RALPH NADER RADIO HOUR EP 307 TRANSCRIPT

Steve Skrovan: Welcome to the *Ralph Nader Radio Hour*. My name is Steve Skrovan, along with my co-host, David Feldman. Hello, David. How are you this morning?

David Feldman: Very good. I don't care what Hillary Clinton says, Steve. I like you.

Steve Skrovan: Thank you, thank you so much. I didn't know she was dissing me too. And we also have the man of the hour, Ralph Nader. Hello, Ralph.

Ralph Nader: Hello. For people who are obsessed about money, this is their program.

Steve Skrovan: Yeah, we're kind of following up our other show about monetary policy from last week with this one, because on the show today, we continue our discussion of the banking system and financial policy with author, historian, and policy analyst, Christopher Shaw, who has written a book entitled *Money, Power, and the People*: *The American Struggle to Make Banking Democratic.*

Today, the popular phrase to describe our banking system is "Too Big To Fail". Most people see the financial system as this behemoth that cannot be controlled, that will impose its will on the rest of us, and in spite of the crash of 2008, was bailed out at the expense of the rest of us. In his book, Mr. Shaw reaches back into history to show us it wasn't always this way. There were popular movements, grassroots movements consisting in workers, farmers, and sympathetic politicians that helped establish strong, regulatory framework, which reined in, at least for a while, the worst impulses of the financial industry.

Can that history be replicated today? Well, that's the question we're going to explore with Mr. Shaw in the first half of the show. In the second half of the show, we welcome back old friend, Lori Wallach. Regular listeners know that Ms. Wallach is the Director [and Founder] of Public Citizen's Global Trade Watch. She is the absolute leading expert on trade issues, having been fighting for fair trade practices since the early '90s. She's going to give us a rundown on the bipartisan bill that just recently passed that replaces NAFTA. It's called the USMCA [United States-Mexico-Canada Agreement]. Is this a good bill? Did the people get what they wanted? Lori will be stopping by to answer those questions and more.

And that's not all, folks. In this show, we have a special bonus. We got a lot of reaction to last week's interview with Sarah Bloom Raskin, former Deputy Secretary of the [US] Treasury and a Governor of the Federal Reserve Board. She wanted to come back and cover something we didn't get a chance to talk about last week, and that's the role of the

Fed in dealing with the climate crisis. So, we're looking forward to finding out what that's all about too.

And of course, somewhere in there, we will squeeze in a Corporate Crime Report from our relentless corporate crime reporter, Russell Mokhiber. But, first let's talk about how we can make banking in this country more democratic. David?

David Feldman: Christopher W. Shaw is an author, historian, and policy analyst. Formerly, he worked for Ralph at the Center for the Study of Responsive Law on the privatization of government services, health and safety regulations and electoral reform. As a Ph.D. in history from the University of California, Berkeley and is author of *Preserving the People's Post Office* as well as the book we're going to talk about right now: *Money, Power, and the People*: *The American Struggle to make Banking Democratic*. Welcome to the *Ralph Nader Radio Hour*, Christopher Shaw.

Christopher Shaw: Thanks for having me. It's a pleasure to be here.

Ralph Nader: Welcome indeed, Chris. Your book was published by a prestigious publishing institution called University of Chicago Press for good reason. We have forgotten how active people were in our past on issues of money and banking. They wanted banks to be stable and not collapse through greed and speculation and run away with their precious savings accounts. They wanted banks to provide adequate loans to farmers and other businesses without gouging them, and they got a lot of success with that.

Now, you claim, in your book, there's less attention to money and banking and that the new scene in money and banking is creating new forms of exploitation. So, why don't you educate our listeners about how people, ordinary people, talked about serious issues, like the sub-treasury plan to give more credit to farmers, and other things and actually got Washington and state capitals to take notice, and just list for us the kind of reforms that they bequeathed to us that we're still benefiting from today.

Christopher Shaw: When I was doing the research for the book, I started before the 2008-2009 financial crisis even began, and I felt like I was uncovering this completely lost, forgotten story. But it was one that was very relevant to what was happening at the time. And indeed, with the banks going down, and the bailout, and all of that, you had these exact same issues being discussed in the early 20th century.

And there was a difference in why there was so much more discussion about this back in the early 20th century as opposed to in the early 21st century. It has a lot to do with the fact that Americans in the early 20th century, had gone through the crucible of what we call the Gilded Age that these days, people are calling it the first Gilded Age. And that's this moment of incredible economic inequality, and they were trying to figure out what's wrong, what's the problem, what kind of solutions can we find for this?

And one thing that they were looking at is banks, and money, and the role that they play in making this economy operate in a way that was very harmful to working people. And so, they had this ready vocabulary that they gained through thinking about these issues, through discussing them, through debating them, in which to talk about finance and financial reform, and banking, and money, and all of these things. But that's something that the early 21st-century Americans didn't have immediately. It's something that we’re beginning to hear again, but it’s something that had been lost.

And the kind of reforms they wanted was they wanted things that would stabilize the economy, because the financial system had been a real source of instability in the economy--of economic crises, of depression. They wanted programs that would make sure that they wouldn't lose their money when they put it in the bank. They wanted programs to make sure they'd be able to get affordable loans when they needed credit for things like operating farms or purchasing a home. So, these were all issues that were at the forefront of people's minds in the early 20th century, and these were all issues they were discussing and talking about with each other.

So, it's really quite a hopeful story in that it shows that citizens can engage with these issues; they can join together; they can push for reform. And it especially seemed hopeful given the way things looked in 2008, 2009, and in the aftermath of the Great Recession.

