungle*.

**Ralph Nader:** Right, Nick's articles and our advocacy in Congress got the meat and poultry inspection laws passed. And Lyndon Johnson, namely his chief of staff, Joe Califano, invited Upton Sinclair in his latter years who'd written that novel in the early 20th century called *The Jungle* that so many college students read, and it may have been a novel, but it was a very realistic description of the Chicago slaughtering yards and all the dirty meat and disgusting lack of sanitation, and that led to the early Food and Drug Law that was passed. It was a conjunction of two historic errors. It's very nice that the *Times* and *Post* used that article. Nick Kotz was there; Upton Sinclair, Lyndon Johnson; I was there as well, at the signing ceremony.

**Steve Skrovan:** We also want to pay tribute to a good friend of the show who passed away last week at the age of 94, the indomitable Green Cowboy, S. David Freeman. David Freeman was actually the first guest on the *Ralph Nader Radio Hour* back in 2014, and he was one of our most frequent guests. In fact, we had last spoke with him on the program less than a month ago in honor of the 50th anniversary of Earth Day. He was an engineer, an author, an advocate for clean, safe energy, an administrator who ran public utilities, including the great Tennessee Valley Authority, and he advised many presidents on these issues from Kennedy to Carter. In his obituary, *The New York Times* quoted one of his favorite expressions, "Any fool can buy an umbrella on a rainy day. It takes a wise man to buy an umbrella on a sunny day." Ralph, you knew him for a long time.

**Ralph Nader:** He was one great American. He really is one of a kind; age 94 we lost him. He was a lawyer, an engineer, and he did everything. He was scholarly; he headed the classic Ford Foundation report in the early '70s called *A Time to Choose*, to move to renewable energy and efficiency, and then he was advising President Carter who appointed him to head the Tennessee Valley Authority where he closed down several nuclear plants as being costly boondoggles and replaced the energy with programs on energy efficiency and renewable energy. He was really off to the races; he went to Sacramento, closed the nuclear plant there that was disfavored by public referendum

and replaced it with renewable energy and efficiency, and he did the same thing in the area of Los Angeles. Then he went to Upstate New York at the request of the first Governor Cuomo and ran a utility there. And right up until the end, he was negotiating the closing of the last nuclear plant in California with the Pacific Gas and Light Electric Company. There was just nothing like him. He was critical of the big environmental groups for being too timid, too limited--too much talk, not enough action! He wanted to reduce, by law, 5% a year, the use of fossil fuels. That's the only way to do it. He said, "They're poisoning the planet, and we've got to reduce 5% a year until we became all electric supported by renewable energy and a much more efficient utilization of energy from the generating source right down to people's homes and appliances." I thought one of his best phrases, Steve and David, was he said, "Mother Nature doesn't care about what people say. Mother Nature only cares about what people do."

**Steve Skrovan:** That's right, and at the end of the program, we're going to play a number of clips from past shows that illustrate the wit, wisdom, and progressive vision of S. David Freeman, The Green Cowboy, so stick around for that. In the meantime, we're going to once again feed your brain with another provocative show that deals with our current economic situation from a couple of different angles as part of the 2020 Coronavirus Aid, Relief and Economic Security Act, aka the CARES Act. Airlines received a \$25 billion bailout, yet small businesses aren't getting a whole lot of this aid. These massive corporate handouts are being justified in the name of jobs. It is not new for corporations to receive taxpayer subsidies in the name of jobs, and more often than not, these promises of jobs are left unfulfilled. Corporations get away with this again and again, and in fact are clamoring now for legal immunity from being sued if anyone gets sick on their job.

Our first guest, Greg LeRoy, who is the founder of the watchdog group, Good Jobs First, is going to shed some light on what is really in the stimulus packages and tell us how states can end the corporate giveaways hidden inside. We all know what a sales tax is. You buy a shirt in a store, and you have to pay a few dollars extra in tax. It differs slightly from state to state, but everybody pays the same tax on the shirt, whether you're rich or poor. One state, New York State, is currently experiencing a \$13 billion deficit. Our second guest, New York State Assembly person, Phil Steck, proposes that the solution is to reinstate the stock transfer tax. This tax would essentially be a sales tax on stocks. It would be a pittance, anywhere from a penny to a nickel, depending on the type of transfer. This tax, if reinstated, could bring in \$13 billion a year for New York State. Who could possibly be against this? We'll find out in the second half of the show. And as always, somewhere in between, we'll take a short break and check in with our corporate crime reporter, Russell Mokhiber, and if we have some time left over, we'll try

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to answer some listener questions. First, let's talk about how to end corporate handouts. David?

**David Feldman:** Greg LeRoy is Executive Director of Good Jobs First, a leading watchdog of state and local economic development subsidies. Mr. LeRoy founded Good Jobs First back in 1998. This organization created COVID Stimulus Watch, which monitors where CARES Act assistance is going. Mr. LeRoy authored the book, *The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation*. Welcome back to the *Ralph Nader Radio Hour*, Greg LeRoy.

