

Ralph Nader Radio Hour Episode 116 Transcript

Steve Skrovan, Ralph Nader, Russell Mohkiber, Wenonah Hauter, Bartlett Naylor

Ralph Nader: The Koch Brothers who represent oil and gas entire and tar sands sales interests have been lobbying Southern legislatures to put a tax on solar panels. And guess what? They're losing.

Steve Skrovan: Welcome to the Ralph Nader Radio Hour. My name is Steve Skrovan along with the "Man of the Hour" Ralph Nader. Ralph, I'm sure our listeners want to hear all about the Breaking Through Power Conference you hosted last week and we've been promoting on the show and the weeks before. Debrief us. How did it go?

Ralph Nader: Well we had the greatest collection of citizen advocacy [ph] groups brought together under one roof in American history, which illustrates two things, that when they all get together they see the interrelations with one another, because when it comes to challenging raw power in the search for justice, the forces of injustice work 24/7, and they use all the tools right across the continuum. What are our four days tried to demonstrate is that we have the tools. We need more resources. We need more staff. We need more groups. But look what these few groups have accomplished over the last forty, fifty years with very modest budgets and very small staff. They've changed for the better the living conditions of all Americans: Cleaner air, water, safer food, more focus on nutrition, protection of some levels of workers' safety and consumer rights. Of course, the environmental movement was launched about fifty years ago in order to manage the cumulative forms of silent violence that we terribly too charitably call pollution. So they all gave wonderful, very concise presentations, which you can all see. They were streamed to the public live last week by the Real News Network. And if you go to the realnewsnetwork.org, you can see whatever you want to see. There are thirty-two hours of original programming never before brought together. The other thing that came out was that the mass media just doesn't know or is unwilling to cover these kinds of gatherings. They will cover entertainment gatherings like the Academy Awards and innumerable other smaller gatherings. They will cover sports indefinitely. They will do reruns of these coverages. They will cover politicians, the more outrageous, the more coverage they get in terms of being personally outrageous to one another, like cheating Donald Trump. But when it comes to the basic fundamentals of a democratic society, the civil society from which all proceeds, whether for good or for ill, including the quality of our elections and the quality of our government, they're not there. And so that was the one drawback of all our good efforts. And the network TV

wasn't there. The network radio stations weren't there. *The Washington Post* and *New York Times* and *Wall Street Journal*, *Reuters* and *AP* weren't there. They were all very well advanced and notified weeks and days ahead of time by our energetic media person. But still, they didn't come. And I was looking at the newspapers, Steve, in those days, and. I can give you twenty-five examples of utterly trivial coverage of situations, including, by the way, there was a lizard that got more coverage than our entire four days, a lizard.

Steve Skrovan: A lizard?

Ralph Nader: Yeah, a special kind of lizard. Never mind the awesome pandas, I mean you know. It's there. The videos will be used in educational institutions. People are interested in that, church gatherings, civic organizations, citizen skill seminars, which we want to try to establish, that will be a good source of material. Because these are groups in action. They're not just pontificating and bloviating. They're in action. Isn't it nice that we have this radio hour, Steve, where we can even talk about this gathering, which I wanted to call Citizen's Revolutionary Week, but we called it Breaking Through Power. And that's where you can get the details as well. Go to breakingthroughpower.org and you can see the presentation by Wenonah Hauter, who's our guest today and is the author of a brand new book called, [Frackopoly: The Battle for the Future of Energy and the Environment](#) published by the New Press. She is the founder of Food & Water, a group with well over a hundred organizers all over the country, probably in your neighborhood, listeners. And she also wrote a book called [Foodopoly: The Battle Over the Future of Food and Farming in America](#). She lives on a farm where her husband grows and sells crops in Virginia. Why don't you introduce Wenonah so we can get right into this fascinating book.

Steve Skrovan: Well you did a goodgreat job yourself there, but I will reiterate. Wenonah Hauter is the founder and executive director of the organization Food & Water Watch. She has worked extensively on food, water, energy and environmental issues at the national, state and local level. You mentioned [Foodopoly](#), it's the battle of over the future of food and farming in America, which we've talked about a number of times on this show too. And [Frackopoly](#) is her latest work, [The Battle for the Future of Energy and the Environment](#), which I understand is just out this month and has been characterized as "a true tale of corruption and greed." Welcome to the Ralph Nader Radio Hour, Wenonah Hauter.

Wenonah Hauter: I am thrilled to be here this morning.

Ralph Nader: Thank you, we are too, Wenonah. Can you just define fracking for our audience? What's the difference between fracking and conventional drilling for oil?

Wenonah Hauter: Well, fracking is something that was developed really with the assistance of the federal government. And it uses large amounts of sand, toxic chemicals and as much as fifty times more water than conventional natural gas. And this concoction is sent deep underground, using high pressure, sometimes as far as two miles underground. And then it can go horizontally - the fracks - the same distance. And it fractures the shale or the tight sandstone and allows oil and gas to escape. Actually, over the last several years, 80% of fracking has been done for oil. It's one of the reasons we have such an oil glut right now. But, we also have a glut in natural gas, which has reduced prices significantly. And once again we see the bust. We know that with oil and gas there's a continual boom/bust cycle.