Ralph Nader: In the 1907 Panic, it really jolted people into action, didn't it?

Christopher Shaw: Absolutely. It was a real shock that got people to look at why this had happened. And the other thing about it is that it put the issue on the table. It said, "Okay, this is an issue that's important to everybody," whereas, say, in the 1890s, farmers had been worried about the fact that they can't get loans. But, people who weren't farmers said, "Well, how does this matter to me? Why does this matter to me?" Well, when you have the panic in 1907, this is a depression and it's nationwide.

This leads to a national conversation about how can we prevent this because it had been caused by banking panic, a problem with the banking system. So, 1907 means that this is now a national issue and it creates an opening, an opportunity for workers [and] for farmers who care about these issues, to engage with them and to begin to promote their addendum for financial reform.

Ralph Nader: The book you wrote is called *Money, Power, and the People*: *The American Struggle to Make Banking Democratic* by Christopher Shaw, and this actually worked. I mean, it's amazing how much change occurred before the Great Depression and right after the Great Depression in the 1930s. I mean, these immigrants started their own banks; farmers started their own banks and insurance companies. That's what Farmers Insurance Company came from. That's what Emigrant Bank, the big savings bank that was established in New York City [came from]. Run by all the changes that popular organizations demanded by citizens, farmers, workers, unions that we're benefiting from to this day. And then we'll talk about what in the world happened after these successes to make people less-informed today than ever, notwithstanding the Great Information Age that we're told we're in.

Christopher Shaw: It's a long list. It's a very long list. So, right at the start, we have the Federal Reserve, and the fact that the Federal Reserve is not actually just outright controlled by bankers, because that's what the bankers wanted. They wanted to have control over our central bank. The fact that you do have public appointees running it, that you have some kind of government accountability, that's an achievement of what I call "banking politics". And so "banking politics" is this political force of these workers and these farmers, this grassroots activism striving for banking reform. So, "banking politics" gets this public representation through the Federal Reserve. "Banking politics", another major thing it achieved is the FDIC [Federal Deposit Insurance Corporation]. We all take for granted the fact that when we put our money in the bank, we'll be able to get it back. Well, generations of Americans, before the FDIC was established in 1934, did not have this feeling because banking failures were regular occurrences, and bank failures would also help to fuel depressions and sometimes even cause depressions.

Ralph Nader: The FDIC is a government guarantee of your savings up to how much?

Christopher Shaw: I believe, now, it's up to $250,000. It started out at significantly less, but the idea was to guarantee the money for small savers so that they would know the money they deposited in their bank accounts would be safe. That's just something that we take for granted today, but that is a totally revolutionary development. It stabilizes the economy because it means that the banking system is no longer going to create depressions; it's no longer going to make depressions worse that are already underway, because banks stop failing. Essentially, you go from a system where banks were failing all the time to one where banks fail rarely. Another major reform that they got was the Farm Credit System that exists today, which provides regular, affordable, predictable credit to farmers. And then counterparts to this would be all the home-lending programs that we have. Home ownership becomes much easier for Americans after the 1930s and after these New Deal reforms go in place. There are issues with racial discrimination, but still home ownership goes up greatly. So, this is another major reform. Another thing they get is they get a savings bank in the post office. The bankers lobby to get rid of that in the 1960s, but it exists for over 50 years. Millions of people deposit, over the course of the Postal Savings System's history, billions of dollars. So, these are some of the reforms that "banking politics" achieved in the first half of the 20th century, and it totally transforms banking. It totally transformed the way that the banking system operates and the way that people engage with the banking system and the role that banks play in our economy.

Ralph Nader: Would you put Savings & Loans Banks that funded home mortgages all over the country in that category of reform too?

Christopher Shaw: Well, Savings & Loans started out as cooperatives called Buildings and Loans, and certainly the New Deal reforms used the Savings & Loans institutions as the primary vehicle by which homeowners could get loans. So, in terms of the New Deal, home-lending reforms that make home ownership much more accessible, Savings & Loans, are an important part of that. And they do start out as cooperatives started by workers.

Ralph Nader: And then came the Glass-Steagall Act in 1933 under President Roosevelt, which required banks to separate their commercial banking operations from their consumer home-owner mortgage and other operations, so the former would not bleed the latter and get into a conflict of interest. And you say in your book, that that worked so well that it actually served to lull people into a lack of awareness of the whole money-in-banking development from the 1930s all the way to the end of Glass-Steagall, which was, I believe, in the year 2000, wasn't it?

Christopher Shaw: That's one of the last reforms of the Clinton Administration, 1999, the Financial Services Act. And yeah, Glass-Steagall, puts up a firewall between commercial banking, so money that you put in your savings account and your checking account, and then what goes in Wall Street. So, they can't take the money that's in your bank accounts and use it to gamble on Wall Street.

And so, that's another cornerstone of making the financial system more stable right alongside the establishment of the FDIC, which means that, yeah, people are feeling like the banking system is predictable, it's reliable, and it's just something that they can depend on and they can count on. And when people feel like those kinds of reforms are in place that are going to make banking safe, naturally it's going to be something that's less in the forefront of their mind. "Banking politics" was a social movement, and for social movements to continue to maintain the pressure that they achieve, there needs to be a motivating force. And the thing about reforms is that they can take away that motivation, because it seems like the issue is addressed. And, so, when you get the FDIC, when you get Glass-Steagall, when you get a Federal Reserve that's moving up the economy. This means that people don't have to think as much about banking and monetary issues as they had before, because it's actually being taken care of. But, the long-run [negative] consequences for that was a civic disengagement from these issues.

