RALPH NADER RADIO HOUR EPISODE 437 TRANSCRIPT

Tom Morello: I'm Tom Morello and you're listening to the *Ralph Nader Radio Hour*.
Steve Skrovan: Welcome to the *Ralph Nader Radio Hour*. My name is Steve Skrovan along with my co-host David Feldman. Hello, David.

David Feldman: Hello, Steve.

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

Ralph Nader: Hello, everybody.

Steve Skrovan: And David, we've got another live Zoom coming up.

David Feldman: This is really important because a lot of Americans feel powerless when it comes to the gun lobby, but I think this special live taping of the *Ralph Nader radio Hour* will empower us.

Steve Skrovan: It's coming up next Wednesday, July 27 at 9:30 a.m. Pacific for all our West Coast listeners of which we know we have many, 11:30 a.m. Central, and 12:30 p.m. Eastern,. And our guest will be Josh Koskoff. He's the attorney who won a $73 million judgment against Remington and other arms manufacturers on behalf of nine Sandy Hook victims' families, the shooting in Sandy Hook, Connecticut. And you just have to go to ralphnaderradiohour.com to sign up to be in our live Zoom audience. We've done this a couple of times. They've always been popular and they're very exciting; so sign up for that. We're going to put a button on the ralphnaderradiohour.com website up in the right-hand corner which will direct you how to register.

David Feldman: And you can get a behind the scenes look at how we put the *Ralph Nader Radio Hour* together.

Steve Skrovan: Yes, so join us next week, July 27, 12:30 p.m. Eastern, 9:30 a.m. Pacific for our lives Zoom show with Josh Koskoff. And we have a show we're going to today too. Up first today, we're going to talk about the god kings of American capitalism, CEOs. Our guest, journalist David Gelles, spent years reporting on American business and interviewing executives for the *New York Times* Corner Office column. His new book is *The Man Who Broke Capitalism*. Who is that man? That man is former General Electric CEO, the late Jack Welch. How did he do it? Well, Welch put into practice the notorious Milton Friedman directive that a corporation's only duty is to increase shareholder value. Welch took over a very successful and profitable GE in the early '80s and turned it from a model corporation that took care of its workers and felt a responsibility to the community into a cutthroat company of mass firings of workers to cut costs, outsourcing labor to cheaper foreign countries, and a maniacal focus on short-term quarterly earnings. He was lauded as Neutron Jack, a CEO that disregard workers but left buildings standing. Welch's techniques were extremely influential and as Gelles argues in his book, set the tone for CEO behavior that continues to thrive today.

We'll speak with David Gelles about by Jack Welch's influence on the corporate landscape, how American capitalism has been replicating the Welchian model, and what a post-Welchian world might look like. Then Ralph is going to talk about the House Oversight Committee's Pentagon oversight and proposed microchip industry bailout. As always, somewhere in the middle we'll check in with our corporate crime reporter, Russell Mokhiber. But first, while the ancient Egyptians had their pharaohs, we have our bosses. Let's meet the corporate pharaoh whose peers affectionately called Neutron Jack. David?

David Feldman: David Gelles is a reporter for the Climate desk and the Corner Office columnist for the *New York Times*. He has previously worked with the *Financial Times* and in 2011, he conducted an exclusive jailhouse interview with Bernie Madoff, shedding new light on Madoff's $65 billion Ponzi scheme. His latest book is *The Man Who Broke Capitalism: How Jack Welch Gutted the Heartland and Crushed the Soul of Corporate America — and How to Undo His Legacy*. Welcome to the *Ralph Nader Radio Hour*, David Gelles.

David Gelles: Thanks for having me.

Ralph Nader: Welcome, David. Well, this is sort of a biography, a corporate biography of Jack Welch and how he unleashed a stream of executives, then left General Electric to head other companies. And the tale is pretty woeful. I've rarely read a more searing critique of giant capitalism, corporate capitalism, government-guaranteed capitalism, whatever, than this book. Listeners, this is a book that integrates a lot of facts into a more meaningful plane of understanding of where our economy is heading. David, give us a brief biography of where Jack Welch came from to finally head General Electric, and what Welchism means to America today.