Ralph Nader: And the thrust to your book of course is to show that the real goal of energy for the planet is renewable energy like sustainable solar, thermal, solar voltaic, wind power, coming geothermal as well as enormous advantages that can be ours if we demand it in energy efficiency, getting more energy for the energy dollar. I noticed that in your introduction Wenonah, you have an amazing matrix here called the Big Oil Interlock. And it lists various companies and how they're interlocked with each other including, surprisingly, nonprofits. So it's not just finance companies, media companies, corporations, utilities. Do you want to explain that?

Wenonah Hauter: Well yes. Each oneline in this circle represents a common board member adviser or trustee. And we know that all of these corporations have interlocking boards, and that's how a lot of the decision-making is done. We know finance, media, the largest corporations and electric utilities are in this cabal. But it also turns out that a lot of nonprofits - some of them are trade associations like the American Petroleum Institute, the Natural Gas Alliance - but then there are these organizations that are purported to be objective, like the Brookings Institute, the Smithsonian and even environmental groups like The Nature Conservancy. So, you can see that there has been a lot of effort - really it's over the last hundred years - but more recently efforts have accelerated to promote natural gas as the future for energy. and part of why I wrote this book is - I worked on renewable energy in the mid 1990s - we know renewables have been ready. Energy efficiency has been ready for decades. We are not where we need to be today and in part that's because the mainstream environmental groups have been funded by foundations that purport that the market's going to take care of moving renewables and energy efficiency. And we can see in the circle that we've been talking about, of the interlocking boards, that foundations like the

Rockefeller Foundation is listed in that circle as having board members. So, we aren't where we need to be with renewables today. And I think most people are really shocked to know that solar energy and wind energy is only 5% of our electricity mix. 5%, after all the years of advocacy around electricity. and if we're really going to move into this more electrified world where cars are electrified and many other types of appliances, then we really have to move faster. And the market's not going to do it alone. We need public policy to move renewables into the mainstream and energy efficiency into the mainstream.

Ralph Nader: Yeah Wenonah, you know the vast majority of new generating capacity in our country for electricity, the vast majority is renewable. It's wind power. It's far in excess of any new oil, gas and coal burning for electricity. So I think that clearly indicates that economically, renewable energy now is easily competitive with fossil fuels, especially when you take into account the collateral damage of fossil fuels to the climate, to the land, to the workers all over the world. Why is Governor Jerry Brown, a supporter of fracking in California?

Wenonah Hauter: Well, I believe that he has very close relationships with both the oil and gas industry and with the financial services industry, because they are in lock step together. And interestingly enough, Goldman Sachs has now overtaken the largest fracker in the country, Exxon, in the amount of natural gas sales being made. It's really this relationship between the oil and gas industry, the financial services industry and then a lot of these large of these large institutions that are really dependent on what they see as the ability of Wall Street to generate ongoing profits.

Ralph Nader: Isn't it part of it that Jerry Brown and some environmental groups have bought into this myth that natural gas is a cleaner, better source of energy than coal, even though the documentation now is becoming impressive that the methane release from natural gas is thirty, forty times more deadly for the climate change problem in our world than ordinary natural gas? David Freeman, who knows more about energy and than just about anybody - we've had him on this program - says that if you calculate the methane leaks and releases when you drill for natural gas like fracking, you are producing as much damage if not more from burning coal. Isn't that a part of it, that they bought into this clean natural gas myth?

Wenonah Hauter: Well I think that is true. And we know that the natural gas industry was very tricky when they bought support from many of the major environmental groups toward natural gas as a bridge fuel. It's hard for me to believe, though, that smart people like Jerry Brown and a number of other Democratic governors who are

supporting fracked gas, like Governor Hickenlooper in Colorado, Governor Wolf in Pennsylvania. These are people who looked at the research, I'm sure. But they are so wed to the oil and gas industry, and these schemes like carbon trading, that they have deluded themselves into thinking we don't have to transition as quickly as we must make the transition. And a lot of research has now been done. Actually, it began at Cornell University with Professor Howarth and Professor Ingraffea, who did the first research showing that methane emissions from natural gas and the leakage all along the pipeline from when it's drilled and fracked and transported and processed that it's actually more damaging than carbon in the first twenty-four years, because it traps heat, eighty-seven times more heat. In the short term, we have about ten years to really address climate change before we could reach a very dangerous tipping point. We need to transition immediately. And there's a lot of enthusiasm for doing that now.

Ralph Nader: Well, you know what's interesting - before we get into this contrast between fracking being allowed in Pennsylvania and fracking being prohibited in New York State, adjoining states and how that all came about, Wenonah Hauter. We're talking with Wenonah Hauter, the author of Frackopoly, which is on the damage of fracking. Two points: One is: isn't it true with the collapse of oil prices that there is less fracking now because fracking is not as profitable in an era of \$40 per barrel oil?