Ralph Nader: Well, thanks to the Clinton Administration in a perverse way, they tried to fix what wasn't broken. They repealed Glass-Steagall. We fought it at the time. One of the promoters was the Secretary of the Treasury, recently retired at that time, Robert Rubin, who went to work and made millions of dollars in a few months with Citigroup, and they got the repeal through Congress. They refused to regulate risky, derivative trading by the financial institutions. And that opened up the massive risk-taking by the banks, the brokerage firms, insurance companies, which led to the collapse of 2007, 2008--trillions of dollars, taxpayer bailout, eight million jobs lost, huge savings in mutual funds and pension plans lost as well! So, here we are, according to your own criteria, Christopher Shaw. We have enough discomfort, loss, financial disasters, bailouts, unemployment to wake people up so they could become as interested in these issues as their forebears were in 1900, 1888, 1912. What happened? Where was the source of the anesthesia of the public here? Because, it's not that they're not being gouged, all kinds of late-fee charges, and bank charges, over 350 of them. And most important, in contrast to your history, the financial institutions, because of the credit-debit economy, now control our money, if we are inside that incarceration. They control our money. They can charge us 35 bucks for a bounced check that costs them a buck and a half because they control our money and they just debit our account. So, why haven't we woken up since 2007, 2008?

Christopher Shaw: I think it's important to note that exactly what you described, that the people who are woke up, who are engaged in this issue, in the early 20th century, these are just ordinary citizens. I mean, these are workers, these are farmers, and they are thinking about what are, to us today, esoteric, very complicated issues. And they're discussing it and they're coming to conclusions about what needs to happen and what needs to change. And so, yeah, it's a good question. These people have gone through the Gilded Age. They saw problems; they got together and did something about it. Well, why haven't we done the same? And I think that we're seeing the beginnings of people doing something about it. We're seeing much greater awareness as compared to 10 years ago or 15 years ago about these issues. I mean, back in 2004, 2005, I went with you and we talked about starting up the Postal Savings System starting it back again, and we couldn't get anywhere with that. Now, this is something that is actually being talked about again. You have the Elizabeth Warren campaign; you have the Bernie Sanders campaign. And they are talking about things like breaking up “too big to fail” banks, all these issues. Even the Republican party now is officially against “too big to fail” banks.

Ralph Nader: Let's put this on the table. There's some exciting developments here. Two may materialize. That is, some states may actually establish public banks, like the Bank of North Dakota has been so successfully operating since about 100 years ago, and California is close. We'll talk about that. First, let's talk about postal savings. There's about 30 million lower-income people in this country who are classified as unbanked. They can't afford to have a banking account. And so, they have all kinds of problems trying to cash checks with these shady operators, trying to transmit money back to their native country. Let's talk about reinstating the Postal Savings [System]. In your book, you said that the bank lobby got rid of postal savings in the U.S. In every post office, [where] you could go in and put your savings. In 1966, that's when they repealed it. Is there a chance that they can come back?

Christopher Shaw: Discussion around that has so changed, from actually, my first book back in 2006, and we went and talked about this with the post master general, if you remember, Ralph, back in 2005. I mean, we were talking about it, and we couldn't get anywhere. And now, this is something people are talking about and people are demanding and it is on the table. And it would be a great way to make basic financial services available to people who cannot get them, other than going to pawnshops, to payday lenders, to other financial-service providers who gouge them. And these are people who do not have the extra income to be handing over this money to fatten the profits of these kinds of operators. So, I think that this is something the time is right for it, and it's something that is actually a serious issue again. And the main hurdle is going to be getting it past the bankers, because the bankers, the Postal Savings System, the original one that started up in 1911 was terminated in 1966. The banking lobby was against it for that entire 55 years, and finally in the 1960s, they were able to get rid of it. But, it was an ongoing campaign. And so, if a Postal Savings System is going to get up and running again, it's going to have to do it by going through the bankers. And it's going to require the same kind of demand from citizens--the same civic demand, the same organizing, the same passion--that occurred in 1911 to get it established. We're going to have to do that again today.

Ralph Nader: Chris Shaw, is there a bill in Congress to get it underway? Are there going to be hearings with Maxine Waters, who now chairs the House Banking Committee? I'm sure she's for it. Is there any activity? Because, that's where it has to start, right? There is a research report by the U.S. Postal Service that came out positively a few years ago. The post office can use extra activity, and we have over 3,000 post offices all over the country ready to receive people's savings in an honest way and provide simple checking and other transactions. Is anything going on in Congress?

Christopher Shaw: I think this will really get underway, depending on what happens in 2020, because there are a couple of candidates who have expressed support for this idea. And if they get in, then I think this could really get going. The fact that you have also sympathetic chairwoman like Maxine Waters in place who is worried about the way that discrimination, especially, and other issues have made it much tougher for people to access basic financial services, that's going to help too. So, we'll see what happens. By the next year or so, there could be significant movement on this issue, I think.

Ralph Nader: We've been talking with Christopher Shaw, author of the new book, *Money, Power, and the People*: *The American Struggle to Make Banking Democratic*, published by the University of Chicago Press. Maybe you'll be one of the star witnesses testifying before Maxine Waters, Chairperson of the Banking Committee's forthcoming hearings. We're going to press the members of the House Banking Committee to start long-overdue hearings on postal savings, on state banks, on the way people are being gouged mercilessly with these dictatorial charges, fees, and other ways that come up to hundreds of billions of dollars a year out of people's pockets without any protection by the government and without any recourse in the courts of law as a practical matter. Thank you very much, Christopher.

Christopher Shaw: Thank you, appreciate it.