**Greg LeRoy:** Thanks so much. Great to be with you all.

**Ralph Nader:** Thanks very much, Greg, and a prefatory note to our listeners: none of these corporate freeloaders ever dared debate Greg LeRoy, and you'll see why in the next few minutes. He's going to talk about local and state giveaways, subsidies, handouts, you name it, that bleed the school budgets and other necessary budgets at the local and state level. He has a website that can answer your questions to whether these subsidies are in California, in New York, Illinois, Kentucky. All this will be backed up, so consider this a free short course in corporate giveaways that are all over the country in varying degrees, and they don't even fulfill, often, the purposes for which they're given away by lobbied state and local public officials. Let's start with one, Greg, which came to my attention in a stunning way. When MSNBC was set up, the question between General Electric and Microsoft, who are the two co-owners of this new cable program, was whether to locate it in New York City or be lured to New Jersey. They were lured to New Jersey, where they are now, by a huge package of giveaways. One of them was so stunning that I don't know how they got away with it, and that was that the hundreds of employees working at MSNBC would be taxed on their income by a New Jersey state income tax. That money didn't go to New Jersey. It went to the two, at the time, most profitable companies in the country: General Electric, which owned NBC, and Microsoft. As far as I know, it still continues. What can you tell our listeners about stop paying taxes to the boss?

**Greg LeRoy:** That's a great example, and thanks so much for having me. In about a third of the states, about 17 states, there are "incentives", I'm putting air quotes around that word, that effectively mean workers, without their knowledge, without their consents, are paying state income taxes back to their boss. The money, or a big chunk of the money, about two-thirds of the money in the case of New Jersey, does not end up in the state treasury where everybody thinks it's going to support public services. Actually, at the end of the day, it's ending up in the pockets of their employers. We identified 2,700 companies that this was true of when we issued this study a while ago. One other state has enacted a giveaway like that since, Michigan, and of course it got taken

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advantage of by the gazillionaire, Dan Gilbert, there in Detroit. But, lots of other companies--big rich banks, insurance companies, and manufacturers, and four known companies, frankly, have taken advantage of this too.

**Ralph Nader:** You're saying in Kentucky this program will cost about 31 million in fiscal year 2022; Indiana cost 85 million last year. So, that gives you an idea of what you can raise in your own state here by way of challenging it before the state legislature or giving good reporters some leads. Another one of your 10 is terminate subsidies to e-commerce, including Amazon. Amazon making money hand over fist is on the dole?

**Greg LeRoy:** Absolutely. Amazon gets big subsidies three different ways, but especially for its warehouses. It has more than 500 of them now, and it's cloud computing data centers or so-called server farms. We make the point that, eight years ago, Amazon flipped its prime business model from low prices, including not collecting sales taxes, to rapid delivery--two-day, one-day, same-day. And by doing that, they could no longer legally avoid collecting sales taxes in most states, and therefore, they had to build these warehouses and they had to start charging sales tax. But they also then started demanding subsidies saying, "Hey, we're 'job creators'," and I'm putting air quotes around that because we all know they're eating the lunch of the bricks and mortar retailers who are now going bankrupt left and right. And we don't need to subsidize Amazon as it gobbles up the retail market and monopolizes things, or data or cloud computing either. Nor should we do this for Walmart, or Target, or Best Buy. There's lots of other companies in this same game, but this is not job creation. This is job destruction.

**Ralph Nader:** You notice, also, that Apple took 820 million under this category, subsidy, Amazon 2.9 billion. Of course, Amazon got its leg up over local bookstores when it started because Congress never required their internet sales to be subjected to sales tax. There's no conceivable rationale why you charge a small bookstore in Idaho a sales tax for books, but not Amazon because it's an online sale. What's the exact nature of this subsidy though?

**Greg LeRoy:** In the case of the Amazon warehouses, it's a lot of property tax abatements and sales tax exemptions when they buy all the stuff to build and equip these places, and then often income tax credits, including even some paying taxes for the boss style things that we know of in a few states. Those are the big ones, and for the data centers, it's sales tax exemptions on all the electricity they buy because they gobble up electricity, and certainly the 820 million in subsidies that Apple got, that's at the mix of retail, but it's a lot of cloud-computing data-center tax breaks too.



**Ralph Nader:** Also, what they're saying is, okay, local/state government, we're going to sell online, empty main street by replacing brick and mortar stores, and to help us make a profit, we want to escape taxation. Isn't that what it's all about?

**Greg LeRoy:** Yes, absolutely. They want to get paid to gobble up the retail markets.

**Ralph Nader:** Another category you have is “end subsidies to data centers”. What's that about?

**Greg LeRoy:** This is related. Data centers is where the cloud computing happens, where the cloud resides, and there are hundreds of these things around the country. Basically, once they're built, they're just big rooms full of computer servers. There create very, very few permanent jobs--just a few tech people to watch them, and security, and landscaping, and so on. The big expense for them is electricity. Maybe three quarters of their operating budget is electricity. They use up about 2% of all the electricity in the United States, and yet states are enacting subsidies to not tax their utilities, to give them big tax breaks. For Washington State, we point out that would be 61 million in gained revenue; Virginia would be 92 million. Again, Amazon is the big dog in this space. They are the dominant cloud-computing company. It's a very profitable part of their company; it actually subsidizes their retail side. Why should we pay them to do this?

**Ralph Nader:** They're huge devourers of electricity, aren't they?

**Greg LeRoy:** Yeah, 2% of all U.S. kilowatts, and growing.

**Ralph Nader:** Let's go to the next one, which is “hold schools harmless from giveaways”; schools harmless from giveaways.

