

## RALPH NADER RADIO HOUR EP 389 TRANSCRIPT

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

[Music] 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 co-host David Feldman. Hello, David?

**David Feldman:** Good morning.

**Steve Skrovan:** And we also have the mane of the hour, Ralph Nader. Hello, Ralph.

**Ralph Nader:** Hello.

**Steve Skrovan:** In the first part of today's program we're going to talk about the state of small business in America. Research has shown that between 2007 and 2017 the number of small retailers fell by 65,000. In 2018, more businesses closed than started in the US. Communities across the country are losing their local retailers. Consumers are becoming more reliant on large companies and small vendors are stock selling on Amazon's own marketplace platform.

The mainstream narrative about the decline of small businesses has been that larger corporations are more efficient, offer lower prices, and simply outcompete smaller, local companies. Is that accurate? Or could it be that our government has abandoned its anti-monopoly policies allowing large firms to amass political influence, control over the distribution systems, and the ability to starve local economies in the pursuit of ever larger profits. That's what we'll ask our first guest today, Stacy Mitchell.

She is co-director of the Institute for Local Self-Reliance (ILSR) and she testified before Congress last month about these very issues. Next up we welcome back Jesse Eisinger, Pulitzer Prize winning reporter of *ProPublica*, who is going to tell us how conservative groups are resisting efforts to raise the IRS budget. And when I say conservative, they are conservative in the sense that they want to conserve their vast fortunes. Hundreds of millions of dollars for US Treasury go uncollected every year because the IRS does not have enough resources to audit the wealthy. We look forward to talking to Jesse about all of that.

Then Ralph will answer some more of your listener questions. As always, somewhere in the middle we'll check in with our corporate crime reporter Russell Mokhiber. But first, we always hear politicians extol the virtues of small business. But do they really care, David?

**David Feldman:** Let's go to Portland, Maine where Stacy Mitchell is standing by. Stacy Mitchell is co-director of the Institute for Local Self-Reliance and directs its Independent Business Initiative, which produces research and designs policy to counter concentrated corporate power and strengthen local economies. She recently gave a TED Talk on "Why We Can't Shop our Way to a Better Economy." Welcome to the *Ralph Nader Radio Hour*, Stacy Mitchell.

**Stacy Mitchell:** It's so nice to be here. Thank you.

**Ralph Nader:** Welcome indeed, Stacy. Let's start with the question, what do you mean by local self-reliance? It's a vast series of scenarios as we all know, but let's get your take on it. What do you mean by that?

**Stacy Mitchell:** We think of local self-reliance as the idea that we should distribute more decision-making and authority and power to local communities. This notion that we are concerned that more and more people, local communities and individual people collectively, have very little authority and control over their lives and their economies and their local policies and government. Our goal is to decentralize more of that power to have more of the decision-making and say over economic activity and capacity vested at the local level. And we think that's very much in keeping with democracy and with building healthy communities.

**Ralph Nader:** And what would you like to see ideally start happening at the local level, both in terms of selling, planting, manufacturing and other community institutions [that] are often called the civil society as backup? What's your future scenario?

**Stacy Mitchell:** We see so many places, both urban neighborhoods and small communities, that are really bereft of economic wherewithal and capacity. And a lot of that is because of the incredible concentration that we've seen over the last 30 years across multiple industries where you have a handful of companies, whether it's Walmart, which utterly dominates the nation's food system, as the predominant grocery retailer; whether it's consolidation in manufacturing of all different kinds. I mean, all down the line we have seen one industry after another consolidated into very few hands. And the result of that is that you've got a few places that are home to the headquarters of those big companies that are on the one hand doing fairly well in the sense that they have some degree of white-collar, sometimes well-paying jobs, though they often have lots of poverty and lots of displacement too. So I want to be careful about that. You have a handful of metro areas that are sucking up a lot of the wealth. And then you have vast swaths of the country that are being marginalized and that includes both rural areas in many cases, but also other cities across the country that are really, really derelict.

And so my feeling is that we really need to break up those concentrations of economic power and that we need to distribute ownership and control over the economy much more broadly and there are multiple ways of doing that. One way is to have more small and midsize businesses to actually have much more diversity in terms of businesses. Unions are an important part of that solution too in terms of having working people, having a say over their jobs. And then I think there's a lot more room for various kinds of public and community-owned solutions, whether that's community-owned broadband, for example, which [represents] seven of the 10 fastest broadband networks in the country at the local level, the internet service is provided by either a public entity, a coop or a small provider, not one of the giants. So there's lots of different ways that you can do that. But in general I think the overarching approach and strategy should be how do we break up concentration of power and how do we distribute that power much more broadly?

**Ralph Nader:** Well, I'm sure you're more than interested in just breaking up Amazon's [power] into 10 little Amazons using the same model. Let's go necessity by necessity. What kind of food production and distribution system would come under the definition of local self-reliance? Let's start with food.

**Stacy Mitchell:** Yeah, and I think it's important just to pause here and say that we should have a diverse economy that includes some larger scale enterprises, some regional scale enterprises. And it really varies a lot by the sector. And so this is not sort of an all or nothing kind of thing where you're either at one end of the spectrum or the other. But I think it's fair to say that we have gone really far. The pendulum has swung really far in one direction and there are lots of detrimental impacts to that.