Steve Skrovan: We have been speaking with Christopher Shaw. We will link to his work at RalphNaderRadioHour.com. We're going to take a short break. Don't go away, because when we come back, we are going to welcome back the Director of Public Citizen's Global Trade Watch, Lori Wallach, who's going to tell us how the newly-minted trade deal, the USMCA [United States-Mexico-Canada Agreement] compares to the old deal, NAFTA [North America Free Trade Agreement]. Is it really better? We'll find out in a minute after we check in with our corporate crime reporter, Russell Mokhiber. You're listening to the *Ralph Nader Radio Hour*. Back in a minute.

Russell Mokhiber: From the National Press Building in Washington, D.C., this is your Corporate Crime Reporter Morning Minute for Friday, January 24, 2020. I'm Russell Mokhiber. The U.S. Congressional Committee will ask Wells Fargo's board of directors to testify about the bank's sales scandal. That's according to a report from Reuters. "Lawmakers want to press the Board on its role in writing righting the bank after years of problems, said Representative Maxine Waters, who chairs the House Financial Services Committee. "We're going to get some of their board members up here and see what kind of responsibilities their board members are taking for the management of Wells Fargo," she said. "We're going to have hearings, absolutely." The bank's executives have been called before Congress multiple times since a wide-ranging sales scandal erupted in 2016, but board members have, so far, avoided direct public interrogation. The majority of Wells Fargo's current directors joined the board after the scandal came to light. For the Corporate Crime Reporter, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russell. Now, I remember during the 2016 election a friend of mine telling me, "Nobody knows what any of these free-trade deals are about; they don't care about that," implying that it really wasn't an election issue. And I told him "You don't have to know the ins and outs of free trade to know you don't have a job." And we all know how that election turned out. Our next guest knows all the ins and outs of free trade, and she's going to tell us the real story about this new trade deal, the USMCA. David?

David Feldman: Lori Wallach is the Director of Public Citizen's Global Trade Watch, a 25-year veteran of congressional trade battles, starting with the 1990s fight over NAFTA. She was named to the "Politico 50" list of thinkers, doers, and visionaries transforming American politics in 2016 for her leadership in the Trans-Pacific Partnership debate. Welcome back to the *Ralph Nader Radio Hour*, Lori Wallach.

Lori Wallach: Thank you very much.

Ralph Nader: Welcome back, indeed. Well, the so-called new NAFTA agreement between the United States, Canada, and Mexico as passed by the House of Representatives and by the Senate with a lot of bipartisan support is on its way to Donald Trump's desk, and he is signaling that he will sign it. The old NAFTA was very controversial. There have been some improvements that you have reported on, and some deficiencies. Let's just start with this notorious Chapter 11, which you say has been eliminated. What was Chapter 11 and how does it affect everyday people?

Lori Wallach: Well, one very important win for consumers and the environment is getting rid of what you call Chapter 11, which is NAFTA's infamous Investor-State Dispute Settlement regime, sometimes known as ISDS. That system empowers multinational corporations to go before panels of three corporate lawyers to demand unlimited compensation from taxpayers over claims that domestic laws, regulations, or court rulings violate special investor privileges they are granted in NAFTA. The lawyers in these tribunals can award the corporations unlimited sums to be paid by taxpayers, including for the loss of expected future profits. And to date, corporations have extracted almost $400 million using NAFTA's ISDS tribunals to attack North American energy, water, timber, and toxic policies. And what happened with this agreement, is as between the U.S. and Canada, it's been U.S. corporations attacking Canadian environmental laws have been most of those ISDS cases. ISDS is 100% eliminated. The actual text of the agreement just eliminates Chapter 11, and with respect to the U.S. and Canada, it's gone forever.

Ralph Nader: It's so outrageous. For example, wasn't one case when one country banned a deadly chemical residue in drinking water that the chemical company rose up and sued and said, "You're damaging our profits. You got to pay us reparations in effect"?

Lori Wallach: Effectively, it's either used to get the cash, and there have been payouts that are outrageous over things as common as environmental impact statements. Very recently, the case you're mentioning was an early case, and the defenders of this corporate regime said, "Oh, it was a fluke." Well, just last year, Canada had to pay off a U.S. mining company that challenged the very system of an environmental impact statement that wanted to place a huge mine and shipping terminal for gravel in the middle of a nature reserve in the Bay of Fundy in Nova Scotia. And one of these tribunals basically claimed the mining company had a right to invest, a right to operate. So, these payouts are happening, but also in that toxics case you're mentioning, which is the Metalclad Case, that case, often, is the other result, which is, in that case, Canada settled. They reversed a ban on a gasoline additive and they allowed it, a suspected neurotoxin, to be used. It was banned in many U.S. states and in Federal U.S. Law. And that dangerous chemical was allowed to continue, and in fact, in the settlement, the Canadian government had to issue a statement, which was then sent to developing countries saying "it's perfectly safe; we've reversed our ban."

Ralph Nader: Well, fortunately, that's gone from the new NAFTA, in no small part due to your work and the work of your group, the Public Citizen Global Trade Watch.

Lori Wallach: Now, there is one loophole; I just want to be honest. There's one loophole. So, we totally acted for Canada, and that's a big deal, and under the U.S.-Canadian ISDS, that is totally almost 95% of U.S. exposure, because there aren't many other foreign investors besides Canadian investors in the U.S. that had ISDS authority. So, it's a big thing for the U.S. It's a big thing overall for ISDS because U.S. firms are using it rabidly against Canada. There is still a revised investor-protection system with respect to Mexico. And it's whacked back to a tiny little thing that basically is compensation possible after you've exhausted domestic remedies only for actual seizure of property. So, expropriation, defined as seizing property, with reforms about not allowing the same lawyers to be the judges and sue countries, and limiting the damage that can be paid out. So, it's basically a compensation with direct expropriation. But, there's a loophole. For 13 gas and oil contracts that the previous Mexican government issued during their partial privatization, those U.S. companies have the right to use the old system, though with the procedural reforms as long as their contracts exist and Mexico has similar ISDS rights with other the countries. So, when we say that the new NAFTA is better than the old NAFTA, but far from perfect, that's one of the examples where we got a 93% fix on ISDS, but that leftover 7% is extremely annoying.