David Gelles: Sure thing. Well, thanks again for having me. Welch, of course, before I sort of get into his biography, just to level-set, was ultimately the chief executive of General Electric from 1981 to 2001, these 20 years that really sort of shaped the world we live in today. And the man who ultimately assumed such a powerful role was really from quite modest origins. He grew up in a very working class family outside Boston. He says that he grew up with his nose pressed up against the glass. Not only from a relatively poor family, he was short, he had a stutter, he was temperamental, he had a temper, and his mother pushed him very hard to become aggressive and competitive at an early age. He channeled that into a real work ethic and it must be said that he was incredibly sharp and would outwork and often outthink everyone around him, and ultimately joined General Electric after graduating at a relatively young age with a PhD in chemical engineering from university of Illinois in Champaign, and then very quickly wound his way up through the ranks at GE to become, in his early 40s, the chief executive of General Electric, one of truly the most powerful positions in all of corporate America.

Ralph Nader: And he had a philosophy of management that was very tough, course, short-term oriented. He fired a lot of people and almost gleefully did so. It was a tyrannical period of 20 years. And after he retired, his handpicked successor, Jeff Immelt, went for another 17 years with the same Welch philosophy, which you say is radiated throughout corporate America. So you have reduced it to a word, it's called Welchism. What is Welchism?

David Gelles: Well, I use Welchism as a term to describe what you just said, this toxic mix of an aggressive, materialistic style of management that prioritizes short-term profits above all else at any cost and uses the tools of downsizing, deal-making and financialization to make good on that absolutely single-minded quest to make profits for investors. That's what I describe as Welchism. And it was really the hallmark of his entire career.

Ralph Nader: Yeah. He took a traditional long-revered in corporate circles General Electric, which was a powerhouse of manufacturing engines, turbines, house appliances, electric light bulbs and on, and he downsized that in favor of expanding what turned out to be the disastrous GE Capital, which was making all kinds of loans in all directions, tens of billions of dollars before it really got into trouble in the Wall Street collapse of 2008. This was a major shift to expand earnings every quarter, and he had a contempt for manufacturing and became an advocate of financializing industrial companies, which led to one of his lieutenants financializing Boeing. More on that later. Can you describe what you called creative accounting, because there was a lot of shenanigans in this whole situation, not just pushing people out and loudmouthing, foul language, temper tantrums, intimidation inside the company. What was the technique that was used by GE accountants under his management?

David Gelles: Well, it's important to first start with level-setting of what you said about this quest to keep earnings going up every single quarter. And listen, for most of his career, Welch understood that he was going to be measured by Wall Street analysts and the stock market and that one way to keep them happy was to meet or beat the quarterly analyst expectations every 90 days. And within a few years of arriving at the top job, he found ways to start doing that reliably, and effectively did that for almost 80 quarters in a row, which was this unprecedented run of meeting or beating analyst expectations. And anyone who has worked at a company or covered a company knows that that just simply doesn't happen on its own. That's magic. It just simply is not something that you find in nature. And of course, soon after he left, people started taking a much more critical view towards exactly how he had done it. But in the meantime, for most of those 20 years, he was able to get away with it, and he did it through a handful of ways, most notably, as you said, GE Capital, and this sprawling finance division's ability to come up with what one executive called earnings on demand, essentially just manufacturing earnings out of the blue where they needed them a couple days before the quarter would close.

And then what they also did was use the sprawling finance division to expand into all sorts of other industries. As you said, GE was of course historically a manufacturing company, the company that brought us light bulbs, and refrigerators, and toasters, and radios, and jet engines and power systems. Under Welch, it became a company that was buying things like Thai auto loans, and commercial real estate portfolios, and leasing businesses--anything they could do to try to make a buck while employing fewer number of people and effectively making money with money.