Wenonah Hauter: Well yes, in the short term, there will be less drilling and fracking. Although, we must understand that in December, Congress repealed the law that was passed in the 1970s to prohibit export of natural gas and oil. And we're now seeing shipments of oil going overseas. And there is a big effort to export liquefied natural gas. So, all of the effort is to get the price back up by exporting these petroleum products. The other thing that we must realize - and I looked at this in writing Frackopoly - this is the history of oil and gas, really from the beginning of the 20th Century. There is a boom and bust cycle, even during all those decades when the oil and gas industry was conspiring together to try to keep prices high. So, we will see, in the next probably two years, the prices will go back up again and the fracking will begin. We can't depend on the market to do this. We're really going to have to change public policy, beginning with getting really tough renewable portfolio standards in every state that don't allow dirty energy, some maybe of the renewable portfolio standards *do* allow dirty energy today.

Ralph Nader: I think the wave of the future now is renewable. It's irresistible to people who want to be more self-reliant. Solar panels on their homes are selling more and more, creating all kinds of jobs, not just in California but in the southern part of our country. So much so that the Koch Brothers, who represent oil and gas and tar sands interests, have been lobbying southern legislatures to put a tax on solar panels. And

guess what, Wenonah? They're losing. They're losing because there's no such thing as a Republican or Democrat solar panel. And also there are earthquakes in Oklahoma now, increasingly documented because of fracking. Can you comment on that?

Wenonah Hauter: Yes, that's exactly right. The waste from fracking - and we're talking about 10.5 billion gallons of liquid toxic waste a day on average - that is often dealt with by injecting it deep underground. And what's happening is a dramatic increase in earthquakes. And Oklahoma really exemplifies this. There used to be two or three earthquakes over 3.0. Today they have thousands of earthquakes, literally. And this is not something that we're making up. This has been - the Geologic Service has now said that this deep well disposal is causing these flurries of earthquakes.

Ralph Nader: The Republican dominated legislature in Oklahoma is very worried about it. This is not some fantasia. The farmers are worried about it. And it's getting worse. To show our listeners the kind of ignorance that you've been up against here: on page 58 of your book Frackopoly, published by the New Press in New York City, you have a quote by Steve Forbes, the CEO of Forbes Media. Now, he's a big businessman. He's run for president on the Republican ticket. Didn't make it. He's a graduate of Princeton. And I want to share with the listeners the quote, listen to this quote to show you the level of ignorance in some parts of the business supported community. Here's Steve Forbes, "I think they," meaning the Obama Administration, "genuinely believes that we can go back to medieval time and have windmills. They truly believe we can have windmills, solar energy. And of course as you know that will just take us back to a medieval economy." Hello? Has he seen some of the modern windmills sprouting all over the world and all over America? What do you attribute such remarkable ignorance, fact-deprived ignorance to?

Wenonah Hauter: Well, I think it's - we are seeing a battle over the future of energy. And the fossil fuel industry and their allies see that the end is in sight. And they are doing everything in their power to set back the time when we keep fossil fuels in the ground. They thought that they were going to be able to buy more time with natural gas. And now, it becomes evident that natural gas is just as big a problem. And so we're seeing this horrible misinformation campaign. And the media had ignored the terrible impacts: the way that people on the frontlines of fracking are really living in sacrifice zones. They've ignored the evidence. The Obama Administration has shut down the studies of the water pollution. They have put out a clean power plan that really ignores the problems with fracking and incentivizes natural gas. And we are literally in a battle. And the Koch funded lobby machine is trying to go state by state to take away the net metering [indiscernible 0:20:50] that allows people who install solar or even

small windmills to be able to sell the energy back. You know, we really have to get the message out the way that we can. And fortunately, so few people actually get their information now from mainstream media that we have the opportunity to get the real story out in a number of ways.

Ralph Nader: The polls in favor of solar energy and wind power are overwhelming. I really think after a lot of small starts over the past century with solar that it is now irreversible, in part because it's sprouting everywhere. It's competitive. It's cleaner. It doesn't jeopardize our national security. And it lends itself to small business development as well as expressing enormous technological innovation. I had a solar engineer tell me the other day, "The pace of innovation in refining all kinds of solar energy," he said, "it's just spectacular. You can hardly keep up with it," which reflects the sense of the growing market that these innovators are anticipating. On page 275 of your book, you have a list of what we have to do to mount a massive grass root organizing effort to stop fracking, keep all fossil fuels in the ground, and other obviously pretty rational courses of action, if we respect our descendants and posterity. But let's get to Pennsylvania briefly and New York. Something happened in Pennsylvania that opened up the whole state to fracking, to contaminated water, to deceptive royalty contracts. And in New York, there was an aroused citizenry that persuaded Governor Cuomo to say, "No fracking in New York." Can you give our listeners the kind of scenario that I thought was a great lesson in civics?