Ralph Nader: Let's go to three other areas that the people have said have been improvements. One is labor rights. NAFTA now gives collective bargaining rights to workers in Mexico to form unions, and environmental protections are supposed to be stronger. Let's take those two categories. How in the world are they going to be enforced? I mean, there's been a minimum wage in Mexico. It's violated all over the place for decades. How are these two improvements, which invited the support of the AFL CIO and some environmental groups...where's the enforcement here?

Lori Wallach: Well, this is sort of the most important backstory of this, which is in 2018, Donald Trump signed a revised NAFTA, which in some respects is worse than the original. He let Big Pharma rig the deal to add new, special monopoly rights that weren't in the original NAFTA. He made it worse. He betrayed his promise to working Americans to make NAFTA better for them, and these new terms have locked in high medicine prices here and exported our system of extreme pharma rights to Mexico and Canada, raising prices there. So, all the folks in the U.S. who either go to Mexico or Canada to get cheaper meds, but our brothers and sisters in those countries would have been screwed and Congress would have been handcuffed from trying to change the laws in the U.S. So, that god-awful worseness was combined with labor and environmental standards and weakling enforcement that wouldn't have done anything to slow down NAFTA's ongoing job outsourcing. NAFTA is certified as having lost 1 million U.S. jobs according to the Department of Labor Trade Adjustment Assistance Database. People can go to tradewatch.org; go to the trade data center. You can look up, by company, by your zip code, by your congressional district in our website. We have a standing Freedom of Information Act lawsuit. Ralph, you remember that one from 1996? So, we have all the data live for you to look at and all

those jobs. But, jobs continue to be outsourced to Mexico every week. So, the question was, "How do you stop the hemorrhage?"

Ralph Nader: Say that again, the website. The website is very useful, listeners.

Lori Wallach: Tradewatch.org. It is a treasure trove of data. Also, if you want to just click, there's another area that says NAFTA effects from your state. There's a two-pager that boils down all the data--what's your top exports, how the trade deficits increase, job losses, inequality, wages, country and state-by-state. And then for the states that are big in agriculture, there's a second one that shows the same data for agriculture. Because, believe it or not, we went from a trade surplus in agriculture with Mexico and Canada to even a deficit in agriculture during NAFTA. So, all that info is there boiled down so folks can be empowered to talk to their members of Congress and get past the blah, blah talking points the corporations use about, "This is great." And you can come in with the data and say, "Here's why it's been a miserable mess for our particular state or town." So, the outsourcing would not have slowed at all under the deal Trump signed, his NAFTA 2.0 in 2018. And thank goodness the Democrats won the House of Representatives, and these agreements aren't treaties, so they have to go through the

House in the Senate. So, to her credit, Speaker Pelosi basically said, "Alright, you want to pass this deal? You're going to have to go back, reopen it, and renegotiate it. You got to cut the pharma giveaways and you got to strengthen the labor and environmental standards, and for god sakes, you got to make them enforceable. And if you don't, you're not having a vote. You can basically take your 2018 deal and use it as a door stop." And the president first threatened, and huffed and puffed and tweeted, and then the president went on a charm offensive. Next the president started calling the speaker names, and all kinds of ways of trying to avoid the reality for almost a year. And that whole year goes by and the NAFTA trade deficit goes up, and more jobs are lost, and the president is sitting there betraying his campaign promises. And finally, this fall, he apparently came to the realization she was not playing. So, they cut out the Big Pharma goodies, thanks to the Democrats basically forcing it. And Ralph, they added stronger labor and environmental standards, and they added some real labor enforcement.

Ralph Nader: Explain the enforcement, because I'm still skeptical on that.

Lori Wallach: Okay, so there are two different things. There are what are the rules you have to meet, and then there is how it’s enforced. And so there are a bunch of curly Q's in the rules that made it almost impossible to enforce. And the Democrats and the unions basically made them change some of those loopholes. I mean, here's just one example you don't have to be a lawyer to know. But there is a rule that said you had to, in addition to showing violation--so a fake union, a union that just the boss made up and pretended there was a contract and the workers never voted for it, or an act of violence against a unionist or an activist trying to organize a union--you had to prove it was trade-related. Now, how the hell do you prove it is trade-related? It was almost impossible, and any case that was tried in the past [and] the case crashed on that requirement. So, the new NAFTA's rule says it's assumed to be trade-related, and the burden is now on the country that's defending themselves to prove it isn't. So, they have to prove that it wasn't trade-related, which is equally hard. So, some of those curly Q's got fixed, the standards meet something, or like with the violence standard, you don't have the repeated pattern. One act of violence, that's a violation. Then, and similarly with the environmental rules they put in place, the list of environmental treaties to re-establish the proper standards and put in what is called a grandfather clause. So, if there's a conflict between various environmental treaties - multiple actual environmental treaties - in the agreement, the treaties take precedence They polished some of that out. Now, you know, there's still huge gaps. There's still huge problems. The labor standards aren't ideal. They're not what you would do, Ralph, if you were writing them, and certainly the environmental standards aren't... I mean, what a bone-headed notion at this time of climate crisis not to have the word "climate" in the agreement, much less any binding climate standards. But, the enforcement mechanism for labor is extremely inventive. The problem is it's a tool that if you have USTR, Ralph

