RALPH NADER RADIO HOUR EPISODE 105 TRANSCRIPT

Steve Skrovan: Welcome to the Ralph Nader Radio Hour. My name is Steve Skrovan along with my co-host David Feldman. How was your day been so far, David?

David Feldman: Considering I was once again passed over for the Supreme Court, I'm doing pretty good.

Steve Skrovan: Once again. That's tough. That's very tough. Of course, we have the man of the hour Ralph Nader. Hello, Ralph?

Ralph Nader: Hello, Steve. Hello, David.

Steve Skrovan: You must be as disappointed as I am that David was passed over for the Supreme Court, too.

Ralph Nader: Well, I think Judge Garland's going to be passed over if the Republicans remain intransigent and don't even give him a hearing in the Senate. We'll see.

Steve Skrovan: We have another fascinating show for you today. Talking about stuff, you don't hear on other shows. In the second half of the program, we're going to talk Rick Hind. He is the Legislative Director of Greenpeace USA who is an expert on toxics. And I'm not just talking about the stuff coming out of the Republican Party. This is especially germane these days in light on what's going on in Flint and outside of St. Louis and Porter Ranch, California and elsewhere. We're also going to knock out more of your listener questions as well as check in with our good friend, Russell Mokhiber, the Jim Rockford of the Corporate Crime beat. First, we're going to talk about the "C" word. That's right, you know what I mean - The "C" word, Capitalism. Capitalism can be a very dirty word in progressive circles and our first guest is going to talk to us about how capitalism, the "C" word can be broadened to benefit the "L" word, labor. David?

David Feldman: Robert Ashford is Professor of Law at Syracuse University, College of Law where he teaches subjects having to do with the intersection of law and economics. Professor Ashford is authored and co-authored articles, books and monographs on various subjects including banking, binary economics, professional responsibility, public utility regulations, socio-economics, security regulations and tax law. His most recent work puts forth the idea that capital can be democratized to the benefit of everyone, not just the cigar-smoking fat cats. Welcome to the Ralph Nader Radio Hour. Robert Ashford.

Robert Ashford: Thank you very much, and hello to everybody. It's an honor to be here.

Ralph Nader: Thank you very much, Professor Ashford. Before we get going, I want to note that someone once said, "The problem with capitalism is there are not enough capitalists." Unfortunately in our culture, most people think of the predominant source of their income is going to be their wages or salary. They may have a pension later on after they retire. They may have some or few savings, or they get some interest rate to help pay a few bills but they don't grow up in an educational system that educates them about having a participatory role in owning capital and receiving the returns from capital, whether they are capital gains or interest rates or dividends. Our law professor today, Robert Ashford, has spent a lifetime trying to convey that apart from the concentration on wealth and income at the top that there are ways where people over time can have a stake in capital, and not only get salary and wages but they get return on capital. The problem is one of communications. I'm sure some of our listeners have tried to listen to people who are deep into monetary policy and tried to explain monetary policy or the gold standard, and they just sort of phase out. Anytime anything is talked about regarding capital. It tends not to be clearly received in people's minds, so as Frank Luntz once said, "It's not what you say; it's what they hear." This segment that we're going to have right now with Professor Ashford is going to clarify exactly what he means here in terms of every person can be a capitalist. You want to state the thesis and make it really meaningful to people in an era of almost zero interest rates on their meager savings.

Robert Ashford: Thank you. That's an excellent introduction. I want to start by saying that the essential role of the lawyer or any fiduciary or anybody is looking out for the poor and the middle class is to help them identify and secure their essential rights and responsibilities. The most important economic right that people need but do not know they need is the competitive right to acquire capital with the earnings of capital. I will say that again, *the competitive right to acquire capital with the earnings of capital*. That may seem as an esoteric right, but the reality is the Cold War was all about whether the competitive right to acquire capital with the earnings of capital would remain privatized - that's the essence of capitalism - or whether it be outlawed. If it's important enough to go to nuclear war over, it's certainly important to explain to people why the competitive right to acquire capital with the earnings of capital is important for everybody. That's the basic thesis. There is an economic component to that, which is in a sense new in the history of economic thought. You won't hear it from the left. And you won't hear from the right. And that is: the more broadly capital is acquired with the earnings of capital - the more broadly it is acquired – there's a promise of a broader distribution of capital income in future years and therefore, a greater incentive to invest in capital and labor in the earlier years.

Ralph Nader: Let me interject right here. Can you explain Mr. Ashford, what you mean by "capital?" I mean in the real concrete terms for working people in the country.

Robert Ashford: Yes. That's one of the great confusions. There are two uses of the word capital in the financial context. One is real capital. And that's what Smith and Marx and Keynes meant – assets. It's what you put on the left hand side of the balance sheet: land, machines, tools, structures, patents perhaps, or an employment contract, if you're employing a football star. That's what you put on the left hand side. Capital does work. Then we have a thing called financial capital. And that's on the bottom right. That's after liabilities of the earnings of capital have been satisfied. So we use the term in two ways, but your listeners need to understand that there is a huge difference between real capital, which does work - just as surely as humans do work - and financial capital which is just the property right claim on the earnings of real capital after the liabilities of the obligations to pay others.

Ralph Nader: Are dividends and interest, capital?

Robert Ashford: Dividends are the earnings of capital, and interest are earnings of capital. And they come from the financial capital, that is to say the property right of an ownership and real capital.

Ralph Nader: Is that what working people start to achieve ownership of real capital with their interest in dividends?