Ralph Nader: And also, he raised to a higher level the whole technique of stock buybacks. So he used billions of dollars of GE money. Instead of investing in research and development and industrial innovation and increasing wages; he hated labor unions. In controlling the pollution, he contaminated the Hudson River and other rivers with PCBs that are plaguing taxpayer-funded disintermediation programs to this day. He used stock buybacks as another way to pump up short-term stock rises, GE stock rises, in the stock market. What I got out of this book, David — we're talking with David Gelles, author of *The Man Who Broke Capitalism: How Jack Welch Gutted the Heartland and Crushed the Soul of Corporate America — And How to Undo His Legacy*. The theme throughout the book that wasn't needed to be articulated was that in all these companies run by Jack Welch's lieutenants, when they left GE to become their own boss and enrich themselves more, is the enormous power of the man at the top of all these companies. It's like the board of directors rubber-stamp, the Securities Exchange Commission asleep at the switch, the media befuddled at best but totally wowed by constant earnings increase and the propaganda of Jack Welch about how great GE was. It raises the question of concentration of power not just in a few giant companies in our economy, but concentration of a corporation's power in one person – the CEO. Can you elaborate about that?

David Gelles: Ralph, this is really how I start the book. As I reflected on the main takeaways about the story of Jack Welch, and as I reflected on my own work at the *New York Times* where I interviewed hundreds and hundreds of CEOs over the last many years, that was one of the critical insights I arrived at. This perplexing fact that in the United States we seem to lionize our CEOs; we seem to put them up on pedestals and endow them with vast responsibility that often transcends even what we put — the kind of faith and power we endow in our elected officials or religious leaders. And so there's something unique about the role of the CEO in this country. And I certainly make the case in this book that it's not necessarily for the better. That in doing so, we have endowed these men not only with tremendous power and authority but also with a huge amount of impunity where they, by and large, are not only not held accountable for their actions, but indeed are rewarded to the tunes of tens of millions of dollars, sometimes hundreds of millions of dollars, for their actions irrespective of the consequences on the broader society. It doesn't matter how bad they screw up their company. It doesn't matter how much they mess up the communities they operate in. They still walk away with their golden parachutes.

Ralph Nader: And they were very prominent in exporting jobs to fascist and communist regimes overseas who knew how to put their workers in their place for sure. They hollowed out communities all over the country in the US. So it isn't like, okay, they were greedy but they built the mighty pillars of the US economy, as we would say in the old days with Carnegie and Henry Ford and others. They hollowed out the economy and the companies that they ran, they ran into the ground largely, with a few exceptions. You give a few exceptions in the book. But by and large, Welchism ran their companies into the ground. General Electric now is a fraction of what it was. Its stock has collapsed. Its pension plans are not supported with enough reserves. Most of the workers in the industrial area have been laid off, communities where GM factories were hollowed out. And right now as we speak, General Electric, which has seen its stock go down 90% or more, is dividing itself into three new companies to try to rescue the residue. So Welch actually destroyed General Electric in two installments. He laid the basis for it in his 20-year realm, and then his chosen successor, Jeff Immelt, for 17 years, finished the job. Can you discuss the sequence of how this company, which is once the biggest valued company at $400 billion you say, stock value in the United States, if not in the world, was reduced to a shadow of what it was under Welch and Immelt.