Nader, you would use it and you would use it with force, and it's a strong tool. But, if you have the typical trade representative that sadly has sat in that chair for Democrats and Republicans alike, whose only love is for a narrow set of very big commercial interests and who doesn't give a rat's ass about working people or the environment, then there is discretion in that enforcement. Here's how it works; this is the good news. The system works where anyone can trigger a case, and it starts out so that you have to go through a certain process that's automatic. There's a hotline that gets established for workers in Mexico. You can anonymously leave information. A private citizen can start it; Congress can start it. There are lots of ways to start. And that process, if a report is in with facts, a location, and a name, it has to be investigated, and a memo gets generated, and goes to whatever's the country that's being challenged as violating the rules. You have to mention what rule it is you're violating. And then that country has to respond. It has to happen by a set timeline. And then the other country from where the complaint is coming, the two countries have to sit down, look at the response, and decide if there is an issue, isn't an issue, [and] is it resolved. All of that has to happen once a complaint starts, which is good. The problem is what comes next, which is there's discretion, obviously, about whether the countries agree there's a problem and whether it's been settled. Now, again, USTR, U.S. Trade Representative, Ralph Nader, says, "Of course, it's not settled. GM is screwing their workers in Mexico."

And so you take the case, and this is the right that is incredibly powerful in this enforcement. It's not a case against a country, because typically trade enforcement is trade sanctions after several years of monkeying around against a whole country. And so the businesses just say, "Well, that's not my problem. The country's going to pay some penalty; maybe consumers pay some penalty, but hell that's the cost of doing business. If anyone gives me a fine, even, who cares?" What this allows is a case against a specific business. So, the case goes forward, USTR Ralph Nader says, "Alright, GM, you can either reverse this and have a real election in X number of days, or I can put up penalties against your product specifically. I can nail your product, not the whole country of Mexico. I can ban GM vehicles coming in or I can fine you. If there isn't a tariff to snap back to, I can actually do a cash fine on you, the company." Now, the first violation has to be proportionate to what the actual violation was. But then, you do it a second time--not even in the same plant, in any other GM plant, which are all over Mexico because GM is shut down in the U.S. It's, even in the last 18 months increased investment in Mexico. Another plant has an issue--second violation, any plants of the same company--same beneficial owners, the term of art--and then it's not proportionate sanctions. So, USTR Ralph Nader or our USTR, like the current guy who is the only good cabinet secretary in this administration, Bob Lightizer, could nail GM with 500% tariffs and just shut down their imports until they clean up their act. It hangs such a big, heavy, sharp sword of Damocles over a big company, and particularly a brand name one, that it actually creates a lot of leverage and then violates the degree to which you can stop the products.

Ralph Nader: Lori, that's a big breakthrough. Does it apply to environmental violations too?

Lori Wallach: Well, that's the damn heartbreak, Ralph. It does not. And to some degree, the environmental community just decided to sit this process out. So, you know, as decades of trade fights have taught all of us, typically no matter how hard you fight, you try, you demand--for TPP, we spent two years trying to get the administration to do the right thing--typically we all get rolled. This time around, you had, in the trade representative, really like the unicorn USTR. This guy, Bob Lightizer, Ralph, you might recall, is somebody who was not exactly in a different place than the rest of us: you, and me, and our friends during the World Trade Organization fight in the '90s. And he is a guy who, on his own, didn't like ISDS, and on his own, wanted to figure out what to do about labor enforcement. You know, what he see as a human right, a labor right, he sees from the trade-law concept of dumping. He sees it as social dumping. It's companies using Mexico to cheat on the cost of the inputs by basically giving people slave wages or dumping on the environment. He's certainly no leftist. He's a conservative Republican, but he's looking at it economically--how can we have a decent standard of living, a clean, healthy environment if we don't impose, as a term of doing business, certain standards? And our companies are going to lose if they meet those rules, and other companies, U.S. companies, going to other countries to escape them don't. So, the labor movements, Public Citizen, unusually, we all dove in, and we got the meds thing fixed. They didn't just whack the new bad stuff. They rolled back a bunch of outrageous stuff that's been in U.S. trade agreements for decades, because the Democrats said, "You do that or else," and we all dove in to fight on it. With ISDS, we got it mainly whacked. The unions got this really interesting enforcement system. Again, it's got flaws. A bad U.S. is not going to use it. We're going to be with nothing. Your gut instinct, Ralph, would be exactly right. There ain't no there there if there isn't an interest in using it. It's a tool that's powerful if you want to use it. If you don't, we're screwed again. But, that's because the unions dove in. The environmentalists, from the start, decided that they would not engage, and as a result, sadly, I think the environmental standards and their enforcement are weaker than even this god-awful-on-the-environment administration might have given.

Ralph Nader: Another area you didn't like was the drug-price issue, that the drug companies pretty much liked NAFTA 2.0, as it's called. Can you explain that briefly?