Wenonah Hauter: I think part of what happened in Pennsylvania is that the industry got in there very quickly when these technologies became available. It was some of the cowboy companies. Because what happens is we have the majors like the Exxons, Chevrons and Shells, they let these smaller companies come in and do some of the experimentation. You had a Republican and Democratic governor through the years that really allowed any type of behavior by the fracking companies. I mean, it was even so shameful that they had a list, so that when people called in to the Health Department with health problems, if one of their symptoms was on the list, the call had to go to one of the supervisors, because they just didn't want to do anything about the damage. and I think one of the differences is that there's a long history of oil and gas and mining in Pennsylvania and a lot of those abuses. Now, New York was a different story. And I have to say as one of the organizations - I mean my organization Food & Water Watch - became the first national organization to call for a ban on fracking. There were many in grassroots groups around New York, who were calling for bans in their community and working for resolutions of, a tremendous amount of civic activity. And so along with Catskill Mountain Keeper, Frack Action and several other groups we reformed a coalition, New Yorkers Against Fracking. By the time that we won the ban

in 2014, there were more than 200 members to this coalition. We actually followed Governor Cuomo. We bird-dogged him. He could go nowhere without there being a band of fracking activists.

Ralph Nader: That's for sure.

Wenonah Hauter: The activists - there would be tens of thousands of people, and that's what it takes. And I think we need to stop believing that we can only do what's politically possible, and we have to fight for the vision of the kind of world we want. And that's what happened in New York. And it's continuing to happen, because even though fracking is banned, there's now a fight over all of the horrible infrastructure, because the oil and gas industry has not given up on selling lots more natural gas.

Ralph Nader: Wenonah, describe to our listeners what the landscape looks like when the frackers, the fracking companies, the oil and gas companies, suck out what they want from the farmers' land and then take off, often not paying full royalties because they have these [1] fine print contracts with these poor farmers who are desperate for additional income. Describe what they leave behind, the wreckage that they leave behind.

Wenonah Hauter: It's really shocking. I mean, what they do - and we have to remember that the reason farmers are willing to sign these leases is we've had bad agriculture policy for so long. Farmers are really desperate for cash, so they lease out their land. The sites become industrial zones. It ruins the road. A typical well takes a thousand large truckloads of materials to get there. They spill the fracking chemicals. They spill the waste as they're either taking it to some kind of slurry pond or doing deep well disposal. The wells remain even after the fracking. They also need all of the processing facilities. The processing facilities put all sorts of horrible toxic chemicals in the air, including ozone. So we've seen all sorts of water pollution. We also see all sorts of quality of life problems. When the oil and gas industry comes in we're not talking about local jobs. We're talking about the professional jobs are people that the companies bring and move around the country. And then they hire lots of young men, usually, roughnecks who also move around the country. When you bring in this big influx of workers - we've looked at the data in Pennsylvania and actually found that accidents, large truck accidents increase. The roads are wrecked. And the cost of fixing the roads goes up. There are a number of social problems. Venereal disease increases, because of all of the young workers coming in. In some places like North Dakota, we've seen a rise in rape and crime. And there was such an influx of workers going into North Dakota that women felt unsafe in the streets. Because you know what

happens, people - young men away from their families with time on their hands when they're off and some money - and there's a lot of bars and a lot of drinking, so a lot of the predictable problems. I mean, this has always been the case with the oil and gas industry. So it takes these bucolic places that are suffering from poverty and makes them into industrial sacrifice zones. And the poor people who live there are basically - well it's like we used to talk about the developing world. These are people when the corporations would you know move into developing countries and do whatever they want. Now they're moving into these very poor places around the country to frack. And some of this drilling and fracking is even taking place in urban areas like LA, unbelievably. The city of LA, a low income, people of color community is experiencing this kind of drilling in the processing. And so we're seeing these effects across the country. Thirty-four states have fracking going on today.

Ralph Nader: Wenonah before we conclude, tell our listeners how they can contact you, number one. Number two, is it possible for you with your organizers around the country to encourage discussion groups, using your book Frackopoly: The Battle for the Future of Energy and the Environment as a focal point? And thirdly, I've got to read you the quote you give your readers by Wendell Berry. Wendell Berry's quoted as saying, "Whether we and our politicians know it or not, nature is party to all our deals and decisions. And she has more votes, a longer memory and a sterner sense of justice than we do." That's from the wise farmer, writer, poet Wendell Berry. How do people reach you? And what's the likelihood if some listeners want to have a discussion group that they can meet up with one of your organizers?

Wenonah Hauter: We have sixteen offices across the country. You can go to our website, food&waterwatch.org to get in touch with us to see where our offices are. This happened with my book Foodopoly. A number of people did have discussion groups. We even did phone presentations about Frackopoly to people who wanted to discuss it around or during one of their book clubs. There are a lot of ways for people to get involved. And we would love to hear from your listeners, because you know I think fracking in the way that we move into clean energy transition is going to be very important. And one other thing I'd like to close with: we are one of the organizers of the clean energy revolution march in Philadelphia the day before the National Democratic Convention. We would love to see your listeners come out to talk about how we're going to move into that clean energy future and to demand that our policy makers support clean energy.

Ralph Nader: Talking about energy, imagine listeners the human energy of Wenonah Hauter, who has built this powerful grass root citizen group and continues to expand its impact for safe, clean food, water and energy. Thank you very much, Wenonah Hauter.

Wenonah Hauter: Thanks so much, Ralph, for having me on the show.