Robert Ashford: Well, actually, it is said that you need capital to acquire capital. That's not true. You need access to a credit to acquire capital. Most capital is not acquired with the earnings of labor. We tell people work hard, save and invest wisely. That's not how most capital is acquired. Most capital is acquired with the earnings of capital. And the capital that buys itself for the rich. It can buy itself even more profitably if the new owners are poor with middle class people. That's the basic innovative principle of this term called Binary Economics. I think a better name might be Inclusive Capitalism. I can try to explain that with the idea of a mortgage.

Ralph Nader: But listen, before you do that, Professor Ashford, let's define capital from the point of view of the wealthy. The wealthy - as everybody knows - get a lot of income from capital. Let's say, you're a very wealthy person sitting in an apartment on Park Avenue. How do you get capital from capital?

Robert Ashford: Well, you probably own a diversified portfolio in America's largest, let's say 3,000 companies. That's financial capital. Stock is financial capitals, securities, preferred stock, common stock, and even bonds issued by corporations is what you call financial capital. That's a claim on the earnings of that company. That company has real assets: land, machines, tools, structures, buildings of various sorts. They may have patents. They employ that, they employ labor. They pay their labor. They pay their rent. They pay their obligations. At the end of all that, there are earnings of the corporation. That's the earnings of capital. They pay some of those earnings out in dividends and some of those earnings out in interest to the bond holders and the rest of people, in New York let's say are owning the certificates - the bonds and the stock certificates that are the claim on the earnings of real capital. I don't know if that makes it clear or not.

Ralph Nader: In other words, if you have financial capital, you really are basing it on the returns on real capital like factories and machines etc.

Robert Ashford: After the liabilities have been satisfied.

Ralph Nader: Right. Continue. Now, we're getting down to tens of millions of people who basically have no capital. They go pay check to pay check. They're in debt, credit card debt. They can't plan for the future. They have great income insecurity. And your proposal - that you've honed over time - is directly targeted on that economic problem possessed, unfortunately, by tens of millions of people in this country.

Robert Ashford: That's right. The way to explain how that can be done is to start with something most people understand, and that's a simple mortgage. Let's suppose somebody wants to buy a house, doesn't have the money to buy it. He goes to the bank. The bank will loan him - that person - the money, if they have two things. Number one: an earning capacity to pay back the loan; and second of all, some collateral, typically the house that they're buying. They bank needs two sources of repayment and will make the loan to the person. Now, that's conventional mortgage and then after so many years, you own the house for being clear. You acquire the house with credit and then you repay it with labor earnings. That's the first issue. Now, let's progress this example. Let's suppose somebody wants to buy an apartment building. Let's say, 10 units in New York, a brownstone. Now, a wonderful thing happens. The bank no longer looks at the earning capacity of the individual. It looks to the earning capacity of the building, because the building will earn from rents after all the expenses are paid. The real capital - that's the apartment building - will throw off an income after all obligations are paid. In this situation, the lender doesn't look to the earning capacity of the person. It looks to the earning capacity of the building. A brownstone can be a risk, neighborhood, vacancies also is a things. But how about loaning to a company that owns 10,000 units? Now, you've diversified the risk of location, a fire, a vacancy, of neighborhood so that's even a better example. Well, that looks real big. How about the earning capacity of America's 3,000 largest companies? That's the Russell index. The earning capacity of 3,000 largest companies is the best long-term credit risk probably in the world. Everybody around the world uses the US dollar for currency. That's a wonderful investment and there's no rich person that has not diversified portfolio in those 3,000 largest companies. That's the most dependable long-term earning capacity. Those companies are requiring capital not with the earnings of labors. Those companies are requiring capital with the earnings of capital. They pay their labor. They pay their rent. They pay their obligation of various sorts and then, in their earning capacity. Almost all capital is acquired with the earnings of capital. When we tell about a little guy or the little lady, work hard, save, invest wisely, that's not how capital is being acquired. The poor people can acquire capital with the earnings of capital just as surely as the rich and we can explain that.

Ralph Nader: Tell us specifically how, who can get a foot in the door and begin owning capital so they can get money from the earnings of capital.

Robert Ashford: In an essence, it depends upon a deeper understanding or what the essence of capitalism is. First of all, I want to comment that in the time that we have talked, rich people, the top one to 1% or tenth of 1% has acquired more capital in the one last minute than most people will see in their lifetime. What have they used? They used corporations. They used trusts. They used lenders. They used somebody called capital credit insurance. They sometimes use some government reinsurance. If you want to sell weapons and things like that abroad, you can get reinsurance. And they use the Central Bank. The same institutions that work for the rich can work for the poor. And that's the principle. Who's going to do this thing? And now, I'm going to shift gears if I may for just a minute to talk about the corporation. The corporation is not a private entity. A corporation is a creature of the state. You can call it a private entity, but it's as public utility as sure as the gas company or the electric company. It would not exist without the state.

Ralph Nader: Giving it a charter -

Robert Ashford: And giving it Limited Liability and giving it perpetual life and centralizing management. Corporations acquire capital with the earnings of capital through three methods. One: retained earnings - that's the earnings they pay, they keep after making all expenses and after paying, giving whatever dividends they feel they need to give, and paying the interest expense. Retained earnings is acquiring more capital with the earnings of capital. About 70 some percent of all new capital of the Russell 3,000 is acquired in that way. And about 25 plus percent is acquired through borrowed money. That's acquiring capital with the future earnings of capital. Because how are they going to pay back those loans to acquire capital? They're going to pay those loans after all expenses in future years - they're going to acquire - almost all capital is acquired with the earnings of capital. The purpose of corporate finance is to enable a company to acquire an asset before it's earned the money to buy it. That benefit can be extended - and I'll explain - to poor and working people. The third way is to sell stock. But when you sell stock, you sell stock essentially to the rich. Here's a sociological point. 1% of the people in America own 40 to 50% of the wealth, 10% own 90%. And that leaves 90% scrambling for the rest, many of them in debt. None of those people can acquire capital with the earnings of capital. They're all shut out of this system.