And so when I look at the food sector, I think it would be much more desirable and we would have much more benefit if we had more small scale farms and regional food producers; [if] we had more small and regional scale slaughterhouses, processors, distributors, and that we had a lot more local and regional food retailers. And you really need to have all of those things working together, because the retail piece is as important as the others. We often focus, when we think about concentration in agriculture, on the big Ag processors, but, yeah.

**Ralph Nader:** Yeah, would you include food cooperatives and more backyard vegetable gardens under local self-reliance and food?

**Stacy Mitchell:** Sure, absolutely. Urban agriculture is really important and we're heavily involved in that through our community composting program, which generates really rich resources basically turning food waste in a community into an incredibly powerful soil amendment for local agriculture/community farming efforts. Food coops are important. Independent grocery stores are important. And even small local family-owned chains are important. And again this isn't to the exclusion of having some companies that are larger than that. But I think if we didn't have policies that heavily favored those bigger companies, then we would have a lot more of the smaller scale independent and coops and the other kinds of ownership models, because those businesses are very competitive. It's just that they're operating in an economy where you have a handful of giants that are able to use their market power to essentially push them out of the market.

**Ralph Nader:** And then healthcare; let's go to healthcare. Healthcare is enormously concentrated. The drug companies merged a few giant drug companies: Pfizer, Eli Lilly, etcetera, Merck. And then there's now about three or four giant health insurance companies; hospital chains are getting fewer and larger. They're buying up local cardiology practices and other doctor practices. What would local self-reliance look like in the healthcare and the health insurance industry? They're both separate concepts.

**Stacy Mitchell:** Yeah, we do some work in the healthcare field and we certainly are deeply concerned about consolidation that we're seeing among providers as you describe. Hospitals in particular is really concerning. There are communities now that just don't have hospitals nearby at all. If you need a hospital you are going to be driving for long distances. And [there are] also places where we see hospital consolidation where you've got this dominant provider and the fees and charges are sky high. So this is a serious problem. As you noted we see it in the pharmaceutical sector and we see it among independent pharmacies, which is an area we have focused a lot of attention on because it is a really clear cut example where independent local businesses are superior. I mean, there's a lot of evidence by *Consumer Reports* and others that locally owned pharmacies have lower prices, significantly lower prices on prescription drugs. They provide more attention and better healthcare and they're faster. I mean, there's a whole bunch of metrics in which they just are heads and tails ahead of CVS, Walgreens, [and] Walmart's pharmacies. They're better at what they do and yet we are losing independent pharmacies. And in fact there are a growing

number of communities, particularly communities of color in cities and also in rural areas where there are no pharmacies--no pharmacies of any kind, chain or local nearby. You have to again drive or use mail order or something that's really inferior. And the problem there, I mean, this just is I think is one of the most striking examples of how our antitrust policy has gone so far off the rails. The problem is that there are these middlemen that nobody's ever heard of, but they're very powerful in the healthcare industry and in the prescription drug sector. They're called pharmacy benefit managers. And there are three of these companies that basically have the whole market nationally. And what these companies do is they contract with your insurer and they decide what drugs are going to be covered and what is the pharmacist going to be reimbursed when they dispense that drug to you under your insurance plan. That's what they do. The idea was they were going to save everybody money. Well, lo and behold, all three of those companies own their own retail pharmacies and the biggest one, CVS, obviously is the nation's largest pharmacy chain. So CVS controls the reimbursement rates for independent pharmacies. And you can imagine what has happened. They have slashed reimbursement rates, and in a number of cases, have sent independent pharmacies these letters that say, "Golly, we know it's hard to be a pharmacist these days. Would you like to sell your business?" And sometimes they'll then buy the business and simply shut it down, leaving that neighborhood or that community without a pharmacy and then expect people to use CVS mail order. They also now own Aetna, a major insurance company. And under many of Aetna's plans now, the consumer can only use a CVS pharmacy. And so you're out there in a rural area with no pharmacy and you have to use CVS as mail order because that's what CVS's insurance plan calls for. I mean, this is just a completely rigged system. And in the process we are losing businesses that are fundamentally better at what they do that provide important anchor points in their communities. And that's just one sliver of . . . just one sort of small example of what we're seeing across the economy in one place after another.

**Ralph Nader:** Today's news, page one in the business section of the *New York Times*, Amazon has raced past Walmart in total sales from June 30, 2020 to June 30, 2021, Amazon registered \$611 billion compared to giant Walmart's \$566 billion. And you've been one of the leading critics in the country on Amazon. And that's why your TED Talk intrigues me, because conventional approach here is "Don't you know what Amazon's doing to main street? Don't you know what it's doing to the workers? Don't you know what it's doing to local economies? For heaven's sakes, stop shopping Amazon." And then I see the title of your TED Talk, which was very popularly received in 2012, titled "Why We Can't Shop our Way to a Better Economy." What do you mean by that?

**Stacy Mitchell:** We've been very much conditioned to think of ourselves as consumers, and to really think about when we encounter something we don't like about how the economy operates, we tend to go to our response as a consumer, [i.e.,] "I should buy a different brand; I should stop buying on Amazon," whatever it may be. And as consumers, we are very weak. It's very hard for us to collectively align enough of us in making those choices in order to shift anything. And it's also worth noting that the choices are already very constrained and defined for us and so we have limited options.