Ralph Nader: You're welcome.

Steve Skrovan: We've been speaking with Wenonah Hauter, executive director of Food & Water Watch and the author of [Frackopoly: The Battle for the Future of Energy and the Environment](#). We will link to her work on the Ralph Nader Radio Hour website. Coming up, we're going to talk big banks with the financial policy advocate for Public Citizen's Congress Watch Division, Bartlett Naylor, who's going to tell us about his new report that makes the case that America's megabanks and not only too big to fail and too big to jail, they're also too big to even manage. But first we're going to away for about a minute and send you over to our corporate crime reporter Russell Mokhiber. What's up Russell?

Russell Mokhiber: From the National Press Building in Washington D.C. this is your corporate crime reporter morning minute for Friday June 3, 2016. I'm Russell Mokhiber. The US Food and Drug Administration should stop dragging its feet and act on a four year old petition urging the agency to regulate deadly bacteria in shellfish harvested in the Gulf Coast and sold for raw consumption. That's according to a lawsuit filed by the Center for Science in the Public Interest. Without the safety standard, in the next year an estimated thirty people will become seriously ill and fifteen of them will die after consuming raw shellfish that contained bacteria. Every year people are getting sick and some are dying from what is a completely preventable disease said CSPI Senior Food Safety Attorney, David Plunkett. For too long the FDA has observed these illnesses and deaths from its perch on the sidelines, leaving matters to state regulators and the industry. And it's clear that the approach has been a public health failure. For the Corporate Crime Reporter, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russell. Now we turn our attention to high finance. Bartlett Naylor is a financial policy advocate for Public Citizen's Congress Watch Division. He is an expert on corporate governance, financial markets and shareholder rights. And he was previously a consultant for Capital Strategies Consulting, the Director of the Office of Corporate Affairs for the Teamsters Union and the Chief of Investigations for the U.S. Senate Banking Committee. He has an upcoming report coming out on June 22nd for Public Citizen and it's entitled, "Too Big: The Mega Banks Are Too Big to Fail, Too Big

to Jail, and Too Big to Manage.” Welcome to the Ralph Nader Radio Hour, Bartlett Naylor.

Bartlett Naylor: It’s my privilege to be here thank you.

Ralph Nader: Thank you Bart. I was just informed by Bart, listeners, that he interviewed me back in 1976 at Harvard University. So, I’m going to pay you back now, Bart, with some tough questions.

Bartlett Naylor: Well, thank you.

Ralph Nader: Okay. Now you’re coming out with this book. It’s going to be online June 22nd. But you also - to my delight - you’re going to come out and with a print version of this paperback, which you will tell people how they can get free, before we conclude our interview. But, let me ask you a few questions here. First of all, the obvious: this assertion that these banks, the mega banks are too big to fail, too big to jail, a lot of right wing people agree with you. A leading syndicated columnist, conservative George Will, has written several columns on this. And he sums up by saying, “If these big banks are too big to fail, they are too big to exist,” meaning, they should be broken up. But, let me ask you a sort of out of the way question. I just read in the Wall Street Journal that the banks, the big global banks are on shaky ground. There is too much all kinds of innovative competition coming up against them. And the implication of the article was, “Don’t invest in these bank stocks,” which are already low, because they’re not the future. Something like Silicon Valley is going to be the future. What’s your view of that? Is that too complacent a view about the declining influence of these giant banks who still have enormous influence in Washington D.C. and Wall Street?

Bartlett Naylor: You packed a lot into that question. You’ve asked if the banks are ready to blow up. You’ve asked if it’s a good investment for the investor. You’ve asked whether their political influence is waxing or waning. Let me try to take them in turn. One of the problems with answering the question of whether or not they’re going to blow up is that they are opaque. The J.P. Morgan annual report is probably 300 or 400 pages long and still fails to have mentioned the word “derivative” more than two or three times and certainly does not explain the nature of their 600,000 or 900,000 derivatives contracts. We knew one of them blew up about three years ago. That was even one of their sober bets, the London Whale. That’s just one of them. They have a whole bunch of other bets that they’re making with something like \$400 billion worth of deposits that they haven’t recycled into actual loans. As to your second question: is it a good investment? Well I saw that the first part answers that. It’s tough to know. Certainly

the stock prices for all of the megabanks are below what's called book value. That means if you take all of the assets and sold them and paid off all the liabilities, you would actually have more money than the market capitalization. That is to say the market believes these banks are worth more broken up or liquidated. That's not actually true for J.P. Morgan. They're a little bit above book value. As to your third question: that's a nice softball. There are three thousand bank lobbyists spending roughly \$1.5 million per day lobbying. There's about twelve people like me doing what I do. We're outnumbered one hundred and fifty to one. John Paulson, the best paid hedge fund manager, gets in his best year got \$5 billion. That's \$2.5 million per hour, \$700 per second. So, if John Paulson in that good year were to just take one hour of pay off a day, he would triple the political spending on Washington. And of course why wouldn't he? Why wouldn't the banks spend whatever it takes to keep the rules such that they can have this wonderful pot of government taxpayer backed deposits so that they go off and gamble? Why wouldn't they? Of course they would. So yeah, it is my view the banks have enormous power that is not waning.