Ralph Nader: Let me interject there, sort of proxy for our listeners. Trillions of dollars are invested in Wall Street corporations, industrial corporations, banks, insurance companies, the companies that are on New York Stock Exchange. And they're invested by mutual funds and by pension funds. So you have small investors in effect pooling into Fidelity, Vanguard, and workers pooling into their retirement pension funds. I was told, Professor Ashford - were speaking with law Professor Robert Ashford of the Syracuse College of Law - I was told that if you combine the pension holdings of a corporate stock and the mutual funds, it's well over 50% of all the stock of companies on the New York Stock Exchange. So, isn't that a pretty broad base right there?

Robert Ashford: What you're saying are both true and false. I get my statistics from Dr. Ed Wolff at New York University. There are others who've studied it as well. When you look at who owns the pension fund interests and the profit sharing interests and all of the different things - when I say, 1% of the people on 40 to 50% of the wealth, 10% of 90% and 90% left scrambling for the rest - I am including all of that. I think the idea that pension funds and mutual funds democratize capital and create a large broad base of ownership; I think that is not true when you look at the underlying assets and who owns them. I think if these percentages hold, Dr. Ed Wolff's statistics include all of that. Whatever it is - we can step aside from this controversy - whatever it is, most people are earning very little from their capital. For example, the New York Stock Exchange used to advertise 50 million stockholders. But the median stockholder was a 46-year-old white male with $12,000 in the account - that may or may not be a little bit larger today. So, it's a trickle. It's like marbling at the river that's 10 miles wide but mostly only an inch deep.

Ralph Nader: Okay. I detoured you a little bit, but go ahead. How are you going to get people to get capital? Go ahead with your plans.

Robert Ashford: That's the existing notion. Now I want to make two propositions about the corporation. This is another set of misconceptions. It's like the misconception between real capital and financial capital. People, yes - people, "Who owns the corporation?" They'll say, "The shareholders." As a matter of law, that's false. The shareholders own shares issued by the corporation. The corporation is a separate legal entity. And the lender wouldn't loan to the corporation, if it had to consider the shareholders and satisfy all their needs and wants. Shareholders have a timeline of various sorts. Someone may sell stock now. They need to finance a hernia operation or a college education. Some may want to hold forever. Shareholders have no coherent timeline for which they can be considered an entity. The corporation owns its assets and the shareholders own securities in the corporation. That's the misconception in law. The second misconception in law is that the fiduciary duty of the shareholders - to the extent its profit maximizing - is to maximize shareholder wealth. That's not true. If you put aside the issue of social responsibility for a moment, the wealth maximizing duty of a corporation is to maximize corporate wealth. If they do so, the shareholders could decide when they want to sell, whether they want to stay in it, or whether they want to turn management. But their role is limited. They can do those three things: they can sell, they can buy more shares, or they can sit tight or they can vote management. But they cannot control the corporation. The directors of the corporation have to decide whether capital acquisition with the earnings of capital will remain narrow, so that the existing capital acquisition remains concentrated in a tiny group of people, or whether they will broaden their ownership. And my proposition - and this is where you get into the principles of binary economics - is that if the broader capital acquisition with the earnings of capital create incentives to employ more people and employ more labor in the present, because he's responding to the promise of a broader distribution of capital acquisition in the future, then corporations have a natural - even legal - obligation to broaden their ownership.

Ralph Nader: What if they don't want to do this? You're against having the government force them to do this. How are they going to get to home plate on this?

Robert Ashford: First of all, I neither for nor against. I'm just teaching a principle. And then people could decide what they want to do. This is Professor Ashford. Personally, I might want to vote my shares to broaden ownership, because I'm socially minded. I'm not for or against it. I'm simply saying, it is a fact that the more broadly capital is acquired with the earnings of capital, it will throw up more capital income in the future to more people, who will spend that on consumption and that will increase to all the corporations that get involved.

Ralph Nader: No doubt. The question of listeners is probably asking is how is this going to happen, Professor Ashford?

Robert Ashford: I will suggest that it's not going to happen until the concept is more broadly understood.

Ralph Nader: Let's say it is. Let's assume it is. Let's say you fired up tens of millions of people who want to have better livelihoods. And they're going to ask, "How is this going to happen?"