And indeed when faced with a company that has monopoly power, I mean, the very nature of a monopoly is that it limits alternatives. So it's a very weak way to approach . . . and ineffective, right? I mean, we've had this overarching sort of consumer mindset. It really took hold particularly in the 1970s and 1980s and you can see, if you go back and look at your news accounts and so on, politicians or our elected officials started referring to us as consumers instead of citizens. And it's

our citizen muscle that we have lost track of. Our citizen muscle is very much atrophied. But that's a very powerful muscle if we can find it again. That's the muscle that can restructure the online market in such a way that Amazon has its extraordinary stranglehold and grip broken, and that Amazon is cut down to size and kept within constraints that do not allow it to amass and abuse extraordinary market power. That would really create the kind of online market that we should have and the kind of economy that we should have. But the only way we're going to get there is if we actually use the power that we have as citizens to change policy. We will never get there with people trying to cancel their Amazon Prime accounts or whatever it may be.

**Ralph Nader:** Well, you've been working with people in Congress who are contributing to our latest resurgence in antitrust interest or antimonopoly legislative interest. What do you see there are and who are your allies? Are your allies the Small Business Administration? Are your allies the National Federation of Independent Business? Are your allies the people who are trying to protect hundreds of thousands of franchisees in these chains like McDonald's all over the country? Who are your allies?

**Stacy Mitchell:** Yeah, I mean we work . . . my organization works a lot with independent small business groups. We helped co-found a coalition called Small Business Rising that's a network of both local and national small business organizations. It includes trade groups like the American Booksellers Association, which is independent bookstores, and North American Hardware and Paint Association, which is all the hardware store, independent hardware stores and paint stores. And then it includes local organizations like Local First Arizona, which is a statewide network of about 4,000 independent businesses. There are a number of those around the country.

And those, you know, what we have found in the work . . . I run, our independent business program, and what we have found over the years is that we are losing independent small businesses. The decline is just steep and really shocking. And that that has lots of consequences. And that the reason for it is not that these businesses can't compete and be successful, not that they're not popular. But in most cases, they are facing corporations that in one way or another have strangled the market, have cornered the market, are able to muscle them out of the market, or otherwise raise their costs, or impede them in various ways, or simply use their political power to get subsidies and tax breaks and so on that small businesses can't get.

And independent business owners experience this but they don't always know how that connects to policy and so we've been trying to help bring together this coalition and businesses across the country to really become engaged. There's an incredible opportunity in Congress right now to pass legislation that would break up and regulate the tech giants including Amazon. And I think that legislation is extremely important and I think there's a real chance to pass it.

**Ralph Nader:** There's a lot of people don't really know one very important power of Amazon. Because it reaches so many people, it's invited a lot of small businesses to get on their platform and sell their products, under which, Amazon gets a huge commission, competes against them, and cuffs them around with fine print contracts. And you have almost half of Amazon's so-called sales come from all of these businesses that are incarcerated in effect on Amazon platform, which is a target, as you know, of the antitrust advocates, antimonopoly advocates, Break Up Amazon advocates in Congress and elsewhere. Can you tell our listeners how this works? And it's almost like an irresistible impulse to be imprisoned by hundreds of thousands of small businesses, because they have no alternative way to expand their reach to potential customers.

**Stacy Mitchell:** That's absolutely right. One of the really essential ways to understand what Jeff Bezos has created, what he has set out to do--I mean, we often sort of mistakenly think of Amazon as a retailer. But really Amazon is an infrastructure company. Amazon has set out to be the infrastructure for the entire economy, to provide the rails, if you will, that other businesses have to ride in order to get to the market. They do that through their cloud services division, which has a huge number of companies and government agencies that now rely on that infrastructure to run their operations. And they do that through the ownership of their online marketplace. Two-thirds of Americans, when they want to buy something online, start at Amazon. It didn't used to be that way. A number of years ago, most people would go to a search engine like Google and they would type in running shoes or whatever the thing is that they were looking for, and they would get a bunch of results. It would include Amazon, but it would include other retailers including independent local retailers in many cases.

Now, because of Amazon Prime, most Americans simply start at Amazon. And if you're an independent business, that leaves you with two options, neither of which is good. You can either sell on your own site and through other platforms. You basically hang your shingle out as it were on the search engines where there is less and less traffic. And it's like a dirt road; there are fewer and fewer people walking by that are even going to find you in the first place. And you're giving up two-thirds of the market right out of the gate. Or you can sell on Amazon's platform and have access in theory to that big part of the market. But as you noted, Amazon absolutely rules that marketplace. Amazon is taking a growing share of the revenue that sellers earn through the fees that it charges. It's now taking one out of every \$3 that sellers earn on the site that Amazon pockets through the fees that it charges. And it also steals their best ideas. It sees a hot-selling product that they have or a new idea that they invented, copies that, and gives its own version top billing in the search results, and on and on and on.

I mean, the news stories are filled with various ways in which Amazon has mistreated and abused and undermined sellers. And what we see is that most actually don't succeed; very few sellers succeed certainly for any period of time. Often what happens is they might have a period of success initially and then as they grow a bit, they sort of get caught by the algorithms and then Amazon starts ratcheting up the fees and in other ways is manipulating their business, and then they quickly fail at that point. And people sometimes say, well, doesn't Amazon, isn't it killing the golden goose? Because this marketplace, all these sellers is incredibly lucrative. It is the most lucrative part of Amazon's business, the fees that it charges on the sellers. So people say, well, you know, isn't it killing its own golden goose, like, what . . . if it's killing off all these businesses, isn't that bad for Amazon?