Ralph Nader: What about the other part of my question Bart, the electronic competition, moving in, in all directions?

Bartlett Naylor: When you say Silicon Valley I thought you meant the future is with Elon Musk or Paypal or something like that. It is possible that what we're seeing in nascent form today is going to be the way things work in twenty years. But I kind of think even J.P. Morgan and Goldman Sachs already view themselves as something quite different than George Bailey's Bank in Bedford Falls, New York. I think they themselves are doing this. It's cyber banking.

Ralph Nader: Do you think that Bitcoin is going to be a challenge? That's the electronic currency that goes up and down.

Bartlett Naylor: Bitcoin has to get banned by the Federal Reserve, because it threatens monetary policy so I assume that if Bitcoin gets a little bit further along and the Feds will come out and abolish it.

Ralph Nader: Let us ask a question, probably you've never been asked, recently I've seen checks from *Democracy Now*, the progressive publisher *Seven Stories Press*, the pension fund by *AFTRA-SAG*, the actor's union and other similar progressive groups. And the checks are written on the big banks. In other words, these progressive groups, who denounce the big banks as criminal enterprises, antitrust violations, breachers of fiduciary duty to their customers and to pension funds and mutual funds have their

deposits in those banks, instead of the labor-owned Amalgamated Bank or some community bank. And I've called them on that. And I said, "Why do you do this?" And I've never gotten an answer. Can you answer that question, Bart Naylor?

Bartlett Naylor: No I can't. They shouldn't do that. They should bank with community banks.

Community banks offer the same services. It is a fact, unfortunately, that we do not consume our principals. We consume whatever is available and cheap and based on quality and so forth. When I was the head of investigation of the Senate Banking Committee, we were all worried about corporate raiding and busting up companies and disemploying people. And yet, the very people that were complaining the most: labor unions. It was their pension funds that were selling into the raider. Now, some of that was done out of ignorance. But some of that was done because they just - one hand couldn't control the other hand. But I'm not going to justify what Screen Actors Guild is doing. I can't.

Ralph Nader: Let me tell you on their behalf what I think their explanation would be. And that is: these banks are too big to fail. So why not put your money into a bank that is so safe, because it has an implicit government guarantee instead of putting your money into a small community bank or a labor-owned bank that won't be bailed out by the Federal government? What about that as a rationale for these progressive groups?

Bartlett Naylor: It doesn't make sense unless they're putting more than \$250,000 into this account, because as you know the FDIC makes you care less about whether the bank's too big to fail. You're going to get your money back up to \$250,000. If they're thinking that way, then they're not thinking very clearly.

Ralph Nader: As you know the *AFTRA-SAG* Pension Fund is much more than a quarter of a million dollars. *Democracy Now* is more than that. I think it's something to look into.

Bartlett Naylor: You're saying the pension funds are managed - or the financial adviser asked you - okay, yeah that's an issue.

Ralph Nader: Public Citizen puts its money where?

Bartlett Naylor: We have a 401k. And we've been caught with our pants down, because we were using a non-fiduciary as an adviser. But I think I - passively... my personal decision's to buy passively managed index fund, Vanguard.

Ralph Nader: And Public Citizens Fund when they write checks to pay Public Citizen employees, what bank do they use?

Bartlett Naylor: I think Amalgamated.

Ralph Nader: That's right, that's a labor ...

Bartlett Naylor: I actually don't ...

Ralph Nader: That's a labor-owned bank out of New York with a branch in Washington D.C. We use Amalgamated Bank. And there's no waiting in line, because so few people patronize it in Washington. People should know better, including labor unions. This is a hot bed of international headquarters for labor unions. And while they do put some money in, they put most of their money into these giant banks like J.P. Morgan and Chase, Citigroup, banks that are vigorously anti-labor union and banks that engage in rapacious practices all over the globe. Anyway, let's get back to your forthcoming book. This is a preview, the first time I believe this book has been discussed on air. And the subtitle is, The Mega Banks Are Too Big to Fail, Too Big to Jail, and Too Big to Manage. Now, apart from not putting our business in these banks Bart Naylor, what are your recommendations here?

Bartlett Naylor: Very briefly and from 30,000 feet, the banks need to be broken up into much smaller pieces. I'm guesstimating about \$300 billion is the level above which they would be considered too big to fail, if they did. They should be prudentially overseen with a belt and suspenders approach, whereby the capital provided by shareholders should be at least 20% of the financing of the company with only 80% coming from debt, either the passive or some type of corporate bonds. That is - the metaphor is that's the capital cushion - it's that part when the bank begins to falter - it's assets which are loans - and those mortgages begin to default, you have a 20% buffer to go through before the bank is what's known as insolvent, where the assets are worth no more than the liabilities. Their activities should be restricted. They should not be able to be gamble with money made cheap and abundant by FDIC insurance. That is to say we should return to Glass-Steagall, where commercial banks just make loans. And it's the investment banks that don't have FDIC deposits that can go ahead - and you know - go ahead and gamble. With respect to a bank and bankers who commit crimes, they should go to the same place that shop lifters of 7-Elevens go. It's called prison. But the banks, all of the big banks committed massive crimes on a macroeconomic scale. And yet the grand total of those who have gone to jail for that cash-related fraud is zero.