Robert Ashford: Okay. Everybody - that's a wonderful question - so everybody who understands the austerity principle of more jobs. That's the Republican principle. And if everybody understands the stimulus principle, let's call that the Tax and Spend principle - and the Borrow - of the left. Everybody who understand that also understands that the broader distribution of capital acquisition with the earnings of capital will promote growth. So, we have three different theories of how to create more jobs for people, how to create more affluence. They're all three equally respected. Okay, let's have a board meeting. And let's have a board meeting conceived of - first of all in the aggregate - we're going to have a board meeting of all

3000 American corporations. We have a capital acquisition plan. We can use retained earnings. We can use borrowed money. The bank will lend us the 3%. We'll pick. We'll get a rate of return of 8 percent. Our duty is to maximize corporate wealth. That's our duty. The shareholders may want us to use it. They want us to use the other. As we're doing that, if Bill Gates comes in and says, "Sell me stock and with the synergy I bring you with Microsoft, it will be even more wealth enhancing." Well, we'd have the duty to consider this plan. And if Warren Buffett comes in, "No, I'll bring you a better synergy." But if Ralph Nader comes in there and says, "Now, I'm representing a group of people that can bring you a benefit that Bill and Warren can't bring you. I bring you your employees, your customers, your neighbors, even welfare recipients right now that are living off welfare distribution and taxing your company. I bring you those people. And after the capital has paid for itself just like a house, the obligation is paid for, or the apartment building. They have earning capacity that will be spent on the goods that you produce."

Ralph Nader: Let me interject here just to clarify. It's not happening now. You've been proposing this. Others have been proposing this. David Cay Johnston wrote the great article on your views a few weeks ago. He is your colleague at Syracuse Law School. It's not happening. It's either got to happen by exercising a legal duty that the corporate managers have according to you to spread it out, or a voluntary virtuousness by the board of directors of some of this companies, or some sort of SEC regulation. It's not happening. The question everybody's asking is how do you make it happen, since it's so logical?

Robert Ashford: Notice the one thing that is not true. It is not true that everybody who understands the arguments for austerity and the argument for stimulus understands this idea. The one thing - if you go to every economic department in the country, "You disagree about many things. But do you think that the broader distribution of capital acquisition with the earnings of capital will throw off more income in the future to people who will spend it on consumption?"

Ralph Nader: Sure.

Robert Ashford: They'll say, "No. We don't agree with that." What the left and the right implicitly agree on is that the broader distribution of capital acquisition with the earnings of capital will *not* promote growth. They are denying a factual proposition.

Ralph Nader: You're saying, "Before you get the how it can happen, you gotta get a consensus that seeps its way into the minds of tens of millions of workers whether they're conservative or liberal." Let me ask you three questions that might clarify things here. Number one: is the zero interest rate - almost zero interest rate that trillions of dollars are receiving that are savings of lower income, middle income people - does that undermine the prospects of your proposal from happening, compared to say a 4 or 5% bank savings interest rate that we used to have?

Robert Ashford: Presently, the lower the interest rate with a regime that concentrates capital acquisition to the earnings of capital in the 1%, accelerates their process of capital acquisition.

Ralph Nader: So it makes things worst.

Robert Ashford: Yes. But a lower interest rate with the understanding that the broader distribution of capital acquisition with the earnings of capital will promote growth and promote employment, then the lower interest rate will help everybody.

Ralph Nader: The second question I want to ask is, what about the proposals - which I'm sure you're aware of - where they say that the US government should give, say $10,000 to every infant that's born in this country and basically under a condition that it has to be invested and that cannot be tampered with until the person reaches 21 years of age. To give them a nest egg and to get them thinking about capital investments and maybe in Treasury Bonds for safety. What do you think of an investment at birth?

Robert Ashford: Let me respond to that by saying that I have to back up for one minute. Investment is always forward looking. You raise financial capital in day one. Build real capital and employ labor to do it in day two, to make goods and services in day three, to sell it in day four. We have this forward-looking process. Most companies - the Russell 3,000 could produce more of what they're producing, had lower unit costs, if only people had the money to buy. The reason that's taught that investors don't invest more is not because marginal costs have exceeded marginal revenues. It's because people don't have the earning capacity.

Ralph Nader: Okay. What do you think of this idea at birth, a nest egg at birth?

Robert Ashford: In that context, addressing the inadequate earning capacity of poor and middle class people by giving them something, will address that. In a sense, it is better than austerity, but I don't believe it would be necessary if people understood this principle.

Ralph Nader: Yeah. But it's a way to get us started, because people say, "Whoa, my little baby, now has a $10,000." And that's taken - by the way - economically it's quite possible to do this if we stop wasting hundreds of billions of dollars on military budgets and corporate welfare and all. Here's my third question. You're familiar with the Alaska Permanent Fund? That's the return from pools of oil that are owned by the oil companies. They have a license from the State of Alaska or the federal government to produce oil and a part of the income from that oil is by Alaska law put into an Alaska Permanent Fund that distributes every year to every woman, child, and man in Alaska anywhere from $1,400 to $1,800 a year. What do you think of that in terms of return on capital?

Robert Ashford: First of all, that Alaska Fund that was setup by Mike Gravel, who was a former Senator from Alaska. He learned that concept from Louis Kelso, the creator of binary economics. In the sense, it is a wonderful opportunity. Governments has terrific wealth, which they could - in a sense - privatize and distribute earnings to people. It's a good concept. Where we differ on this; again, I'm an educator. I'm trying to teach people. The benefits of understanding this principle would make the giving and the re-distribution of capital assets unnecessary, and I think there's much more profit for everybody by understanding this principle.