But the trick there is that there's just an endless stream of new sellers. There are desperate Americans who are trying to figure out how to make a living, who try selling on Amazon. But then there are also a growing number of businesses that are overseas sellers on Amazon that are based elsewhere. Now about half of what is sold by third-party sellers too in the US market are sellers that are actually based overseas. And Amazon has set up a whole ocean-going distribution channel to enable that and so on. And so there is a kind of bottomless pit of folks who come along and want to try that market. And the result is that legitimate small businesses, just go there and lose money.

**Ralph Nader:** Tell people how to access the Institute for Local Self-Reliance. And I take it you're mostly funded by foundations and contributions. Is that correct?

**Stacy Mitchell:** That's right. We're about 85% foundation funded and then we have contributions from individuals and that makes up our funding. We don't accept corporate money. And you can find ILSR, the Institute for Local Self-Reliance, by going to [ilsr.org](http://ilsr.org). And you'll find most of our work on Amazon if you then click on the Independent Business Initiative, and then under that Initiatives menu bar you can find energy and work on some of the other topic areas that we talked about. And then if you're interested in getting involved in the fight around the big tech legislation in Congress and the antitrust movement, we'd also encourage you, particularly if you're a business owner or you know business owners, to get involved with this coalition that we've helped found called Small Business Rising, which is [smallbusinessrising.net](http://smallbusinessrising.net). And in terms of our funding, we are over 80% foundation funded and the rest comes from individual donations.

**Ralph Nader:** Unfortunately we're out of time here. Thank you very much. We've been talking with Stacy Mitchell, Director . . . indefatigable Director of the Institute for Local Self-Reliance with staff out of Maine and around the country. Tell us once more how people can access.

**Stacy Mitchell:** Yes. Our website is [ilsr.org](http://ilsr.org).

**Ralph Nader:** To be continued. Thank you, Stacy.

**Stacy Mitchell:** Thank you so much.

**Ralph Nader:** You're very welcome.

**Steve Skrovan:** We have been speaking with Stacy Mitchell. We will link to her work at the Institute for Local Self-Reliance at [ralphnaderradiohour.com](http://ralphnaderradiohour.com). Let's take a quick break. When we come back, why do we need a strong IRS? But 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, August 20, 2021; I'm Russell Mokhiber. David Sackler, one of the billionaire owners of Purdue Pharma, vowed in court this week that the Sackler family would walk away from a \$4.5 billion pledge to help communities nationwide that have been devastated by the opioid epidemic, unless a judge grants it immunity from all current and future civil claims associated with the company. That's according to a report in the *New York Times*. Absent that broad release from liability, Sackler said the family would no longer support the deal that the parties have painstakingly negotiated over two years to settle thousands of opioid lawsuits.

"We need a release that is sufficient to get our goals accomplished, and if the release fails to do that, then we will not support it," Sackler said. 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. Mainly people on the right wail and gnash their teeth whenever they hear the phrase "defund the police" that applies to street cops. But many of those same people have no trouble taking the cops off the white-collar tax beat. They want to defund the IRS. David?

**David Feldman:** Jesse Eisinger is an award-winning senior reporter and editor at *ProPublica*. He and a colleague won the Pulitzer Prize for National Reporting for a series of stories on the questionable Wall Street practices that helped make the financial crisis the worst since the Great Depression. He is also author of the *The Chickenshit Club: Why the Justice Department Fails to Prosecute Executives*. Welcome back to the *Ralph Nader Radio Hour*, Jesse Eisinger.

**Jesse Eisinger:** Hi, thanks for having me today.

**Ralph Nader:** Welcome indeed, Jesse. There's a lot to cover here. We've had programs including John Koskinen, former IRS chief, on tax issues. And people are pretty well attuned to how the rich and powerful and the corporations both avoid and evade taxes. They avoid taxes because they help write the tax laws with the loopholes and the escape clauses. And they evade taxes because . . . and this is the subject today: The IRS is extremely restricted in terms of its budget. Since 2011, the Republican dominated Congress has starved the IRS knowingly and willfully, in my opinion, in ways that expose them to the charge that the Republican Party and its right-wing groups around the country, supporting the restriction of the IRS budget, are aiding and abetting tax evasion. That's where I'd like to start with you.

Could you describe how the IRS is strapped, what the prospects are for expanding the budget with the Biden proposal, and the recent counter attack that was reported in the *Washington Post* July 9th by so-called conservative groups, basically corporate-funded groups, to launch a major assault on any effort in Congress to expand the IRS budget

**Jesse Eisinger:** Sure, I'm happy to do so. So my colleague, Paul Kiel, at *ProPublica* and I have been covering the . . . what we call the gutting of the IRS since 2018. This is a story that really accelerated in 2010. The Republicans have been turning against the IRS since the Gingrich years in the mid-1990s. The Contract with America called for cuts to the IRS budget, but this really accelerated, the recent story accelerated in 2010 when Republicans took over Congress in the Tea Party wave. Obama was president, of course, but Republicans started really cutting the budget substantially that year and it accelerated. And it accelerated for several reasons. One was that in negotiations to reach some kind of bipartisan budget deal, there was a freeze on all government spending and that hit the IRS in particular.