When I was head of investigation of the Senate Banking Committee roughly one thousand Savings and Loan guys were sent to jail. This was the fraud committed in the late 1980s. As to management, it is clear that if you commit fraud, and yet you can't identify who did it - you're not managing your bank very well if you're committing this fraud, and you can't stop it. Dodd-Frank as a little effort to have an exercise whereby if a bank fails, they can decide in one day where to sell everything and whether things can be retained or - it's called a living will. It's using - you know if your uncle dies, then you know "Who gets what." The living will for J.P. Morgan is over 200,000 pages long. And this is not just some warranty snare of - each one of those pages is going to have lots of financial information that itself is probably assumptions of reality. Well, that is unfathomable. And again I mention the London Whale. This is a case where there was one sizeable derivatives that, that went bad. That is, I mean it's literally a bet. I don't mean to be using inaccurate terms here. J.P. Morgan is either going to win or lose on that bet and in this the case it was losing badly. Well it was pointed out actually in the media that this was a losing bet. And when the CEO looked at it for several weeks he said, "Oh, this is a tempest in a teapot." And then he looked at it for another couple of months and he said, "Oh my gosh, this is the most egregious mistake that I've ever made or that the bank has made." And it actually then retained outside forensic accountants to look and see exactly what happened. And they actually missed the very most fundamental problem with this, which was subsequently revealed by Senator Levin's subcommittee on investigations. It was supposed to be a hedge. A hedge is where you buy, you know, you buy one thing for fear that another thing is going to go the other way. You can go into that. Well, it was no hedge. It was a directional bet. If the CEO can't even figure out something as simple as that after months of examination under the public eye, I think it's too big to manage.

Ralph Nader: Well Bart, do you think they're engaging right now in similar speculative activity, multi-tier derivatives. The five biggest banks now have a far bigger share of the banking market now than they did before the collapse of Wall Street, which they helped cause in 2008, 2009. Are they back at it again? Are they basically still playing around with other people's money in risky toxic paper?

Bartlett Naylor: Yeah, as you can see that documented in the quarterly report that comes out of the Office of the Controller of the Currency. Are they violating the law? There's a gender discrimination lawsuit that came out about two weeks ago, which says this one woman, who was the co-head of CLO trading - that's Collateralized Loan Obligation Trading - she was suing because she was saying they paid 28% of her male co-head of the same department. You have to sort of brace yourself when I tell you what the pay was. She got \$1.5 million whereas he got \$5.6 million. It's hard to really

feel too sorry for her. I bring that up because her lawsuit is instructive, because, you know, you're a lawyer. You know when you file a complaint, you're supposed to be honest. She alleges massive violations by Bank of America of the Volker Rule, of market manipulation, of bilking customers, and not just the little guys. She alleges bilking Pimco, Blackrock and Citigroup. I don't know the veracity of her complaint. But I don't see any upside in her not telling the truth about this stuff. There are many other examples of why I believe the banks were still gambling with the taxpayer-backed money. But the short answer to your question, yes, I think they're still doing this bad stuff.

Ralph Nader: Well Bart, the one thing I like about your forthcoming book on June 22nd, it's pub date, it has an appendix one which says, "What Leaders Say About Glass-Steagall." Now, for people who don't know what Glass-Steagall was: it was passed in the Depression years under Franklin Delano Roosevelt to separate commercial banking from investment banking. So commercial banking is what you use your bank for, checks, deposits, loans, home owners loans, business loans. And investment banking tends to be much more speculative. So, they drew the line between those two kinds of banking institutions and for over half a century developed a stability in a banking industry, which was ruptured by the Clinton Administration when they repealed Glass-Steagall and refused to regulate derivatives. And you have what leaders say about Glass-Steagall. And it's amazing. You have right wing and liberal people. You have the former head of Citigroup, Paul Ryan, the Speaker of the House of Representatives along with Bernie Sanders, the head of the AFL-CIO Richard Trumпка basically saying, it's a pretty good idea to separate those two banking functions. Because when you don't, we get into serious trouble that collapses the economy, unemploys workers, jeopardizes pensions and all the rest of it. Did you do that deliberately to show that there is a left/right support for breaking up the big banks that are too big to fail?

Bartlett Naylor: Yes, sir. I actually said, anybody who's a notable person I'm going to write it down. I actually have not found anybody to say, "You know the world is a better place because Glass-Steagall was repealed." The only argument I've heard is that crash didn't happen because Glass-Steagall was repealed, which is hardly an argument for why it should be repealed. Nobody's told me why the world is a better place because of the 1999 Gramm-Leach-Bliley Financial Services Modernization Act. So yes, it was intentional. But I want to show that there is broad support for the restoration and very sort of fatuous reasons of why we should not restore Glass-Steagall.