Lori Wallach: Yeah, so in this strange turn of events, by the end, the pharmaceutical industry opposed the new NAFTA because they went from getting all kinds of new monopoly protections, things like having a guaranteed right to all three countries who get extended 20 additional years of monopoly patents. So, charge any price you want, only one person can sell it for, say, a second use of the same chemical. So, it's like the old story with Viagra. The second use is the one we all know about, but that was originally a hair-growth drug. So, it had this side-effect and it got a longer patent for the second use, even though it was the same chemical. So, guaranteeing second use for, basically, reformulations, longer patents. Patent extensions for delays and also a guarantee of extended special monopolies for biologic medicines in addition to the 20 years. So, all of these, basically perks, that would block competition, the competition needed to bring down prices, all of that was required. So that every country who signed the agreement had to have it in their domestic law, all these giveaways to Big Pharma, which meant, effectively, putting on handcuffs and throwing away the key as far as Congress promising to bring down medicine prices. And again, Public Citizen, and the Democrats, and the unions basically drew a red line and just said, "This is not going anywhere unless and until that gets whacked." So, the irony with this vote, which was a huge vote of 193 Democrats, 192 Republicans in the House, 89 to 10 in the Senate. The basic lesson of that is that it's like a new reality. U.S. trade agreements, passage is only possible if trade agreements don't have the Big Pharma giveaways and the extreme investor rights and do have stronger labor and environmental terms and enforcement. Because, think about this vote, Ralph, versus the Trans-Pacific Partnership sitting in Congress--the corpse basically melting away into nothingness for over a year after it was signed, because they couldn't get a simple majority, much less this kind of overwhelming bipartisan support. So, this deal is not the template. This is what you do when a trade agreement that's bad is in place and it's doing more damage every week, and you do what is done with the new NAFTA to try and lessen the damage. But, this is not the good trade agreement. This isn't the template, going forward.

Ralph Nader: Well, you're right because you didn't come out for or against it, Public Citizen. You stayed neutral for the reasons that you've given in the last few minutes.

Lori Wallach: What is amazing to me is, in the end, the Republicans, who are so beholden to the corporations, ultimately had to live with the progressive changes the Democrats wanted, because the alternative, when the Democrats exerted some power was total business uncertainty. So, with the exception of Big Pharma, the Chamber of Commerce, all these other big business entities basically shut up and let some really major progressive changes get added as the price of having anything.

Ralph Nader: Then, they have to choose, and luckily they chose the right course of action. You solicit a lot of engagement from citizens by providing them with crisp, focused information on members of Congress, on their states, on their localities. Give all these contacts again for our listeners.

Lori Wallach: Go to tradewatch.org. That's www.tradewatch.org. Now, you can go to the NAFTA section of the web right at the top, and it will give you all the background of the medicine issue, the labor issue, the environmental issues, etcetera. Great studies there showing the impact of NAFTA on Latinos, and Mexican workers, and on different states. I mean, it's broken down in every demographic you can imagine. And then, in addition, if you go into the section called "trade data center" for the real data wonks, you can look at very specific government trend lines on trade balances, on wage levels, inequalities, certified job loss, manufacturing numbers of jobs per state over time, plus all the trade votes since 1990 are available there, plus the voting records of all the current members of Congress, plus the actual votes are linked there so you can look back and see if your member of Congress has been naughty or nice and deal with them accordingly. The reason, Ralph, I think that folks really ought to use this resource is, with NAFTA we made enormous ground gains in an agenda that you and I, Ralph, have been fighting for for 25 years. But, it really is the new floor. It's not the template. So, we now have established you can't have investor-state dispute settlements. You can't have all these pharma giveaways. You have to have labor and environmental standards, but those still need to be stronger. You need to have enforcement, but for environment too. And then Ralph, some of the things we hate weren't fixed. So, the new NAFTA, like the old NAFTA, and this is mainly a WTO problem, still requires countries to import food that doesn't meet domestic-safety standards. That's a problem that's at the WTO, and it applies to the U.S., Mexico, and Canada. As well, still is the limit on buy American, buy local, buy green. What the hell is a trade agreement doing meddling in countries, much less states? Buy Wisconsin, buy Connecticut. Why should trade agreements be imposing how we spend our tax dollars? So, some of those bad things weren't fixed, plus there's one new bad thing that all of the listeners should pay attention to, because it's the cutting-edge of the trade fight that's emerging. And that is using the trade agreements to handcuff countries from being able to regulate the tech giants. The new NAFTA has the waiver for liability for content that is in U.S. law so that it's very hard to hold the companies liable if you were hurt by a counterfeit product that you've bought online, or for that matter, for the content that is false political information. And also, there are limits on the ability to control where data is stored, which can be very important to consumer privacy. So, this is a new bad thing that's popping up in trade agreements, and it's one of the things that we weren't able to fix in the new NAFTA.

Ralph Nader: There's a way that listeners can multiply the information that's available on tradewatch.org. They can: tell their mayors, their city council people, the local labor unions, the libraries--about this tremendously useful and localized and proper-name immersed database that Lori Wallach is talking about. On that hopeful note, thank you very much, the indefatigable Lori Wallach, head of the Public Citizen Global Trade Watch. The contact, again, is tradewatch.org. Thank you very much, Lori.

Lori Wallach: Thank you, and we will turn around the rest of this if we all are using the information to empower ourselves and make our elected officials actually represent **our** interests.

Ralph Nader: Knowledge is power.

Steve Skrovan: We've been speaking with Lori Wallach, Director [and Founder] of Public Citizen's Global Trade Watch. We will link to her work at RalphNaderRadioHour.com.

David Feldman: Now, let's welcome back our guest from last week, former Deputy Secretary of the Treasury and Federal Reserve Governor, Sarah Bloom Raskin. She's going to talk about the Fed and its role in fighting, or not fighting, the climate crisis.

Ralph Nader: Yeah, welcome indeed, Sarah. You have some pronounced views on what the Federal Reserve is not doing on climate disruption, it should be doing, compared to central banks in Europe and elsewhere. Can you tell us what's on your mind here?