A big reason also was that Obamacare called for administration of the massive healthcare insurance program from the IRS. And the IRS was saddled with enormous amount of new responsibility. The Republicans, as everyone knows, all the listeners will know, were adamantly opposed to Obamacare. And having been unsuccessful in the courts and unsuccessful in the legislature to repeal Obamacare/to block Obamacare, they decided to block the funding of it and the administration of it by attacking the IRS budget.

And then finally there was something of a ginned up scandal that Koskinen, who you mentioned earlier, came in to be the commissioner to sort of "clean up the IRS." It was a ginned up scandal about how the IRS was supposedly targeting Tea Party groups for excessive audits. This was really a fiction but it was a pretext and that accelerated the IRS budget. So the result of this steady cutting of the IRS is a gutting of the agency to where it's a shadow of its former self. And I can explain a little bit about how substantial the cuts have been.

**Ralph Nader:** Yeah, well, we want to do that subsequent review of the charges of the Republicans that the IRS was selecting unfairly conservative groups to audit showed that they were also

auditing liberal groups or whatever designations. They weren't engaging in political partisanship. Anybody who knows anything about the IRS knows that they're very sensitive to performing in a way that allows people to accuse them of being pro-Republican or pro-Democrat or pro-liberal or pro-conservative.

When it comes to cutting the IRS budget, people know what it's about from waiting for hours to get on the phone to the IRS agents to get their questions answered. They know how long it takes to open up an online account. They know it from the consumer interface. But I would like you to talk, Jesse, about the serious decline in audits of giant corporations straddling the earth, picking tax havens, escaping this banks and big insurance companies and manufacturing companies and so on; and how the super-rich manage to park a lot of their money overseas. And if they can't avoid taxes because they've got their own loopholes through Congress, they evade them and get away with it because there just aren't the investigators and auditors around. There has been in tremendous decline in that rich area of potential enhanced tax revenues to the US Treasury so that the deficits can be reduced for our children and some of the money [could] be used for infrastructures. So it all has a circular effect on life in America. Go ahead.

**Jesse Eisinger:** Yeah, that's absolutely correct. The IRS budget is collapsed and with it there's been an exodus of IRS employees. Tens of thousands of people have left including mainly the most talented and sophisticated auditors, the ones the revenue agents who really understood how to audit the wealthy and large corporations. They were the ones that were most attractive in the marketplace. So the substantial brain drain in institutional knowledge that's gone out the door is understated by the even the tens of thousands of employees who left. Audits now have collapsed to 80% for the wealthy of where they were at their heights in 2010. The largest corporations in America used to be audited every single year. Now, the audit rate is about 50% of the largest companies, a little bit lower, and that again that overstates things because the audits are thinner now. They don't cover as many topics. They're not as wide ranging. Often the IRS needs to signal what they're going to audit ahead of time, which of course gives everybody the ability to get their ducks in a row. And so now the state of affairs is so catastrophic that we have fewer auditors than at any time since World War II when the country of course was less than half the size and the economy was less than a seventh of this size. And your chances of being audited now, if you are a member of the working poor, somebody who gets one of the earned income tax credits that you get as one of our most successful and wide ranging anti-poverty programs, your chances of being audited if you are a member of the working poor now is greater than if you make \$500,000 a year. So the audits are now disproportionately of the working poor. Forty percent of what the IRS does to audit people is of the working poor. And so that's the state of affairs. The wealthy are seeing fewer and fewer audits; they're thinner and less aggressive. And the really aggressive audits are of the working poor today.

**Ralph Nader:** So we're talking hundreds of billions of dollars of escaped tax payments. And of course as the years go on, the corporate accountants and the tax lawyers begin widening their license to avoid or evade taxes. And people get bitter because they see the double standard as you say. If you're [in the] earned income credit bracket you're more likely to be audited. And why then is the Biden administration, which has put forward an \$80 billion, 10-year increase-- that's eighty billion a year, to the IRS budget, which budget is now between 12 and 13 billion, which is slightly less than the cost of one aircraft carrier--running into great trouble in Congress? Why hasn't Biden

replaced the head of the IRS, chosen for Trump purposes by Donald Trump? Why is he still in charge?

**Jesse Eisinger:** Yeah, the current commissioner is a guy named Charles Rettig who was a private tax attorney and who represented wealthy people, especially people who are getting audited. I don't really think he is part of the problem frankly. In fact, he has been requesting as commissioners before him--a succession of Republican and Democratic commissioners before him had been requesting, begging Congress for more money for many years now. And Rettig is no different. He says, as you just referred to reference, there's a tax gap of money that is owed to the government that the government is not collecting or unable to collect. And the latest estimate, which is years old, officially is \$600 billion a year. But Rettig has recently said that it's probably about one trillion dollars.

And this is not taxes that we should raise if we raise the rates. This is stuff that's owed today that we're not collecting, including from people who make over a million dollars a year and owe over a million dollars in taxes and don't file their taxes, and we're still not collecting it from them. There's many, many people . . . thousands of people like that in the United States. So Rettig, I don't think the problem is. The problem here is that Republicans are still blocking any effort from the Biden administration to increase the IRS budget. The Biden administration wanted to allocate an additional \$80 billion over the course of I believe 10 years to the IRS, which would really bolster the tax collection system and the auditing, of course. This is a reclamation project that's going to take many billions [\$] and many, many years, so that would be a start. But the Republicans are blocking it. In part they're blocking it because of *ProPublica's* series of stories that we've just launched this year on "The Secrets of the Super Wealthy" based on a vast trove of IRS data that we collected that showed that Jeff Bezos has paid zero taxes in two recent years and Elon Musk has paid zero in taxes. And we did an unprecedented calculation of the wealthiest tax rates compared to their growth in wealth and found that they pay 3.4% when the typical American pays about 14%.