**Greg LeRoy:** So, school districts are kind of stepchildren in this whole economic development tax giveaway, tax break industrial complex. They rarely have the power to decide if their taxes are given away, especially their local property taxes. Normally, state law gives that power completely just to cities or counties, even though the most expensive local public service, and therefore the biggest loser in these transactions, is the school district. We say that's not right. Let's protect schools from the get-go and just say, that share of the tax that would normally have gone to the schools is not even on the table. Let's just hold those schools harmless because there's nothing more fundamental about our long-term prosperity than an educated workforce. We just can't put it at risk. We know already, from studies we did, schools in South Carolina would pick up 318 million a year, New York, 332 million. Also, in this recession now, we know again states will cut back on their state aid formulas to local school districts. So, these local property tax giveaways are going to be more painful than ever because states are going to be less able offset these losses.

**Ralph Nader:** We're talking with Greg LeRoy, Founder and Director of Good Jobs First, and just to take a quick intermission here, how do these companies get away with it? Aren't there these consulting firms that wine and dine, local politicians? It is a huge systematic all-court press on these local and state officials.

**Greg LeRoy:** There is a very deeply enmeshed, [what] I call, the tax break industrial complex. Actually, it's more than 80 years old; it dates back to the late 1930s. These consultants you're referring to are called site location consultants. These are kind of the middlemen; they're very secretive. They represent companies running these normally very secret auctions to say, I've got a company. They might create 400 jobs. "What have you got for us? I'm not going to tell you who else you're competing with; you can't verify whether or not I'm being truthful when I tell you what the competing bids are. Show me your money and we'll see if you win." It's a captive, so-called prisoner's dilemma game for public officials. They're not supposed to cooperate or communicate in any way. They're supposed to passively put as much money on the table as they can and hope for the best, and wait for the site location consultant to deliver or not for them.

**Ralph Nader:** These negotiations, so to speak, are in the shadows. Does the local or state press ever expose this?

**Greg LeRoy:** Rarely, because the site location consultants enforce non-disclosure agreements, and most states' open records law do not cover negotiations that are in process. So there is no normal freedom of information way for journalists to get into the system until the whole thing has been hatched and is ready to get approved.

**Ralph Nader:** They're exempted from the 50-state freedom of information[FOIA] law is what you're saying?

**Greg LeRoy:** They are.

**Ralph Nader:** Let's go to another one of your giveaways. Federal Opportunity Zone, capital gains giveaway.

**Greg LeRoy:** This is a notorious thing that got slipped into the Trump tax cut bill in late 2017. Basically, it was enacted that governors would designate so-called Opportunity Zones. These are depressed census tracts. There's about 8,700 of them around the country, and if rich people or corporations take capital gains that they have made from other investments and put them into these zones or put new money into these zones and leave it there for a certain amount of time, they get deep tax cuts on any profits they make, any capital gains profits they make when they pull out of the deals seven to 10 years from now. It's basically an end run on the federal capital gains tax, and because most states align with that as they are coupled to the way the federal government



defines what taxable income is. That means that states, passively, are losing income too because the federal so-called adjusted gross income that you compute when you do your federal return, you just take that number and roll it over to your state return as well. If you're a rich person collecting opportunities on tax breaks, that means your AGI [adjusted gross income] just went down, and therefore your state AGI just went down. But, that doesn't have to be. The states are allowed to decouple and say no, we're not going to accept, passively, that giveaway in our definition of what taxable income is. Only two states have done that so far: Maryland and North Carolina. New York has just introduced the bill to debate it as well.

**Ralph Nader:** These Opportunity Zones, are actually areas. They're acreage in certain metropolitan areas, and it gets deregulated in other ways too, right? A lot of protections are swept aside [like] environmental, job, and so forth, right?

**Greg LeRoy:** They're not swept away. They were just never added. There's not a single string attached to these things. You don't have to build one affordable unit of housing. You don't have to create one local job opportunity. You don't have to contract with one minority or women-owned business enterprise. You don't have to do anything necessarily good for the economy to get the tax break.

**Ralph Nader:** Well, your last of ten, before we go to a higher level of understanding here, Greg LeRoy is to cap the pre-computer 'vendor discount'. You have vendor discount in quotes.

**Greg LeRoy:** Here, this is a strange thing. It's vested from the 1930s when states began enacting sales taxes, and it was a little bit of a burden for merchants to sit down and figure out how much sales tax they had collected, and therefore, how much they owed to the state treasury, remitting that sales tax. About half the states set up a servicing fee, which is known in arcana as the vendor discount. That is the vendors' discount--the amount of tax they remit to reflect a little bit of servicing costs. Obviously, that makes no sense now, right? Because, cash registers are computerized, and the software is built in. If you look up cash registers online, you'll notice it's all streamlined; you can program it for your state, and then bingo-bango, you press a button, and you know how much to send to the state treasury. A lot of the states never modernized their tax code to reflect this technology. And some states even give a flat rate, that is like Colorado gives companies 4% of everything they collect, no matter how big that number becomes. It's losing more than \$100 million a year; Illinois, 1¾%, more than 100 million bucks a year; Missouri, more than 100 million bucks a year. This is crazy, huge money failing to reflect the fact that people have computerized cash registers.