Ralph Nader: Bart, let me ask Steve Skrovan a question. Steve, you know Bart is a pretty clear speaker on banking issues. Yet, I can see our listener's eyes glazing nonetheless. And it's always been the problem that has protected the banking industry with their jargon, their lingo, their acronyms, the murkiness of what the Federal Reserve does, the depthless obscurity of monetary policy. What do you think, as a person who was one of the writers of popular television shows, which requires clarity of language and brevity. What do you think the problem is? Do you think that there's still a problem of obscure lingo keeping people from plunging in as ordinary workers, consumers, citizens and engaging themselves in the kind of reforms that Bart and Public Citizen are proposing?

Steve Skrovan: Oh, absolutely. What did you say that the living will of J.P. Morgan was 200,000 pages? Was that right? Or 20,000 pages?

Bartlett Naylor: Yup. No, no. Two zero-zero comma zero-zero-zero.

Steve Skrovan: Yeah, it's meant to bury you. If they're not burying you with the syllables in the words, they're burying you with the number of pages.

Bartlett Naylor: Yeah, that's a lot of pages.

Ralph Nader: And what's the way out here? Because when you see testimony on Capitol Hill Bart, it's the same problem. People's eyes glaze over, and they're sort of talking to a small number of people who understand this specialized language. Before we conclude, do you have any way out to simplify it the way sometimes in our history progressives have managed to do? I think the farmers in 1887, '88, '89 when they were talking about their sub-treasury reform actually reduced it into pretty simple language about the availability of credit under this new proposal of theirs to farmers, who are trying to grow their crops and make a living. Can you very briefly just comment on the language problem?

Bartlett Naylor: Wall Street intentionally mystifies what it does with words that disguise what it's really doing, the gambling and so forth. They use a big word called "derivative." And they used prim terms when there's really a lot of violence taking place. This book was meant to be understandable by Charles Chardonnay. My boss, your successor, wants me to do sort of a graphics version, because he thinks it's still was a little too wonky. And I'm happy to do that other than I'm not exactly Mr. Graphics Guy. But yes, I think Wall Street screws us regularly and sometimes catastrophically. And it does so precisely because we don't engage in its vocabulary. We know about other

things as we should, foreign policy stuff and civil liberties. But Wall Street is just this kind of thing that gives you a headache when you try to understand it. And it's my job to try to make America understand that they need to pay attention to Wall Street. And if I could just make it interesting, that would be two thirds of the battle.

Ralph Nader: And our high schools and colleges should teach a little bit more about banking. You know the old phrase, "Bankers rule the world." And it's not that much of an exaggeration. Thank you very much, Bart Naylor. Give our listeners your contact information. If they want to put in a request and so that on June 22, 2016 they can have a free copy of this paperback sent to them.

Bartlett Naylor: Yeah e-mail toobig@citizen.org. And our website is citizen.org.

Ralph Nader: And it's also going to be online for people, who don't want to feel the pages between their fingers. Thank you very much, Bartlett Naylor, the banking expert for Public Citizen, a group I was very proud to start back in the early 1970s on who's board Steve Skrovan serves pro bono.

Steve Skrovan: Full disclosure.

Bartlett Naylor: It's been an honor. Thank you very much, gentlemen.

Ralph Nader: Thank you Bart. To be continued. Bye-bye now.

Steve Skrovan: We've been speaking to Bartlett Naylor, financial policy advocate for Public Citizen's Congress Watch Division. His book is entitled, [Too Big: The Megabanks Are Too Big Too Fail, Too Big Too Jail and Too Big Manage](#). As always, we will link to it on the ralphnaderradiohour.com website. And you can go to citizen.org for that when it comes out on June 22nd.

That's our show. I want to thank our guests again, Wenonah Hauter, author of [Frackopoly: The Battle for the Future of Energy and the Environment](#) and also Bartlett Naylor from Public Citizen's Congress Watch Division and author of the book [Too Big: The Megabanks Are Too Big Too Fail, Too Big Too Jail and Too Big Manage](#).

If you've missed any of this as a radio broadcast, download this for free on iTunes, Stitcher or anywhere fine podcasts are... well, given away for free. You can also go directly to ralphnaderradiohour.com. And that's where you also find a transcript of this episode. For Ralph's weekly blog go to nader.org. For more from Russell Mokhiber go

to corporatecrimereporter.com. Remember to visit the country's only law museum, the American Museum of Tort Law in Winsted, Connecticut. Go to tortmuseum.org. The producers of the Ralph Nader Radio Hour are Jimmy Lee Wirt and Matthew Marran. Our executive producer is Alan Minsky. Our theme music "Stand Up, Rise Up" was written and performed by Kemp Harris. Join us next week on the Ralph Nader Radio Hour. We'll talk to you then, Ralph.

Ralph Nader: Thank you very much, thank our listeners. As usual spread the word. A listener told me the other day - I met him at Constitution Hall - and he said, how much he liked the Ralph Nader Radio Hour. And I asked him "Why?" He says, because you give us things to do. You don't just leave us hanging, having described the terrible injustice. Well keep doing things. That's what ends up a functioning democracy.