Ralph Nader: First, It's much more immediate though to the people in Alaska, because it happened. Let me just convey this, because I've had these discussions with the people who know a lot about economics. The problem, Professor Ashford, is they use economic lingo. And they lose people. When David Cay Johnston interpreted your views in this article called "Every Man a Capitalist," and he wrote it for Al Jazeera. You can get it on america.aljazeera.com. And it came out earlier this year. Interesting, he had to use a very primitive example to illustrate your point. And let me just read it. It's very brief. He said, "Professor Ashford, a colleague of mine at Syracuse University College of Law teaches his students that what we call productivity is often a shift in labor performed by people to labor performed by capital. Consider a poor man who holds sacks of grain for a living. If he can save up to buy a donkey, he can carry much more grain. That donkey is his capital. With the increased earnings from this capital, the man can acquire a cart then a truck, and eventually build a short hall railroad. All the while prospering as capital performs more and more labor. The more the man has, the more he can consume, his mud hut being replaced by a house and other signs of prosperity, all made possible by acquiring more and more capital with the earnings of his capital. The trick, of course, is to acquire your first capital and then use it to acquire more and more capital. That's where Ashford's plan comes in." End quote. My point is: David Cay Johnston had to use a primitive example, which most people would take as a story of a small business being undertaken, which is not what you've exactly had in mind. You want tens of millions of workers to have a stake in capital so that they can get earnings from capital. But you see, even he had problems explaining this in modern day terms. Am I being too harsh here?

Robert Ashford: No. First of all, that example he took right out of my writing. And that's one of the things - and I first wrote that example in 1990. But the issue raised has to do with understanding some fundamentals that go all the way back to Adam Smith. If we draw a line in a graph that shows real productive capacity, real production, there's a flat line, Lions are not more productive than they were 10, 000 years ago per capita, tigers not more productive. Humans we're not more productive until they began working with tools. Tools are capital. There's something about technology. Now, Adam Smith's understanding of the relationship bridging capital and the labor is that capital makes labor more productive and so the example would be …

Ralph Nader: Nobody disagrees to that. That is so fundamental nobody disagrees with that. But someone operating…

Robert Ashford: …But there's something very wrong with that perception.

Ralph Nader: Go ahead.

Robert Ashford: And that's what people need to understand. What's wrong with that perception is what's not being said. A better understanding of the role of capital increasing per capita production is you haul a sack a mile, you're exhausted, you put 10 sacks on the horse you can go twice as far in half of the time. The horse is capital. Now, Ralph, I'm going to ask you to do something. I'm going to ask you to represent the horse. And it's your client. And we give it property rights and it's in the work it does. Would you ever concede that the primary role of capital is to make labor more productive?

Ralph Nader: Of course.

Robert Ashford: You would – no, you would say that the role of capital is to do ever more of the work. You would say, "My client, the horse, is doing more work, and it deserves the income." You'd never concede that the role of capital is making the laborer more productive. You would insist that the capital is entitled to its work.

Ralph Nader: If you – you're dealing with metaphors now. Let me bring in the last two minutes - and we can continue this maybe in the future, because we're running out of time, Professor Ashford. Let me bring David or Steve. Are you at all puzzled here? Do you have any questions you want to ask, because this is a great idea to create more wealth and have it shared by tens and millions of people?

David Feldman: Yeah. The idea of that you're born with money - just a little - and the miracle of compound interest - to me it's a no brainer. Steve?

Steve Skrovan: Yeah. I'm a bit confused, because I keep thinking, "Are we talking about worker owned businesses? Getting this down to concrete - I'm a construction worker listening to this show: "How do I become a capitalist?" Or, "How do I take advantage of this?" is what I'm not quite getting.

Robert Ashford: In response to all three of you: Ralph, when you said this is just a metaphor, I think this is where I'm investing a reality in something that you're not seeing. I say that respectfully. Maybe, I'm seeing an illusion and maybe, you got it right. But the horse is doing the extra work and then if you do a truck rather than a horse it's like David's example. The truck is doing the work. It's not an issue of compound interest. And it's not an issue of workers deciding the work hours. It starts with the notion of understanding who or what is doing the work. If you follow the example of the horse and the truck and the railroad car, the reality is that the shift of technology we think makes labor more productive. But the most important thing is technology makes capital more productive than labor in task after task after task, which is why we shift work from labor to capital, and why labor's earning claim on total production is always going down. It's an insight like force equals mass times acceleration. It's not in the prior history. Ralph, if you're seeing it as simply a metaphor, you may be right, but you're missing what has motivated me for 30 years. And we probably do need another half hour on this.

Ralph Nader: Let me just conclude this way. I think what you're saying - one of things you're saying is, "You don't have to be *in business* to get the returns from business. You have to be invested in capital to get the return from capital." The question is how do you get invested? Do buy shares? Do you get interest on your savings that are then invested in capital? Does the government try to redistribute some of this capital at birth? Can we get from all the minerals that we own on public lands, can we get a permanent fund for people the way they do in Alaska? We're talking trillions of dollars of minerals here. There are all kinds of ways to get people to have a stake in capital. They don't just get money from wages and salaries. And many times, they don't get that because they're unemployed or underemployed. But they get a steady stream from capital. So, I think we've gotten somewhere here, but we're running out of time. Maybe we'll see what the reaction is from the listeners. Send us your questions, your suggestions whether you think it's a great idea, how to make it happen. Then we'll have a discussion in the future with our listeners' comments. And then we'll send you those comments as well. Give our listeners your contact information, so they can contact you directly on the website.

Robert Ashford: I'm on the website at Syracuse University. You can get my email from Syracuse University. rhashford@aol.com is also a personal email. I do welcome - I don't know how many flood of people - I hope millions of people have heard this. I know you're running out of time, Ralph. I just want to say that it is the competitive right to acquire capital with the earnings of capital is how it's done. If we sell stock to Bill Gates rather than use retained earnings, it's because he came up with the most competitive offer. And if we sell stock to the employees and the customers and the neighbors and trusts, because we believed that they brought a distribution of capital acquisition with the earnings of capital to promote growth. It's simply the most competitive offer.