**Ralph Nader:** This should be an easy one for listeners to latch onto. Tell our listeners what they can do about something like this in their state and other things and how you can help them, because we have a serious audience here, and if somebody wants to have a feather in their cap, so to speak, and save their home state 50 or 100 million dollars just on that point you mentioned, there might be some action here as a result of this program.

**Greg LeRoy:** Sure. At our website, [goodjobsfirst.org](http://goodjobsfirst.org) under the accountability resources tab, you can go to a map of the 50 states, and when you click on that map, you'll get a very robust page about your state, and on that page includes links to our favorite watchdog groups that we work with in state capitals all around the country. We know many states are now going to have very painful budget debates, and too much of it is going to be about cuts rather than fixing loopholes. We're arguing, and my whole point of writing this article that we've talked about is to say, before you touch a single salary or lay off a single teacher or whatever, let's fix these corporate giveaway loopholes and take the money to blunt the impact of the recession. I would urge people to look at those links of groups that are there and connect with them; get on their email list and find out when their legislature's debates are coming up so they can weigh in. There's another group coordinated by the Economic Policy Institute. The website is just [earn.us](http://earn.us), and you can see at that page, also, a directory of groups, many of the same groups that we link to on our website that are the key progressive tax and budget advocacy groups around the United States.

**Ralph Nader:** By the way, I'm working off an article Greg LeRoy wrote called "INSIGHT: 10 Steps States Should Take to End Corporate Giveaways". And it was in Bloomberg News, [news.bloombergtax.com](http://news.bloombergtax.com). Let's go to a higher level here. You say, at the beginning of this, U.S. state and localities, I'm quoting you. "U.S. state and localities spend an estimated \$70 billion with a B dollars per year in economic development subsidies despite decades of evidence that most are wasted. Many are long-term, 10-year property tax abatements, 23-year tax increment financing districts, open-ended corporate income tax credits, and permanent sales tax exemptions. They leave governments less resilient to cope with extraordinary events like the Coronavirus-induced depression we are entering. For some states, such as Louisiana, New Jersey, and Michigan, the collateral damage of overspending on corporate giveaways has long been evident [with] lower credit ratings for the states, underfunded schools, distressed infrastructure, and now [a] wheezy public health system. We're in a war to save lives, and we're entering a war to save public services every family and employer depends on. It's time to clean house on these giveaways." A very, very important message. Have you gotten on public record, PBS, or any of the commercial national stations?

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**Greg LeRoy:** Not yet. We've certainly gotten a lot of pickup from activists on this, and some public officials who get it. But, you're right; I hear what you're saying, and we have many, many journalists. We have almost 1,000 journalists on our email list, and we were not shy about blasting this message out when it was published. Obviously, COVID is dominating the news cycle right now, but we think that when the budget fights come back, when the special sessions come back, when states resume their legislative sessions, we hope we'll get a higher profile on this, and certainly your listeners will help with that too, I'm sure.

**Ralph Nader:** You should contact Joe Donahue, who is the main interviewer of a WAMC public radio in Albany. It has Governor Cuomo's ear. Paul W. Smith is a legendary morning interviewer for the biggest station in Detroit. They like state-specific information, which you have all over the 50 states. Overall, how would you reform the gutted, perforated corporate tax system?

**Greg LeRoy:** I think you get a blowtorch out. If you look at these state tax codes, you can almost map the decades of accreted special-interest lobbying. All of these things just get layered on top of each other, and I think we've just got to get a blowtorch out and scrape them out, and get back to basics [with] tax systems that are fair, that look like they were enacted on purpose, that aren't so profoundly biased against small businesses who obviously need the most help right now, that aren't biased against existing retail businesses, for example, and really focus on public goods where you're not putting lots of eggs in any one basket. You're not putting a lot of eggs in Amazon's basket, or Apple's basket, or Microsoft's basket, frankly. They don't need the help, and it's risky doing it that way, anyway.

**Ralph Nader:** One thing you say is, for all these giveaways, what are the states and localities getting for it? Are they getting net jobs? What benefit are they getting? You say it's mostly wasted.

**Greg LeRoy:** I think it's mostly wasted. Look at the case of Amazon warehouses. We know that the evolution of their prime business model requires them to put warehouses close to wealthy neighborhoods. In fact, on our website, you'll see a link to a story map we recently published where you can zoom in and look at every Amazon warehouse in your metro area, and you'll notice they're very close to wealthy zip codes where all the prime households are, and airports, and railheads, and truck depots. It's very predictable where they go, so why are we paying them to do it? More than 120 of their warehouses have gotten tax breaks, and counting. They're getting 20 tax break deals a year still, despite the fact that it's obvious they don't need it. That's why these monies are wasted.