David Gelles: It can seem so sort of contradictory when you step back and think about the arc of this story, because on the one hand, and we can't be deny it or dispute it, Jack Welch made GE the most valuable company in the world. GE was worth just $14 billion on the stock market when he took over in 1981, and not long before he retired, it became worth $600 billion, the most valuable company in the world. At the same time, however, yes, he made it larger, yes, revenues and profits increased during that time, but the fundamental health of the underlying businesses often were deteriorating. Much of that growth was coming as we discussed through financialization, through the embrace of financial products and the fact that GE essentially became an unregulated bank under Jack Welch. And much of it came through mergers and acquisitions. So they were leveraging their own highly inflated stock to use it to buy other companies and essentially just absorb those earnings in this ever-expanding conglomerate. After that, GE peaks right around the time Welch retires. And since then, it's been this great unraveling. It began almost immediately after he retired when in the aftermath of September 11th, Jeff Immelt, his chosen successor, starts to realize that maybe the fundamentals of this business are not quite what he thought they were. And it continues to this day with, as you said, GE finally splitting itself up into three pieces, into really the last vestiges of this almighty company that Jack Welch helped create. And so that narrative arc – from the most valuable company in the world to a company that really won't exist when these transactions are complete in a matter of months – I think is so reflective, so emblematic of the real influence of Jack Welch's legacy, which is that so much of this success, so much of this wealth was ephemeral. And when you dug deep, there was really very little wealth there.

Ralph Nader: But wealth wasn't ephemeral. As you point out so well in this book was how Jack Welch enriched himself as CEO, huge compensation packages, how he enriched himself in terms of retirement, bye-bye package, and how Jeff Immelt continued this tradition, where they had a conflict of interest against their own company. They were very frugal, to put it mildly, with workers and research and development investment in new products. But for themselves, they were extraordinarily extravagant. Jeff Immelt was paying himself $18,000 an hour on a 40-hour week. Can you describe the self-enriching contradiction of Jack Welch's retirement package and Immelt, which it demonstrates very, very poor example for the workers and the company.

David Gelles: Yeah. I mean, it begins even before Welch's retirement. It was during his tenure as CEO that he began assuming so much of his compensation in company stock. And that of course, gave him every incentive to inflate the value of that stock by whatever means necessary, and thus begins this flywheel of executive compensation and stock-based compensation which really has never stopped. Today, the average CEO is paid something like 400 times as much as the median worker in major American companies, which is disgusting. I mean, it's unconscionable. So what happens in retirement? Well, not only does Welch retire with a nice golden parachute, but he writes a contract for himself that allows him to make GE pick up the tabs for everything from the flowers in his apartment to his maids, to tickets to the opera, to dinners, to the private use of a Boeing 737 to travel around the world in. And all of this allows Welch who, mind you, was a people manager; he was smart, he worked hard, no doubt about it, he was smart in his own ways, you could say. But he was not Thomas Edison. He was not Steve Jobs. He was not Elon Musk. He didn't invent anything in his life. And yet, he became a billionaire. He landed on the Forbes 400 list of the richest Americans in the country at the time.

And that continues under Immelt and really across corporate America right now. And every single CEO in this country is all but guaranteed a 13% to 16% raise annually. You tell me what company can say the same thing about their frontline workers. I challenge you to name one.

Ralph Nader: Well, talking about naming companies, why don't you talk about the lieutenants of Welch and the companies they led, culminating in the decline of these companies? I mean, this is a tough, hard management philosophy that is monetizing everything and reducing the real value of corporate activity. I mean, sure, GE reached high value in stock but it was like Manchurian money. It was based on the hollowing out of a company, creative accounting, phony accounting, sometimes lying accounting and puffing up the values of companies and assets that GE controlled. We're dealing here with a criminogenic enterprise. If we had a modern federal criminal law, I wouldn't have to use the word criminogenic. We could use the word criminal enterprise. Jeff Immelt, in one of your passages in the book, felt he was an emperor. He'd travel around the world in a private GE jet but he'd have — what was his case jet all about?

David Gelles: This is perhaps the apotheosis of this sort of imperial CEO syndrome. Under Jeff Immelt's tenure, as he flitted around the world in his private jet, he made an extra jet fly behind him just in case the one he was on broke down. Not even heads of state travel like that. It was the most excessive misuse of corporate capital I can ever remember reading about. But I think more importantly, it sort of gives the lie to their talking point that they're really trying to maximize shareholder value. Because who's picking up the tab for that kind of excess? It's the shareholders of course. It's your investors. If you really want to demonstrate how much you care about the shareholders, be a little frugal once in a while. Don't travel around with an extra chase plane stocked with steak and lobster following behind you just in case yours breaks down.