Ralph Nader: Okay. If listeners want to react to that last comment in addition, Professor Robert Ashford at Syracuse College of Law, give that email or the best contact slowly once again.

Robert Ashford: Okay. rhashford@aol.com or just go to the University of Syracuse website and track me down.

Ralph Nader: Okay. That's A-S-H-F-O-R-D. Anyway, thank you very much, Professor Robert Ashford. We've got to start thinking big about our economy and how we can bring more people into receiving its benefits for a decent livelihood for themselves and their families. And thank you for a lifetime of advocating such big plans like that.

Robert Ashford: Thank you for your good work too, and you're really wonderful, Ralph. It's wonderful.

Ralph Nader: Thank you again. Bye.

David Feldman: We've been speaking with Professor Robert Ashford from Syracuse University, School of Law. We will link to his work on the Ralph Nader Radio Hour website. We've got Rick Hind from Greenpeace coming up and more answers to listener questions. Right now, let's take a short break and whisk you over to the National Press Building in Washington DC to hear the latest from the tireless, Russell Mokhiber. Russell?

Russell Mokhiber: From the National Press Building in Washington DC. This is your corporate crime reporter morning minute for Thursday, March 17th 2016, I'm Russell Mokhiber. In the victory for consumer, the US Senate has rejected a controversial bill that would've prevented states from requiring labeling of genetic engineered foods and stop pending state laws that require labeling to go in effect. The bill needed 60 votes to pass and only received 44. Opponents of the bill have referred to as the "Deny Americans the Right to Know" or DARK Act and warned that it would favor corporations over consumers. Gary Ruskin of the Group, US Right To Know, called the vote "a victory for consumers and everyone who wants the right to know what's in our food." Ruskin said that the legislation backed by the food industry showed the contempt of our nation's large food companies for their own customers who overwhelmingly support labeling of GMO Food. For the corporate crime reporter, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russell. Our next guest is one of the nation's foremost experts on a variety of toxics issues. Rick Hind is the Legislative Director at Greenpeace USA and for over 25 years has been the go-to source for journalist covering toxics and chemicals security issues. He has testified before congress on multiple occasions and helped lead our successful global campaign to ban some of the world's most dangerous chemicals and prevent new ones from being marketed. Welcome to the show, Rick Hind.

Rick Hind: Thank you. Great to be here.

Ralph Nader: Welcome, Rick. I've known Rick for many years and one of his often lonely issues is the high-risk chemical plants that are all over the country that even after 9/11 the chemical companies refused to abide by certain security procedures, and the government didn't push them very hard as well. Let me, Rick, just lay the predicate here by reading from one of Greenpeace's statements - which you probably wrote - in order to give the background. And then you can fill in the foreground. "One in three Americans is at risk of a poison gas disaster by living near one of hundreds of chemical facilities that store and use highly toxic chemicals. A chemical disaster at just one of these facilities could kill or injure thousands of people with acute poisoning. Of the 12,440 chemical facilities that report their chemical disaster scenarios to the environmental protection agency – EPA - Greenpeace has identified 473 chemical facilities across the US that each put 100,000 people or more at risk. Of those, 89 put 1 million or more people at risk up to 25 miles downwind from a plant. The good news is that there are many cost effective, safer chemical processes already in use that eliminate these risks without sacrificing jobs. Since 1999, more than 500 plants have switched to safer alternatives. But that's not what most chemical plants have done. Even though chemical plant safeguards fail every week, the chemical industry has largely refused to make their plants safer and more secure." So, Rick Hind from Greenpeace, what are the safer chemical processes? Why is it such resistance from most of the chemical companies?

Rick Hind: It's probably most of the chemical lobbyists in Washington rather than the actual facilities. But the safer alternatives are plentiful. One of the lists that you've mentioned of converted facilities includes over 550 water treatment plants that used chlorine gas and now switched to safer methods, such us ultraviolet lights or ozone or just sodium hypochlorite, which is really a liquid bleach minus the poison gas. And even Washington, DC switched its waste water plant 90 days after 9/11 for fear that the 90 ton rail cars it had on site could be a target of terrorists and put about 1.7 million people at risk, including those in the White House and Congress.

Ralph Nader: Because they were very nearby, weren't they Rick? The rail cars full of chlorine?

Rick Hind: Yes, there were about 10, 90 ton rail cars and the manager of the plant said he couldn't sleep at night, because of the fear of how easy they could've been triggered as a weapon against us the way the airline have been turned against this - the airplane that is. And so the president himself, when he was in the Senate, Senator Obama said, "These plants are stationary weapons of mass destruction spread all across the country." And he argued that inherently safer approaches such as ultraviolet light or these safer alternatives - Clorox, for example converted all of their plants between 2009 and 2012 - the president argued that this safer alternative was an integral part of the security and safety of the country and sponsored legislation and even had the

EPA and Homeland Security testify before Congress after he was elected. But most recently, the EPA on Monday issued a proposed rule that only asks about 13% of the chemical industry to assess safer alternatives without even having to send that assessment and feasibility analysis to EPA and leave the rest - including all the water facilities such as Detroit and others that put hundreds of thousands of people at risk - without any new requirements to assess that. And worse, none of them will be required to implement even a feasible safer alternative based on their own analysis.