**Ralph Nader:** How can people reach all your websites? Give it to us slowly.

**Greg LeRoy:** It's goodjobsfirst, plural, dot org. Again, goodjobsfirst.org, no hyphens, no dots, and you'll see links there to several different tool kits that we have on the website. You'll notice, under the accountability resources, that we have the 50 state map where you can click through and see everything we have ever published with content about your state in it, including our database results and accountability report card studies and all those good things. You'll also see a button for something called "subsidy tracker", which is our national database of every disclosed tax break award we've ever been able to collect, and then sort it by state and company and so on. You'll see another thing called "tax break tracker", which is just about revenues lost to governments. It's based on this new government accounting rule we won. You'll see another button called "violation tracker", which I know you also like a lot, Ralph. It's a regulatory database. For the last 20 years, it captures every federal regulatory agency and puts the databases all in one place. For example, we know that banks are the biggest offenders when it comes to so many of these different kinds of federal sanctions: employment-related sanctions, lending sanctions, and so on. But, it's also got every form of wage theft, race and sex discrimination, corrupt foreign practices. We now know, for example, who the big companies are that have ripped off Medicare, and some of those companies are now getting CARES Act money. Then of course, we've got the website that you've mentioned right at the top of the period, Ralph, which is covidstimuluswatch.org, no www. Just covidstimuluswatch, all one word, no dashes, dot O-R-G. That's our brand new database. It's only been up about three weeks where we're capturing all the data now being put out through the CARES Act; that is the federal law to stimulate the economy to try to blunt the depression. We've got a modest amount of data there right now because the big data dumps have not come out yet from the [US] Treasury Department or the Small Business Administration [SBA].

**Ralph Nader:** Listeners, this is a spectacular database for corporate crime, naming companies by the way, and the need for much tougher and bigger corporate crime prosecution budgets at the state and federal level.

**Greg LeRoy:** And supporting your longstanding demand, Ralph, that the [US] Justice Department start keeping a database on white-collar crime.

**Ralph Nader:** Which they constantly avoid under both Democrat and Republican administrations. We've met with attorney generals on that point. They have [a] street crime database, but not a corporate crime database. Listeners, if this seems a bit too much to act on, one thing you can do is if you happen to know a business professor at a local community college or four-year college who is fairly enlightened, maybe you can collaborate with that person to get these issues on the front burner in your state or your

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community, and you've got this wonderful database. It's a *National Geographic* of corporate giveaways, and use it--Good Jobs First. Use it.

**Greg LeRoy:** In support of what you're saying, Ralph, don't let these things overwhelm you with their complexity. The corporate giveaway artists have intentionally tried to make these things sound overly complicated and bury you in lingo and acronyms to intimidate people about not questioning them. At their core, these things are not that hard to understand. And they are every bit as outrageous and unjust as I'm explaining to you. When you boil these down, it's frankly impossible to defend them.

**Ralph Nader:** As one prosecutor once said a few years ago, who was handling a complex tax violation, "When you strip it all of its jargon, it's all about lying, cheating, and stealing." I think that's what you're saying.

**Greg LeRoy:** I really do, and I think that it's all gussied up and pinstriped, but at the end of the day, it's really unfair, and frankly, we can't afford it anymore. We've got many more important things to do with that money.

**Ralph Nader:** We're at the conclusion here. You've written a book. Why don't you tell us about it, and then we'll have to conclude; our time is up.

**Greg LeRoy:** Sure. I wrote a book 15 years ago, my second book called *The Great American Jobs Scam* [subtitle: *Corporate Tax Dodging and the Myth of Job Creation*]. It's available soon on sale by my publisher at [bkpub.com](http://bkpub.com), but you can see the whole book for free online at our website at [goodjobsfirst.org](http://goodjobsfirst.org). You go again to [goodjobsfirst.org](http://goodjobsfirst.org) and just add a backslash, and then four letters: GAJS, and the publisher has his own personal statement as a small businessman; protesting the unfairness of this system has been allowing me to give away that book for many years.

**Ralph Nader:** Thank you very much. We've been talking with the estimable Greg LeRoy, Founder and Director of Good Jobs First. The website is [goodjobsfirst.org](http://goodjobsfirst.org). Now, you perhaps realize, dear listeners, why no corporate freeloaders ever want to debate Greg LeRoy. Thank you very much, Greg. To be continued.

**Greg LeRoy:** Thanks so much again.

**Steve Skrovan:** We've been speaking with Greg LeRoy. He is the founder of Good Jobs First, and you can look at how the CARES Act money is being distributed at [covidstimuluswatch.org](http://covidstimuluswatch.org). We will link to that at [ralphnaderradiohour.com](http://ralphnaderradiohour.com). Now, we're going to take a short break. When we return, we're going to continue on this theme and talk about how states can raise revenue for the essential services they provide us. First, 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, May 22, 2020. I'm Russell Mokhiber. Journalist, Gerald Posner, is out with a new book titled *Pharma: Greed, Lies, and the Poisoning of America*. It's published by Simon & Schuster. The book traces the heroes and the villains of the trillion-dollar-a-year pharmaceutical industry and uncovers how those once entrusted with improving life have often betrayed that ideal to corruption and reckless profiteering with deadly consequences. Pharmaceutical breakthroughs such as antibiotics and vaccines rank among some of the greatest advancements in human history, yet exorbitant prices for life-saving drugs safety recalls affecting tens of millions of Americans, and soaring rates of addiction and overdose on prescription opioids have caused many to lose faith in drug companies. Now, Americans are demanding a national reckoning with a monolithic industry. 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. Bernie Sanders has been a long-time supporter of reinstating the stock transfer tax. This has not happened yet, of course, but if it did, this tax on the extremely wealthy could generate \$13 billion a year for New York State alone. David?

**David Feldman:** Phil Steck is a Democratic member of the New York State Assembly. Since graduating from law school, Mr. Steck has focused on civil rights and employment law in order to make sure big business and special interests couldn't take away working people's rights. His main legislative interests include single-payer health insurance, rebuilding Upstate New York infrastructure, and increasing funding for public education. Welcome to the *Ralph Nader Radio Hour*, Phil Steck.