Ralph Nader: That's where Herb Kelleher, who founded Southwest Airlines demonstrated. He got the lowest CEO pay in the airlines and made the highest consistent profits of any of the major airlines. He managed by example and that's why his workers loved him so much. You've had some interviews in the *New York Times* on Sunday of really good CEOs. But what we're talking about here is a bunch of CEOs spawned out of GE and Jack Welch, who were really con men. I was struck by the incredible similarity between Jack Welch and Donald Trump. They were friends. Welch was a stargazer, he would play golf with Bill Clinton. But it was almost uncanny, David, to see the things that Welch did that Trump picked up on. For example, in the 2000 election, before it was called, Welch, who ruled NBC--GE owned the NBC television network--he would pound the news director that evening on election evening to call the election for George W. Bush. And then he did another later Trumpism when the Bureau of Labor Statistics in 2012, as you point out, came out with a good jobs report, he called it phony and fake and went on television even though he was rebutted by all kinds of labor analysts. And these and other things, including a monstrous ego, the mistreatment of women, the anti-unionism, all picked up by Trump. Can you describe that? I mean, it's really uncanny when you go through your book and you develop a checklist that Welch showed he could get away with all this and be crazily rich, which Donald Trump didn't neglect noticing.

David Gelles: No doubt about it. I don't want to deprive Trump from the point of pride that he might have in being the true progenitor of some his own nefarious behaviors, but there's no doubt about it that Trump and Welch had a lot in common and had a long relationship together. And at the very same time, they started dabbling in misinformation on the internet. Trump launched his birtherism campaign, lying about the provenance of President Barack Obama's birth and birth certificate. And right around the same time was when Welch went after the Bureau of Labor Statistics and said Obama was lying about the jobs number. And so these two were really two peas in a pod, and of course it continued when Welch was in the White House. After Trump was elected to the White House, in his first months on the job, he convened these CEO councils, and the CEOs of Walmart and GM were summoned to the West Wing to sort of kiss Trump's ring. And guess who else was there. A bunch of acting CEOs and Jack Welch. Even then, a decade and more after he had retired, he was still being invited to have a seat at the table because Trump understood and I think all the other CEOs in that room understood the degree to which he had really set the path, that he was the one that had molded this vision of what it was for a CEO to be active in this world. And Trump saw it as well and brought him to the White House to be his economic advisor. Pretty astonishing.

Ralph Nader: And Trump, watching General Electric when he was a businessman and a gambling czar in Atlantic City, saw what Trump was getting away with--the flamboyance, the exaggerations, the disinformation, the self-enriching--and he did the same thing as a corporate CEO in a smaller corporation. He inflated the wealth and the assets and bragged that he was a multibillionaire when he wasn't. And then he said since you can get away with this in the corporate arena, let's try it in the political arena. Trump then took essentially a lot of the elements of what you call Welchism, especially the disinformation, into the White House. How do you explain Barack Obama appointing Jeffrey Immelt in the middle of his presidency as head of the Jobs Council along with Richard Trumka, the head of the AFL-CIO in a subordinate role? At the time, Immelt was CEO of GE and was one of the greatest job exporters to foreign dictatorships in the US. How did he get that appointment? He was presiding over a shredding General Electric.

David Gelles: Yeah. I don't know the history of that and it's worth pointing out — I mean the topline point I would make is that if anyone is under the illusion that democratic presidents and administrations have somehow been steadfast friends to the working people of this country, I would encourage them to do their homework, because that's just not the case. So that doesn't surprise me. There is a lot of back-scratching that goes both ways in both parties between corporate America and Republicans and Democrats. I think the point I would make, and not in Immelt's defense but just to add some nuance, is that Immelt did try to bring some jobs back, and he did try to sort of rebuild and reinvest in some of GE's manufacturing businesses. That's fact and can be verified. I think the truth was, and this is something he understood early on, that it was just too little too late, that so much damage had been done, not only to GE, but to the American working class, to the ability of our communities to remain competitive and sort of jump on a competitive moment like that, an opportunity and make the most of it, but it just didn't work. So I don't know the details of that specific appointment but listen, Obama I think deserves plenty of scrutiny for his record and Clinton's record in how they really went to bat for workers. And beyond that, I think we got to also just acknowledge some nuance during the Immelt tenure.