Ralph Nader: Why would they be so resistant, because if we have a - heaven forbid – a Bhopal India type disaster, tens of thousands of people could die. And then everybody's going to say, "Hey, what did the EPA do? What did the White House do? What did the Congress do?" It'll be a huge backslash against their – shall we say - political careers. I've had a hard time when I hear all your reports over the years, Rick Hind from Greenpeace. What in the world is their pro and con calculation here for not treating this as a major national emergency, which can be prevented with known methods, some of which have been adopted by chemical plants who are more responsible?

Rick Hind: In fact, the President echoed what you've said. He said that they've been lobbying non-stop against these regulations and he said, "It's wrong." We cannot allow the chemical industry lobby it to dictate the terms of this debate. We cannot allow our security to be hijacked by corporate interests. And my only explanation is that they're simply on automatic pilot of laissez-faire policies and weak politicians who cave to that, because when you look at their *specific* arguments they say, "Well, if we were required to switched to something safer, it might shift the hazard somewhere else or it might have some other impact and unintended consequence." And as Obama said when he was in the Senate, "If you implemented a comprehensive policy, you would, of course, correct against that kind of shifting of hazard. But what's to prevent the shifting of that kind of hazard today?" Anyone can build and cite a new chemical facility in a major populated area today and nothing can be done about it as long as they obey existing weak regulations.

Ralph Nader: Rick, let me interrupt you, let me interrupt you.

Rick Hind: Sure.

Ralph Nader: You have a president who as a Senator, who is deeply immersed in this. So, he really agrees with your level of concern. Why hasn't he made this a three-minute part of one of his State of the Union Addresses when he's facing down - all the members of Congress are right there in the House of Representatives, 535 of them who have been so susceptible to the chemical industry lobbyist from Dow Chemical from DuPont and other corporations? It doesn't make sense. If he was like a George W. Bush - he had no clue of what was going on even though he's from Texas which is full of chemical plants - you'd say, "Oh, that's just ignorance. He has to be educated." But Senator Obama, later President Obama knows all this. Why hasn't he made this, say a major press conference or part of his State of the Union Address? And he could've also pointed out all the different ways that these risks would be mitigated with materials, replacement of unsafe material with more safe materials, etcetera - which we'll get into in just a minute. How do you explain that?

Rick Hind: In fact, we have recommended it - that he visit some of these converted facilities like the Clorox facilities or any of the others to make that point. And they took note of that. What we can say is that although we are disappointed in that, he did issue an Executive Order in August 2013 in response to the disaster in West Texas that killed 15 people, mostly first responders. It's now taken EPA almost three years to come up with a proposed rule, which they won't even get to finalize – likely - before they leave office. And we don't know what's going on with EPA. But we do know that the industry has reminded them that in 1995, they chose not to do this. This is all based on clean air regulation, an amendment that is often referred to as the Bhopal Amendment. And so the industry seems to be praying on the fact that the EPA people, who are still EPA who wrote the regulations in 1995 should stick to their guns and not require any new movement towards safer processes, which they have full authority to do. This is - in our view - a weak argument, because the EPA has new information. It has information of the over almost 500 facilities that still put a 100,000 or more people at risk at each case.

Ralph Nader: It's all – by the way- on the website. You want to give the website so people can see what's near them where they're living in terms of chemical facilities?

Rick Hind: Sure. Well, rtknet.org is the website that has the most comprehensive information.

Ralph Nader: Say it again slowly, Rick.

Rick Hind: rtknet.org.

Ralph Nader: rtknet.org and it gives you the geography, listeners. Let me ask you two quick questions, Rick. What about the insurance companies that insure these chemical plants? Why aren't they cracking down? Why don't they have inspectors? I mean they got a lot to lose. And second: since evacuation plans - at least on paper - are required around every nuclear plant, why aren't there evacuation plans required around these potential time bomb chemical plants? Those two questions, quickly please.

Rick Hind: Sure. Well, the insurance industry has really not been playing the private sector regulator of risk here. And one expert in one of the universities told me awhile back it's because they don't charge the policy prices they should. It's because they're in competition to get the policies. And so there's really not the kind of risk analysis or restrictions on these companies that there should be. And of course some of them are self insuring themselves. On the other hand, Dow Chemical sold off all of its chlorine, a division in last year to Owen Corporation. And that doesn't change the risk profile around their facilities, because it will still be operated by Owen on site, but it does distribute the liability to someone else.

Ralph Nader: You point out to a practice. You know, DuPont has done this over the years. And they get a really dangerous chemical that they're producing. They'll spin it off into a small company that doesn't have much assets. That's the technique of avoiding the impact of litigation or inducing regulation. What about the evacuation plans? Have you ever proposed that there be evacuation plans ready in case these fumes start heading toward people outside the plant?

Rick Hind: Yes. In fact, we recommend that - and unions who are part of the coalition that we're part of, the Coalition to Prevent Chemical Disasters - has recommended that there be a study of the lack of capacity to actually respond and evacuate communities. And that has not been done. This proposed rule does have evacuation exercises in them, but they're not as comprehensive. And we think that if an analysis of the lack of capacity were done, it would really open people's eyes to the fact that they wouldn't be able to outrun these poison gasses. They couldn't shelter and place - as the military says - because your home become a suck to the poison gas coming in. And so the best thing we think should be done is to show that evacuation and emergency response is not a solution, that the only solution here is prevention. And it's so widely available, it's really criminal.

Ralph Nader: Is that, Rick Hind, that's why you put a lot of your effort in over the years. All kinds of ways - including substitution of safer chemicals for example - that all kinds of ways. And because we're out of time, maybe our listeners would like to contact your coalition so can you give the name of the coalition and the website so they can get more information about the preventive ways that are cost effective and can be put into these plants.