**Phil Steck:** Thank you very much.

**Ralph Nader:** Thank you very much, Phil. When I first talked to you, you reminded me that I spoke at your Harvard University undergraduate commencement speech.

**Phil Steck:** Yes, I remember it very well. It was outside in the yard.

**Ralph Nader:** You've been a longtime member of the Assembly in New York, and we're now in New York State, at a very critical situation. Because of the impact of the COVID-19 crisis, Governor Cuomo has announced enormous cuts. I think the figure is reaching \$13.3 billion, and there are going to be cuts on localities and state services. That includes public education, mass transit, healthcare, and other critical services for the people in the state of New York. Unlike all other states, the state of New York, since 1981, has been rebating, automatically, electronically, an estimated \$16 billion a year from a stock transfer cost. This is a tiny, tiny sales tax on people who buy stocks, bonds, and of



course the huge volume is in the Options and Derivatives Market. This tax is collected and then rebated under some agreement with the brokerage industry. It amounts to tens of millions of dollars a day which can be used to offset Governor Cuomo's tax cuts. You have proposed a bill in the state assembly, and your counterparts in the state senate, a similar bill to do what?

**Phil Steck:** To end the rebate and reinstate the stock transfer tax, which New York had from 1905 to 1981. And just like in every other country in the world which has these financial transaction taxes, it never caused the slightest bit of harm to the economy or to Wall Street. I think one of the critical things to understand is that this is not a tax on Wall Street. It is just a tax that Wall Street collects. It's like going to the store and paying a sales tax. If the tax is low enough, the customer doesn't care and buys the product anyway, and here, we're talking about a tax that's one-quarter of 1%.

**Ralph Nader:** The volume is so massive that the New York State share of that is about 16 billion dollars. Now people in New York State go into stores on Main Street and they buy necessities, and they pay 6, 7, 8 percent sales tax because New York City has a sales tax, I understand, in addition to the state. Now, here are these brokers who don't even pay the tax. They pass it onto the investors, and the investors that will pay most of this tax are the rich, because they're the ones who trade the most and they're the ones who own the most equities, and bonds, and play the derivatives market. It is a progressive sales tax, and it's automatically collected and then electronically sent back every day. What's the reason behind that kind of zigzag?

**Phil Steck:** What happened was, in the late '70s, New York City was in financial crisis, and they diverted the revenue from the stock transfer tax, which New York had been collecting since 1905; they diverted it to help bail out New York City from its financial crisis, and as New York City came out of the financial crisis, the Mayor of New York at that time, Abraham Beame, was persuaded by people on Wall Street that once New York emerged from the financial crisis, the tax should no longer be collected. At about a rate of 20% over a five-year period per year, the tax was ended in sum and substance. That is the origin of this rebate. You're right, the tax is still on the books. It's calculated, but not collected.

**Ralph Nader:** What's Governor Cuomo, who is engaging in very popular daily briefings. He's showing Trump up every day. What's his problem with this? He's very concerned about the tax cuts and the legislature has given him extraordinary authority to actually do the cuts, subject to an override resolution from the legislature.

**Phil Steck:** Which by the way, I voted no on. Yes, go on.

**Ralph Nader:** That's right. It's a huge abdication in my judgment, of legislative authority under the New York State Constitution. He's going to make these cuts; they're not going to be popular. People are going to resent it; they may blame him in part for it. Why is he resisting just keeping the tens of millions of dollars every day that is collected?

**Phil Steck:** I think this actually is something that we have to grapple with the Democratic Party, as a whole. The Democratic Party is kind of stuck in the 1980 mindset when Ronald Reagan became President [i.e.,] government is bad, all taxes are bad, and that anything that's a tax, we have to avoid it at all possible costs. I think Cuomo comes out of that milieu. He was in the Clinton administration when that thinking was popular, and he has said that he doesn't want to damage a successful sector of the New York State economy, namely the financial industry, by putting in this tax. That was his simple answer, and the reality is that every single major [stock] exchange in the world, except Germany--and Germany has proposed a stock transfer tax at the end of 2019--every other major exchange has it. And as Bloomberg News itself said in an op ed piece that Hong Kong's had it. It's known by the capitalist system as one of the freest markets in the world, and there has been no noticeable adverse effect on the economy because the Hong Kong [stock] exchange has a financial transactions tax. Governor Cuomo hasn't studied the issue, and he is stuck in a 40-year-old mindset, in my opinion.

**Ralph Nader:** It's an indirect tax. The brokers don't feel it because they pass it on mostly to the fat cats. Just to bring it down to basics here, somebody buys a \$25 stock. How much does this tax amount to?