**Ralph Nader:** Jesse, how can they get that report? Give the website. So we're . . . it's at *ProPublica* and it's called "The Secret IRS Files" and it's a series of stories we've launched this year based on unprecedented data, specific tax information data on the wealthiest Americans.

**Ralph Nader:** Well, the IRS director, he is changing his colors, because as you pointed out, he came from the world of corporate tax attorneys carving out this and that for his clients and that's one reason why Trump put him in charge. But isn't it true that the original proposal to expand the IRS budget that Biden sent to Capitol Hill was incorporated in a larger infrastructure bill? And it was presumed until about a month ago that the Republicans were going to go along with expanding the budget. And then something happened, then he turned against it. And the Democrats dropped it from the overall bill and put it on the shelf temporarily. Can you elucidate that?

**Jesse Eisinger:** Yeah, that's exactly right. There was a burgeoning bipartisan agreement to come up with the infrastructure bill and there were negotiations. And part of that was going to include massive amount of new funding . . . well, not necessarily massive but a substantial amount of new funding for the IRS. And then, you know, essentially a bunch of anti-tax conservative groups woke up to this and started writing letters and lobbying against this, including Grover Norquist, but several others like the Club for Growth. And really all it took was a letter or two from these guys

to say What are you, crazy? Why are you giving the IRS more money? They're just going to have more power and that's going to mean more audits?

There wasn't a pretext of concern that the IRS couldn't be trusted with data because people are making assumptions about where the data that we obtained came from and why. I think most of those assumptions are unsafe assumptions and poorly thought out and erroneous, but we're not getting into what specifically is erroneous about them. But all they needed was a pretext. I mean, you have to understand that 40 or 50 years ago there was a bipartisan consensus among Republicans and Democrats that we needed an adequately funded, functioning tax collection system in this country that disproportionately audited the wealthy because that's where the money is. And that bipartisan consensus has collapsed. And now Republicans are really against the IRS, against tax collection, against audits, and they kind of woke up and remembered that they were against it and drew their support for increasing the IRS budget so the infrastructure bill looks like it's going forward without any increase to the IRS's budget.

**Ralph Nader:** Well, they know exactly what they're doing, and I think it's fair to say that part of what they're doing is aiding and abetting tax evasion on a massive scale. Would you agree?

**Jesse Eisinger:** Well, I think it's certainly the case that if you want the wealthy to pay their fair share you have to do two things. You have to change the tax laws as they exist because it's easy to avoid taxes if you're super wealthy without breaking the law. But there is substantial law-breaking/estimates of substantial law-breaking, and we need an enforcement mechanism to encourage people to pay their taxes. Today we do not have an enforcement mechanism. We essentially are allowing our tax collection to be lawless and unpoliced. So in this kind of environment, you have to imagine that evasion is thriving. It's very hard to say exactly who and how much because we just don't know. It's really outside of . . . it's not visible to us.

**Ralph Nader:** As someone once said, Jesse, it's defunding the tax police so they can't go after the violators and the evaders of tax payments that are due to the US government. I mean, it's like defunding the police only it's defunding the tax police, so they don't have the auditors, they don't have the investigators, they don't have the litigators and they've strip-mined enormously the IRS from being able to do that. Imagine you're a giant corporation and you're operating in all kinds of countries and you can shift profits here and shift costs there and defer and do all that.

And you know that the chance of an audit is one-seventh or less of what it was 20 years ago; you're going to do more of it. There are no cops on the beat!

**Jesse Eisinger:** Yeah, absolutely. There is a successful defund the police and there's a successful prison abolition movement in this country. It's for the wealthy and it's for CEOs. It's for tech moguls, and pharmaceutical executives, and opioid manufacturers, and the billionaire families that are behind that. And they won. They've gotten the cops off the beat. There's no question. And that's what my book is about, *The Chickenshit Club* about why we fail to prosecute white collar criminals. And the tax picture is another part of this. They have gutted the regulatory framework and they've gutted the government and now we've let loose the criminals.

**Ralph Nader:** Before we get to Steve and David's comments or questions, we've been talking with Jesse Eisinger. Jesse is one of the great reporters of corporate crime, fraud and abuse in America. And his book, *The Chickenshit Club* should be read by anybody who wants to get angry enough to turn around their senators and representatives and say, get real here; start collecting a

trillion dollars of uncollected taxes every year so we can put it in rebuilding America and reduce the deficit on our children and grandchildren. You would think that would be a winning political argument for some of these people running for office, Jesse. Steve?

**Steve Skrovan:** Yeah, Jesse, when conservative groups, and actually I hate to use the conservative because it's not really a conservative in principle; they're just trying to conserve their own power. Let's say when right-wing groups or politicians are talking about money in politics, there's the pretext, the excuse [using] the First Amendment. It's a First Amendment thing for not funding the IRS. What is the pretext? What is the excuse? How do they sell this on some higher moral principle?