Sarah Bloom Raskin: Sure. So, here's the situation. We're living in climate emergency, and climate change creates material risks for U.S. financial institutions, and by extension for the entire U.S. economy. And any kind of risk of such a significant nature is something that the Federal Reserve needs to be looking at from the perspective of its mandate of financial stability, right? So, here you've got what strikes me as an ordinately important risk. You've got other financial regulators outside the United States, including the Bank of England, the European Central Bank looking at this notion of climate-proofing the financial sector. And yet, here in the U.S., for some reason, the Fed is not doing the same. The Fed is not looking at issues regarding whether there should be particular climate disclosures from financial firms, whether there needs to be more active management of climate risks by the financial sector. So, here I'm kind of rewinding to the point and the role of the Fed that occurs before a significant crisis. Now, I don't want to go so far as to predict that climate change is going to, in essence, be the trigger that's going to move us into the next financial crisis, but there's a risk. And usually, when you see a risk, it's something that the Fed starts to model.

Ralph Nader: Well, listen to what the risk is in the minds of the Pentagon. They've got all kinds of programs worrying about spread of diseases, massive damage to their own bases. It's already level 10 at the Air Force base in Florida, the hurricane in 2017. They had to evacuate, in advance, all their F-25 Raptors. There's other damages. The Pentagon, even though it's been told not to mention the words "climate change", has got all kinds of programs worrying about the national-security aspects. And the Centers for

Disease Control is connecting climate change with the spread of disease, the spread of malarial areas, the Dengue fever areas, for example. And Hurricane Sandy, in 2012, which flooded into New Jersey and New York a number of years ago, flooded into Wall Street. So, it's not like it's a hypothetical or probabilistic issue. It's here now! And so, what can the Federal Reserve be persuaded to do from the outside to get it going?

Sarah Bloom Raskin: Well, I think we sometimes forget that the Federal Reserve has regulatory responsibilities, and it has fought for these regulatory responsibilities for holding onto these regulatory responsibilities from the perspective of financial stability. And so, the question in my mind is why there is very little, if anything coming out of the Fed in the realm of exercising these regulatory responsibilities. We don't see even any guidance, let alone something that would strike you as a rulemaking or a supervisory kind of issue. And yet we know that the Fed has all sorts of tools at its disposal. It can do things like look at stress testing parts of the financial system to determine whether or not the system has, in essence, climate-proofed its balance sheet. It can talk about what happens if there is a rapid devaluation of assets on the books of financial firms that are devalued because of either extraordinary climate events, or because, in essence, there's a determination that those assets are worthless. You know, just the sustainability of the basic bank portfolios, why would that be something that is ignored?

Ralph Nader: Well, people that are listening might say, "But Sarah, banking now is electronic. It's abstract. It's not like trying to build a wall around a bank so it doesn't get flooded and its vaults get inundated and all the money gets wet." When you say climate-change dollars, what are you talking about?

Sarah Bloom Raskin: I don't know if I said "climate-change dollars"

Ralph Nader: No, when you said climate-proof.

Sarah Bloom Raskin: I think I said "climate-proof assets", right? So, in other words, yes you're exactly right. A financial firm has, really, very little that is tangible. These are all book entries that represent loans, and investments, and that sort of thing, and yet they have value, right? We know they have extraordinary value, and this is what, in essence, gives the firm its value, and this is how things get financed in our country and around the world. So, the fact that it's intangible strikes me as really not particularly relevant. I'm interested in what are the value of those assets in this world where we are buffeted by repeated climate events.

Ralph Nader: Let's talk about mortgages on buildings and homes. Are you worried about whether there's adequate insurance, whether there's adequate structural adherence to codes to resist storms?

Sarah Bloom Raskin: I know this is an excellent example because a mortgage is a loan. Let's say it's a home mortgage. It's a loan to a person who has used the loan to buy a house, let's say. And if that house is knocked over by a hurricane, or a tornado, or a storm, or a flood, the bank is holding that house, essentially, as collateral. So, what then is the value? I can't imagine how a person repays the amount that the household owes to the firm. It becomes, essentially, worthless, right? Now then, you have the insurance company which may or may not be on the hook, but then what does the balance sheet of the insurance company look like if it has insured all of these mortgages and assets that are in climate-affected areas. So, the example, I think, is a good one because it shows the tentacles through the financial sector regarding valuation. And of course, we haven't even talked about the loss of the home, right? The loss of the home to the individual. During the mortgage crisis, remember the term "the mortgage is underwater"? The household is underwater because you owe more than the house is worth. Well, here you got the literal case, right? The house is underwater. So, how, essentially, does it get paid back? How does the financial firm, the lender, the bank in this case, how is it actually going to value the asset, which it now is no longer able to collect on?

Ralph Nader: Thank you, Sarah Bloom Raskin, for your views on this, and I hope we can look forward to more of your writings on this, and also connecting with the Green New Deal people. Professor Pollin at University of Massachusetts at Amherst has worked on the economics of the Green New Deal, and he knows quite a bit about the Federal Reserve. Thank you.

Sarah Bloom Raskin: Thank you.

Steve Skrovan: Well, that's our show. I want to thank our guests again, Christopher Shaw, Lori Wallach, and Sarah Bloom Raskin. For those of you listening on the radio, that's it. For you podcast listeners, stay tuned for some bonus material we call the Wrap Up.

David Feldman: Join us next week on the *Ralph Nader Radio Hour* when we welcome back national security expert, Michael Klare, to talk to us about his book *All Hell Breaking Loose*: *The Pentagon's Perspective on Climate Change*. Thank you, Ralph.

Ralph Nader: Thank you, everybody, and try to get some more radio stations in your area to carry this program. Thank you.