**Phil Steck:** On \$25, it could even be less because there are different tiers of the tax. But, let's assume \$25 is taxed at the highest rate, which is .0025. We'd say 25 times .0025 that's 67 cents. So, the way I like to say it, because I'm an ordinary middle-class guy, like most Americans who are fortunate to have decent jobs, I have a 401(k) plan; I buy about \$20,000 of shares a year in my 401(k) plan, and my tax would be \$50. Meanwhile, I'm paying all kinds of asset management fees, brokerage fees, financial advisor fees, and [with] those fees, which make the industry as wealthy as it is, the stock transfer tax pales in comparison to the fees collected by the industry. And I would point out that we had a New York State comptroller who was sentenced to jail because he was basically giving in to bribes to allow certain companies to participate in the New York State pension plan. They wouldn't do that if it wasn't extremely lucrative to get into this business. So, the stock transfer tax is very harmless to everyone involved. Economists will tell you that a financial transaction tax is actually good for the market because it does discourage day trading, which is people who trade based on very slight movements in the stock. The purpose of the market is to have investment. It's not to

gamble on slight movements of stock, and therefore economists say that the stock transfer tax is helpful because it deters that, and as Bloomberg News pointed out, in Hong Kong, which has the tax, there's less of that day trading than there is in New York.

**Ralph Nader:** It sort of dampens the wild speculation. That's a very important comparative point you just made with all the fees and charges that the industry puts on the investors. They tower over this transaction tax, but this transaction tax is stock transit; the transfer tax will bring in about \$16 billion, which takes care of the COVID-19-induced state budget. It's an amazing winner, and I think you're going to win the battle because, first of all, Robert Rubin, Mr. Wall Street, has come out for a financial transaction tax [and] Mike Bloomberg has come out for a financial transaction tax. This would have been unheard of two years ago. We can thank Bernie Sanders for this. Now, there's a big coalition in your state, Phil, of citizen groups about to emerge supporting your legislation. The next step is public hearings in Albany. Is that possible?

**Phil Steck:** This would be within the jurisdiction of the Ways and Means Committee, and I did send a letter to Ways and Means about this urging that staff conduct inquiry of a serious kind into the tax and not really on dogma from 40 years ago. I had some conversations with the leading staff member at Ways and Means about it. But, the history of our legislature in my time that we've been there has not been very favorable towards meaningful public hearings. I think that is an excellent idea, and of course, the industry would have its opportunity to have someone come, or people come, and talk against it. But we might find there are some people in the industry, as you pointed out, who support it. There really is no real potential adverse impact from this thing, and it would raise the money. I want to make a political point for New Yorkers. In my district, and a lot of the key Long Island districts which hold the balance of power in the Senate, the key issue of people is public education. If people have a choice between the stock transfer tax, which 90% of them don't pay, and 20% cuts to public education, I know that they would want the stock transfer tax. Interestingly, I had a conversation with a Long Island member of the assembly, a very well-respected member who agreed 100% with that political perspective. Unfortunately, Governor Cuomo has not been a huge supporter of public education. He has been sort of... I have to say, my hat's off to the assembly, because every year we fight for funding for public education, and we have been overcoming the governor. But the governor has not been a big supporter of increasing aid to public education. Now, of course, I don't think the cut to public education troubles the governor much in comparison to how troubled my constituents would be by it.

**Ralph Nader:** If you have a public hearing in Albany, it's going to be packed with people who are having to endure these Cuomo-announced cuts. You're going to have people representing the mass transit, people representing education, people who don't want to see Medicaid cut; all kinds of people will flood that hearing room. And I think Governor Cuomo puts his finger to the wind like any politician, and he will, I think, come to grips that he can eliminate this budget deficit with simply keeping the taxes that come from the stock transfer tax. I think this is a winning battle you're engaged in. We're talking with Assemblyman, Phil Steck, who is a sponsor of a bill to keep the collected taxes. Can you imagine, keep the collected taxes and not electronically, automatically rebate it day after day back to Wall Street. Can the governor do this on his own authority?

**Phil Steck:** That's a good question. I do know he was given the authority to cut the budget. I think that if it was related to COVID-19, I think a strong argument can be made that he does have the authority to collect the tax.

**Ralph Nader:** Is the opinion from the state attorney general?

**Phil Steck:** No one that I know of has asked for that opinion.

**Ralph Nader:** That would be good because it would put the spotlight on Cuomo's own authority as Governor of the State of New York and simply to say, the tax is duly collected, and it's rebated; and he issues an order saying it's going to be kept in order to provide these needed services for people in the State of New York.

**Phil Steck:** I think he'd be a hero to the public if he did that and to the New York State economy.

**Ralph Nader:** I think with your counterpart, State Senator [James] Sanders, who has a similar bill, and you also list in the bill, I understand, where this money would go. And it happens to be going to exactly where the cuts are because of the COVID-19 crisis.

**Phil Steck:** Our bill puts it all into infrastructure, the one area which we were not funding with it previously; the two areas that are significant were Medicaid and public education, which are the two largest expenditures of the New York City government. The reason we did that because it was before COVID-19, before the economic problems that we've had now.

**Ralph Nader:** It was last year your bill was...

**Phil Steck:** Yes, that's correct. We did it that way because we have a deteriorating infrastructure in the State of New York, especially public transportation and public

housing. Now, I think we would want to put it into the general fund to address the COVID-19, and then it would help us come out of this depression, and we could fund all these wonderful infrastructure projects and make New York State the Empire State again. Ralph, you had talked earlier on your program about all these tax giveaways; if you had the stock transfer tax and the government is investing directly in infrastructure, the high quality of New York infrastructure will attract business to the State. What made New York State the Empire State was a very famous infrastructure project known as the Erie Canal. It's no different today. If you build up the high tech, the green infrastructure, and we had 15% of the revenue in our bill to green infrastructure, if you build that up in our state, it will make this state, once again, an economic powerhouse, and in return, Wall Street will get some of the benefit back from that.