**Jesse Eisinger:** That's a very good question. I mean, one is that the IRS can't be trusted with more power. So there's been a narrative that the IRS has been corrupted and we were referring to the Lois Lerner scandal in the Obama years where there was an idea that the IRS had become a weapon of the Democratic Party in the Obama administration to go after its political enemies. That's a very potent argument. There was a strain of it in the late 1990s where there were hearings, really kind of salacious and dramatic hearings with people behind anonymized screens with disguised voices because they were supposedly so afraid of the black helicopters and thuggish IRS agents who were abusing their power. So there is a notion that there is an abuse of power and an invasion of privacy that comes from the IRS. And so there's certainly that element and then there's an idea that lower taxes provides economic growth. And that doesn't really follow that we should not enforce the tax rules that exist today, but they really haven't bothered to articulate any underlying intellectual argument for why we shouldn't enforce the existing rules as much as just saying that the IRS is an abusive bureaucracy and needs to be stopped.

**Ralph Nader:** Well, there have been instances where the IRS has abused its power over the decades, but that's to be corrected specifically. But that has nothing to do with a trillion dollars of uncollected taxes. It's just the reverse. That's stripping the IRS of the ability to collect taxes, which millions of Americans pay regularly and other superrich and big corporations do not pay regularly.

**Jesse Eisinger:** I mean, there were in the Nixon years, Nixon did have some abuses of the IRS. But post Nixon there've been reforms to the extent that there are only two political appointees at the IRS of the many tens of thousands of employees. And the political appointees don't have that much power. So it's not the kind of bureaucracy that can be weaponized in contrast to the Department of Justice which was really weaponized under Trump and Bill Barr especially with a lot of political appointees and a lot of people who were willing to investigate Trump's enemies and protect his friends. And, you know, there was a deputy attorney general who almost tried to overturn the election, Jeffrey Clark. But the IRS's bureaucracy has really been insulated from political abuse and weaponization since Nixon. I'm not familiar with any really substantive abuse of power scandal since then. I don't regard the Lois Lerner purported scandal as an example.

**Ralph Nader:** David?

**David Feldman:** There's so much clarity in this conversation. Can you hear me?

**Jesse Eisinger:** Yes, I can hear you.

**David Feldman:** Yeah, there's so much clarity and it's so frustrating because the messaging for the Democratic Party is right here in this conversation. Ralph said "defund the police?" Well, the

IRS, the justice, that is the police. And I don't understand why our side, whatever our side is, can't message the way the right-wing does. I guess the question I'm asking is does this go back to the Powell Memo? Did they purposely try to run on law and order and get Americans terrified of crime on the street? Is it that calculated? Get Americans terrified of crime on the streets, so they won't focus on, as Ralph says, "crime in the corporate suite." Is it that calculated?

**Jesse Eisinger:** Well, I think these are questions that are a little bit above my paygrade about political messaging. I'm just a reporter. We're nonpartisan; we're not policy advocates. But I would say that there was a revelation that the IRS became a nexus for administration of bureaucracy even before Obamacare. But Obamacare was a really crystallizing moment for Republicans. And they realized if the Democrats are going to give the IRS increasing amounts of power to administer the biggest antipoverty programs--the Earned Income Tax Credit and Obamacare, or the big government healthcare program. Then if we go after the IRS, we're really going to cut things off at the source. And we don't have to cut the budget for these things, we can gut the running of these programs. We can cut the bureaucracy for the programs. So it was a very smart strategy that Republicans employed. I assume that they understood the end goals of their strategy. And the other politically astute aspect of this is that Democrats ran away from the IRS because the IRS is not particularly popular. Defending the IRS puts the Democrats in a slightly untenable position. Nobody really likes to pay taxes and nobody likes the tax man even if we think of it as an obligation for civil society or the price we pay for a civilization, which is the famous Oliver Wendell Holmes quote. And so the Democrats ceded to these cuts because they were put in a political position of having to defend the audits, defend the jackbooted thugs of the IRS against their depredations. And the Republicans were on the side of the average person not being dunned by the taxman.

**Ralph Nader:** The point that David made on that lack of messaging; I mean, it is amazing that the Republicans right now in Congress are not paying a political price for aiding and abetting superrich tax evaders and global corporate tax evaders. You would think the Democrats would know how to pin them against the wall on that.

**David Feldman:** The IRS would be popular if they were going after Al Capone the way they did. And to me, Jeff Bezos is Willie Horton. If they had the courage of the Democrats; if Jay Carney weren't working for Jeff Bezos, the Democrats could run a campaign that portrays Jeff Bezos as more dangerous than Willie Horton. That's real messaging, Ralph, right?

**Ralph Nader:** Well, I mean, if people who pay their taxes, the vast majority pay their full taxes - a lot of it is withheld - they don't like the idea that these super billionaires are going into space and paying no taxes. I mean, for two years, according to your report Jesse, Bezos paid zero taxes. Is that right? federal income taxes, rather?

**Jesse Eisinger:** That's correct. In 2007 he paid zero in federal income tax and more importantly, over the course of the last five years, he's paid a tiny fraction of his growth in wealth in federal income taxes. So he really is outside of the tax system.

**Ralph Nader:** Okay, so you poll that it'll come in at 90%, which includes a lot of conservative voters. I don't understand why the Democrats are so shy about making this a law and order, stop the tax evaders at the highest level of zillionaires and global corporations. Well, we're out of time. We've been talking with Jesse Eisinger. And Jesse, before we leave, tell us the title of your book

and the website so people can really dig in. This is the greatest amount of tax information about the superrich ever made public, listeners. And you'll want to look at this website. Go ahead.