Ralph Nader: One of the most intriguing parts of your book, David, is what Jack Welch's lieutenants did to Boeing. Can you go into that, because listeners should know that David Gelles broke many stories on the Boeing crashes in Indonesia and Ethiopia, the last one taking the life of my wonderful great niece who was an emerging star in global health circles? Could you talk about how this isn't just a financial collapse that these GE lieutenants inflicted on one company after another, but it was disastrous in terms of health and safety?

David Gelles: Yeah, Ralph. Well, first, just let me say I think about your family, and I don't exaggerate here, almost every single day. The reporting I did on the Boeing story and the opportunity to sit with Michael and Nadia and hear stories about Samya made a deep impression on me, and really inspired us to keep working, keep digging, keep pushing to understand what had happened and hold this company accountable. The story of Boeing, when we got on the beat, which was in early 2019, looked to be relatively straight forward. That an airplane had been designed poorly and there was a bad piece of software with some unreliable hardware attached to it and it caused the two 737 MAX planes to crash. When we started digging deeper though, we understood that there was a cultural story here that was much more complex and that actually extended for decades. And that story ultimately led me to Jack Welch. It was in 1997 with the merger of Boeing and McDonnell Douglas that a man named Harry Stonecipher, who had studied under Jack Welch at GE, joins Boeing and starts putting the Jack Welch playbook to work inside America's great aerospace company. He does it by going to war with the unions, by moving the headquarters away from Seattle and to Chicago in a bid to take tax breaks. And when he's finally fired in 2005 for having an affair with a subordinate, he's replaced by one Jim McNerney. Jim McNerney, of course, was the runner up behind Immelt to succeed Welch at GE. And he was steeped in Welchism. And what does he do? He embraces outsourcing, chases tax breaks, sets up shop for the Boeing 787 program, not in Seattle but in Charleston, the state with — Charleston, South Carolina, South Carolina being the state with some of the weakest labor laws in the country and zero aviation manufacturing base.

And so, all of a sudden, the planes that are coming out of Charleston are riddled with errors. No surprise. And McNerney also, in 2011, is the one who makes a fateful decision to re-up the 737 program one more time because in the spur of the moment, in the course of a matter of days, he learns that American Airlines is going to place an order with Airbus and he doesn't want to let that order slip away because he knows what it would do to Boeing's stock price. And so he decides that they will re-up the 737, an aircraft introduced in the 1960s, one more time. That decision sets in motion a cascade of poor choices that ultimately leads to the 737 MAX crashes. McNerney is replaced by a man named Dennis Muilenburg, who had not worked at GE but nonetheless did not change course, sort of embraced Welchism as it had been established in Boeing at the time. And when Muilenburg is finally ousted for his poor handling of the tragic aftermath of those crashes, he's replaced by Dave Calhoun, yet another GE alumni who studied directly with Jack Welch, and to this day is running GE in the image of Jack Welch. Ralph, the last interview I did on the Boeing story was interviewing Dave Calhoun. And when he finally invited us to sit down and meet with him, we didn't do it in Chicago where the headquarters is, or in Seattle where the company has its historical operations, we did it outside St. Louis at a leadership development center that was made in the image of the one that Jack Welch ran at GE. And Dave said he was doing the interview there because he was trying to channel Jack Welch as he rebooted this company. And that to me was just chilling.