**Ralph Nader:** Phil, tell our listeners the number of the bill, and where they can get a copy.

**Phil Steck:** It's available online. It's A7791. That bill, in the Senate version, is Senate 06203, and you can get a copy of that bill on my assembly website, which is, and there's a button for legislation, but if you go to the New York State Assembly website and you click on my page and go to legislation, you will see that bill there. You can read the bill itself; you can read the bill memorandum. All bills have to have a memorandum that states the reason for the bill, and that memorandum also lists all the places where the money was intended to go before the COVID-19. There's some great stuff in there. New York doesn't have a fund for safe water. We put \$650 million out of the stock transfer tax into safe water. Amtrak has a lot of problems. It's shocking when you go from Buffalo to Albany they're trying to run trains on one track. When you get to Syracuse, one train coming from the west and one train coming from the east; one has to stop and wait for the other to pass. It's unbelievable! We put money in \$1.3 billion to fix that. There's all kinds of stuff in there, almost \$2 billion for clean energy, for example.

**Ralph Nader:** This is a wonderful initiative. I can't believe this one is going to be anything other than a winner in the next few months, because when these budget cuts hit home--in New York State, Upstate, Downstate, Long Island, New York City--there's going to be an uproar. And the moment they hear about \$16 billion being rebated back to the fat cats of Wall Street, who are not being asked to sacrifice anything compared to the frontline workers, the healthcare workers, the grocery workers, the sanitation workers, the public transit workers, who are risking their health and safety, I think the polls are going to come in over 90%.

**Phil Steck:** Across the board, even among Republicans, because in my district, a lot of the Republicans that I have in my district are not wealthy people. They're working



people, and I have never heard much opposition from anyone to this proposal. It's very, very popular.

**Ralph Nader:** Where's your district located?

**Phil Steck:** My district is I have the town of Colonie, which is the largest suburb in Albany County. I also have Niskayuna, a suburb of Schenectady and the City of Schenectady.

**Ralph Nader:** We're out of time. Thank you very much. We've been speaking with Assemblyman, Phil Steck, who is a prime sponsor of a bill in the assembly, and there's one in the State Senate, and it would have huge popular support to keep \$16 billion in stock transfer tax. That's just a tiny sales tax on financial transactions back in New York to meet the public services that are about to be cut because of the Corona-19 virus crisis. Thank you very much, and good luck.

**Phil Steck:** Thank you, Ralph, for having me and for your support.

**Steve Skrovan:** Now, as promised, we close today with some highlights of the late great David Freeman from past episodes of the *Ralph Nader Radio Hour*. Hit it, Jimmy.

**David Freeman:** "Why are we fooling around with cap and trade, and taxes, and all kind of cockamamie schemes when all we need to do is to pass a simple one-sentence law. Everything new has to be greenhouse-gas free and renewable. Why don't we outlaw any new power plant other than the solar and the wind, and why don't we mandate that the railroads electrify over 10 years? Why don't we pass some damn laws to require what the public interest demands?"

"I divide the world into two categories now. There are the dumb deniers of climate, and then there are the intelligent deniers. They're the folks that can make a good speech about how horrible the climate crisis is, and then propose absolutely nothing that Mother Nature will notice."

"There are two existential threats to mankind. We talk a lot about climate, which is one of them, but the other one is nuclear proliferation and nuclear accidents."

"The problem with fossil fuels, it's 70% of the greenhouse gases being emitted, and the answer is old-fashioned. We need to outlaw the goddamn stuff!"

"We talk about green jobs. The green jobs are in building s, but once you've built a windmill, a wind farm, or a solar farm, you have virtually zero fuel costs. If we went to public power, we would dramatically reduce the price of energy as well as save our planet."



**Steve Skrovan:** That's the great S. David Freeman. We will miss you, but we will carry on the fight. I want to thank our guests again, Greg LeRoy and Phil Steck. For those of you listening on the radio, that's our show. For you podcast listeners, stay tuned for some bonus material we call "The Wrap Up". A transcript of this show will appear on the *Ralph Nader Radio Hour* website soon after the episode is posted.

**David Feldman:** I missed him. He was great. Subscribe to us on our *Ralph Nader Radio Hour* YouTube channel and perhaps weekly column. It's free. Go to [nader.org](http://nader.org). For more from Russell Mokhiber, go to [corporatecrimereporter.com](http://corporatecrimereporter.com).

**Steve Skrovan:** The producers of the *Ralph Nader Radio 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. Our intern is Michaela Squier. Join us next week on the *Ralph Nader Radio Hour*. Thank you, Ralph.

**Ralph Nader:** Thank you, everybody, and listeners, take heed and start these Congress watchdog groups. You can get a good start by ordering *How The Rats Re-Formed The Congress*. Go to [ratsreformcongress.org](http://ratsreformcongress.org) and join your fellow citizens in getting copies for neighborhood discussion and action.

♪ Say you're just one person, and who will hear your voice? ♪

♪ Don't let them fool you. You have the power in your hand ♪

♪ I'm only trying to school you. Listen to me, people. Do you understand? ♪

♪ We got to (stand up). Oh, you've been sitting way too long (oh, stand up) ♪

♪ You know what's right and you know what's wrong ♪