Rick Hind: Yes, happy to do that. It's preventchemicaldisasters.org. That's preventchemicaldisasters.org. And it's coalition of over a 100 organizations including major unions environmental and environmental justice organizations around the country. And people will have plenty of resources there including videos, reports, letters, and chronology of the work of the coalition over the last several years.

Ralph Nader: You see that, listeners? You've got materials that are reliable, right in hand, that you can get free. And it doesn't take more than a few people in each community to sound the alarm. A local paper can be as just as concerned as you, but they have to be given this extremely reliable information locality by locality. Thank you very much, Rick Hind of Greenpeace and all leaders support of your work that you've done on this.

Rick Hind: Thank you, Ralph. I appreciate you're giving it more attention.

Ralph Nader: Good. Bye-bye now.

Rick Hind: Bye now.

David Feldman: We've been talking to Rick Hind, Legislative Director at Greenpeace USA. For more on his work and the work of Greenpeace, please go to greenpeace.org.

Steve Skrovan: I think we have time for one listener question. This just came in, and it is from David Schonfeld. And it addresses the obvious question segment we've been doing the last few weeks. And Mr. Schonfeld says for decades, Ralph, you've been of his heroes. And he thanks you for all you've done for safety and justice. He says, however, on the show three weeks ago, he thinks you may have crossed the line with the music question that you asked David. He thought the exchange made him uncomfortable as a listener. He says you sounded bullying, even obnoxious and wonders if you had an ulterior motive. Do you want to clear that up?

Ralph Nader: No, just wanted it to robustly pin David to explain why he likes music and David does not get blistered by moonbeams. He's a tough guy. He's dealt toughly with people - and even dogs like Triumph. David, did you think you were being pressured unduly? I thought we got some interesting answers, because you said you like music and I said, "How about martial music?" Then we went to social justice music and does it really move people to action. So what do you think? Why don't you answer the question?

David Feldman: Not at all. I didn't feel bullied at all.

Ralph Nader: It's just a Socratic method of questioning sequentially, which I learned in law school as law students do. There's no ulterior motive. It's just trying to get people to question assumptions for their preferences and why they do things, rather than just say what are your preferences. And then you get into what kind of music do you like.

Steve Skrovan: I hope that answered your question there, Mr. Schonfeld. Thank you for that question. Let's do one more. I think we can squeeze in one more. David takes the next one.

David Feldman: This one comes from Alea Edmonson. Thank you, Ralph. My question: would breaking up the mega banks or putting a cap on them cause the US salutes global financial influence? Perhaps you can touch on the Dodd-Frank Act. Thank you for your wisdom and experience. Smile emoticon. Now, I feel bullied.

Ralph Nader: Yeah. No, I don't think so. You'd break up the banks to make 'em stronger because right now they're taking too many risks even under Dodd-Frank, which, unfortunately, is a haven for corporate lawyer loophole probing. And if they take too many risks like with these derivatives and speculating with other people's money, they're going to be weaker. If you break them up and make them have better capital reserves etcetera, they'll be more lean and mean and competitive. They'll still be big enough to take on the world's biggest banks. And by the way, we can condition the foreign banks in terms of what they have to obey by way of rules, if they want to operate in our country.

Steve Skrovan: Ralph, during the Democratic debates, I keep hearing Hillary Clinton saying, "Look, if the big banks, we find that they pose a problem then we'll break them up." And I keep waiting for Bernie to say, "*If* they pose a problem? They're already too big."

Ralph Nader: Yeah, they're bigger. In terms of the market share, the top five banks - Bank of America, CitiGroup, etcetera - they have a much bigger share of the overall market, your deposits, listeners, for example, than they had before the crash, because they were pushed or they wanted to buy up the failing banks and brokerage houses like Washington Mutual, the big savings bank or Merrill Lynch, the big brokerage firm. So, in a perverse way, the crash made them even more "too big to fail" and not to mention the corporate executives who's at the top, being "too big to jail." So, I think just on anti-trust grounds not only on preservation of people's investments and the safety of these investments, breaking 'em up is warranted.

David Feldman: Very quickly, Hillary says the big banks didn't cause the financial meltdown in 2008. Is - in 30 seconds or less - is she right?

Ralph Nader: Since banks are inanimate objects, artificial entity corporations, she's probably right. It wasn't the big banks that ran the economy into the ground. It was the big *bankers* who ran the banks that ran our economy into the ground, plunged it into a recession, unemployed 7 million people, shredded pensions. It was the big bankers. None of them were prosecuted. None of them went to jail.

David Feldman: There's probably going to be another big crisis in a couple of months, so maybe we'll have another opportunity to put them in jail.

Ralph Nader: Don't bet on it.

Steve Skrovan: Alea, thank you for that question. Thank you all for your questions. That's our show. Keep the questions coming, either on Ralph's Facebook page or on the Ralph Nader Radio Hour website. I'd like to thank our guests today, Professor Robert Ashford from Syracuse Law School who talked to us about a more democratic form of capitalism. And also, thanks once again to Rick Hind from Greenpeace USA.

David Feldman: Join us next week when we talk to former CIA analyst, Paul Pillar, about the role of intelligence and policy making on the next Ralph Nader Radio Hour. Talk to you then guys.

Ralph Nader: Thank you very much, David and Steve. Listeners, contact those websites that were given to you in the last hour and get more active than you already are.