Ralph Nader: Well, they wrecked the engineering tradition of excellence of Boeing, and there are a lot of Boeing engineers who were forced out or quit or began whistleblowing. Ed Pierson, who is one of the managers of the production plant in Renton that produced the 737 MAX, is now pushing members of Congress to reinvestigate and open up the whole rest of the story of Boeing. So here we see massive arrogant mismanagement sprayed across the US giant corporate scene, wrecking companies right and left, unemploying workers, underfunding pension funds, avoiding taxes, exposing jobs overseas, and you say several times in your book, with impunity. But there's a part of your book that absolutely stunned me. On page 160 and 161, Jeff Immelt himself, right in the middle of his 17-year term at GE--he was forced out in 2017--in 2009 in a speech at West Point, he made the following statement, and this is almost unbelievable except that you're quoting him. He says, quote, "While some of America's competitors were throttling up on manufacturing and R&D, we de-emphasized technology, mainly GE. Our economy tilted instead toward the quicker profits of financial services. Rewards became perverted. The richest people made the most mistakes with the least accountability," end quote. This is Jeff Immelt, the successor to Jack Welch, and it didn't seem to affect him in the following eight years. How do you explain this as a reporter who has interviewed a lot of corporate executives and knows their various mindsets?

David Gelles: Well, I'm unfortunately no longer surprised when CEOs talk out of both sides of their mouth. And listen, I think some of it is willful ignorance, it's sort of a determined, concerted decision to not really own the consequences of their choices that they make. And the other part of it I think is this sort of unwavering belief in the fact that their own stuff doesn't stink. All these guys are so full of themselves they really truly believe they can do no wrong. But when they get up there and essentially say that the exact thing that they're doing is causing destruction out there in the world but somehow they're not responsible for it, that reminds me of when Jack Welch, in retirement, went on to say that shareholder value was the dumbest thing in the world and that stack ranking, which he invented, was a bad idea. So unfortunately, as someone who's covered CEOs for a long time now, Ralph, this is just par for the course.

Ralph Nader: It's really amazing. I mean, they admit their culpability or their wrong decisions but nothing happens. So almost 40 years, Jack Welch as CEO and then in retirement, was lionized by the media. I mean, he could do no wrong. He had huge book contracts. He would be besieged by interviews by reporters who uncritically would let him have his say and praise himself and praise his record. It was one gigantic spasm of media praise and media enablement. And as a member of the media, how do you figure this out? From the *Harvard Business Review* to all the major television stations, they couldn't have enough of him. A lot of the newspapers, magazines, cover of *Time*, *Newsweek*, CEO of the year, one of them called him the CEO of the century. How do you explain, given that a lot of the infirmities and what he did to GE was not always secret, it was in plain sight? How do you explain their indifference to the accounting shenanigans and everything else for 40 years?

David Gelles: It's hard. And listen, I've been forced through the process of writing in this book to take a look at my own role in some of the similar narratives and hagiographies that we're putting out there today. I think it's important to know that, at the time, a lot of society was going along for the ride. There was this sort of pervasive belief that as long as the stock market was going up, then somehow everything must be okay. And of course, we know that wasn't the case today, and critical minds could've understood that that wasn't the case then. But you know this, Ralph, from doing all the work you've done for generations now, that it's very hard for people to see past the sort of razzle-dazzle of a stock market that's going up and of the foibles, the bobbles and delightful amenities that come with material success. Or even if it's a smaller subset of society, it's all pretty intoxicating. And so the media went along for the ride, government went along for the ride, even workers. A lot of workers got behind him. And until they found their name on a pink slip, they were often very enraptured with him. So listen, I'm not trying to excuse the media's role in all this, but I think it's important to recognize that this was an era where material success was sort of celebrated without much nuance, without much questioning or context.