**Jesse Eisinger:** Yeah, so I work for *ProPublica* and it's at [propublica.org](http://propublica.org) and the series is called "The Secret IRS Files." And we're going to be publishing stories all year and probably ~~until~~ into next year on the wealthy and their tax avoidance. And my book is called *The Chickenshit Club: Why the Justice Department Fails to Prosecute Executives*, and it's about the decades-long collapse in white collar [crime] enforcement in this country.

**Ralph Nader:** Which continued with the recent deferred prosecution agreement, a sweetheart deal that the Trump Justice Department, just before they left office in January, dealt out to the Boeing crime scene on the 737 Max's. And it was conducted by a right-wing judge in Fort Worth, Texas where Boeing has almost no presence, selected by the [US] Justice Department and by a federal prosecutor who, after she signed off on the sweetheart deal without even a monitor being appointed for the term of the non-prosecution agreement, jumped ship and went to work with Kirkland [ & ] Ellis that happened to be the corporate defense firm for the Boeing Corporation.

So that's another major footnote to your book *The Chickenshit Club*, Jesse, and keep up the good work. A lot of the work you do is unsung but it's some of the most penetrating exposés of corporate crime and its influence over government law enforcers that has ever been done. Thank you.

**Jesse Eisinger:** Thank you very much. That's very flattering. Thanks for having me back on the show.

**Ralph Nader:** Thanks, Jesse.

**Steve Skrovan:** We have been speaking with Jesse Eisinger. We will link to his work at [ralphnaderradiohour.com](http://ralphnaderradiohour.com). Okay, let's do some listener questions, David?

**David Feldman:** This first one comes to us from Ryan Tamoush. "Dear Ralph, I'm a young Veterans for Peace member and a member of your Congress Club. I've been writing into my representatives routinely utilizing your template letters. Recently I suggested to my community of Veterans for Peace members that we do the same. I created some template letters that direct attention towards the implications of climate change by perpetual militarism. Being a new member, I've been lacking the backing. I was told by another member that you are on the board of advisors. Is this true? Why doesn't Veterans for Peace and Congress Club share this method of engaging with representatives of respective members? I feel that this would be a way of intensifying our approach to this dire situation. What are your thoughts?"

**Ralph Nader:** Quite a few thoughts, Ryan, very compressed communication. Number one, I'm interested to know whether the template letters are getting a response from your representatives in Congress. If they are, please send us copies. Second, I am a member of Veterans for Peace; I'm a contributor. I give them gratuitous advice from time to time but I'm not on the advisory board of that very fine organization, Veterans for Peace. And your idea of a collaboration with the Congress Club is terrific. Members of Congress may reject letters by constituents back home, but if they're associated with people who are veterans, signing the letter, maybe they'll have second thoughts. So thank you very much for that. Keep it up. But let us know what the reaction is from Congress.

**Steve Skrovan:** Yeah, that's a general thing for all Congress Club members is give us the feedback. Sometimes there's no feedback; let us know that. But let us know how they respond and then we'll take it from there. Thank you for your questions. I want to thank our guests again, Stacy Mitchell and Jesse Eisinger. 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." You can have a lot of good stuff there this week. A transcript of this show will appear on the *Ralph Nader Radio Hour* website soon after the episode is posted.

**David Feldman:** Subscribe to us on our *Ralph Nader Radio Hour* YouTube channel. And for Ralph's 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:** For a copy of *The Day the Rats Vetoed Congress*, go to [ratsreformcongress.org](http://ratsreformcongress.org). And also check out *The Ralph Nader and Family Cookbook: Classic Recipes from Lebanon and Beyond*. We will link to both of those at [ralphnaderradiohour.com](http://ralphnaderradiohour.com).

**David Feldman:** Ralph Nader wants you to join the Congress Club. Go to the *Ralph Nader Radio Hour* website. And in the top right margin, click on the button labeled Congress Club to get more information. We've also added a button right below that with specific instructions about what to include in your letters to Congress.

The producers of the *Ralph Nader Radio Hour* are Jimmy Lee Wirt and Matthew Marran. Our executive producer is Alan Minsky.

**Steve Skrovan:** Our theme music "Stand Up, Rise Up" was written and performed by Kemp Harris. Our proofreader is Elisabeth Solomon. Our associate producer is Hannah Feldman. Our social media manager is Steven Wendt.

**David Feldman:** Join us next week on the *Ralph Nader Radio Hour* when we'll welcome Paul Sabin to discuss his new book, *Public Citizens: The Attack on Big Government and the Remaking of American Liberalism*

Thank you, Ralph.

**Ralph Nader:** A real groundbreaking book. And by the way, the Tort Museum is open partially now in the COVID era on Sunday from 1 p.m. to 5 p.m. For those of you who are in New Jersey, New York, and New England area. Go to [tortmuseum.org](http://tortmuseum.org) and bring the family.

[Music] Stand up, stand up, you've been sitting way too long

Stand up  
Oh, you should  
Oh, step up  
Step up,  
Step up  
I think that you should step up

Rise up  
Rise up and take all the power

Stand up, stand up, you've been sitting way too long

Stand up

Stand up

Step up

Step up

You ought to step up

Rise up

Rise up

I know you ought to rise up

Stand up, stand up, you've been sitting way too long

Stand up . . .

Oh, step up

Step up,

I think that you should step up

Rise up

Don't let the system pull you down

Stand up, stand up . . .