Ralph Nader: Well, they were swallowing like so many others in positions of power, political, economic, social, cultural, the secular religion of free market fundamentalism even when the markets collapsed. And they did collapse. These CEOs were never blamed. They got golden handcuff severance pay in Wall Street, for example, in 2008. The market is collapsing now pretty seriously and there's no accountability. But the amazing thing about this is even *60 Minutes*, which is noted for being critical, when Dan Rather had Jack Welch on the program, he started out this way, he started out, "No question Jack Welch, the retired CEO of GE, is one of the most successful corporate executives in history of American business." You write, I'm quoting you, "Dan Rather purred when he featured Welch and Wetlaufer, his wife, on *60 Minutes* in 2005," end quote. And Rather introduced him with the final phrase, "And he's obsessed with winning, which happened to be the title of his new book," end quote. So it was like a free pass on *60 Minutes*. Well, what about the political scene? How did Welch handle George Bush and Bill Clinton and Obama, and of course we know his relation with Trump. How did all these chieftains that left, how did they basically against the evidence of their own failing companies, their own hollowed out communities, how did they get a pass there with the regulatory agencies and with Congress? It wasn't just campaign money. There must have been some other ways of persuading, maybe dogmas.

David Gelles: Yeah, Ralph. I mean, this is the story of our times. Policymakers, captains of industry, you could argue the media as well, have worked together to create the outward trappings of a whole lot of wealth, but over the course of years and decades, steadily erodes the quality of life for the vast majority of people in this country. And we're in a moment of real reckoning around that now, and I think more people are starting to understand the truth of that. But how it happened, I think we'll be spawning books and theses and dissertations for eons and I think what we got to do now, and this is how I try to close these conversations, is really just focus on what concrete actions we can take to make lives better for the people who are doing the hard work out there on the front lines every day. How do we make sure the workers at grocery stores, and gas stations, and mechanic shops, and our teachers--all of these people start making up for 45 years of lost wage increases and actually have a chance of taking care of their families. In the year 2020 when the stock market sometimes keeps hitting these unbelievable highs, and yet somehow they still can't get by. It's unconscionable. It's the root cause of so many of our problems in the society. And it's ultimately trying to fix this, trying to chart a way forward is why I wrote this book.

Ralph Nader: I actually had a conversation in 1984 with Jack Welch. We were doing a book on CEOs of major companies, profiles, and of course I wanted him to be one of the profiles. And so, he was two or three years into his tenure, he was considered the young chairman of General Electric. And when I called him in March 1984, he said, Well, Ralph, he was very personal, I just have a short tenure as CEO, although I might give you a rain check. So I called him back for the rain check several months later and I received a more animated reaction. I was making a final plea for an interview when suddenly on the phone, Welch's voice changed to a mixture of rapid pleading and a, quote, "Let me out of here" tone. He said, quote, "I don't need this. I'm just a boy with knickers and a lollipop. I don't want to be part of a book. I'm just a grungy, lousy manager. You can have access to the company on any other basis. I don't want a high profile. I'm just a grunt. I'm just a man in a room," end quote. Sounds familiar, huh?

David Gelles: Well, one of the most fun things about getting out here and talking about the book is the fact that so many people have these amazing Jack Welch stories.

Ralph Nader: Well, I think David, the most important chapter in your book is called "Negative Externalities." Companies brag about what they contribute to economic progress but they occlude or keep secret or disregard their enormous negative externalities. And I want you to try to summarize what is a very profound chapter with a lot of examples.

David Gelles: The point I'm trying to make in that chapter is really that so much of Welch's legacy is still with us today and that companies from Amazon to AT&T and at Kraft Heinz, CEOs are still putting his plans to work every single day. The last chapter, and sort of where I try to close, is again the fact that there are CEOs who are doing it differently. It's hard but it's possible, but when CEOs decide to prioritize their workers, to prioritize their communities and their supply chains above just simply corporate profits, above simply investor returns, that all sorts of good things can happen and often do happen relatively quickly without sending these companies into nosedive. It's possible to have healthy companies and take care of our people too.

Ralph Nader: Well, you've interviewed some of these people, like the CEO of Patagonia, which is a marvelously responsible company in California, outdoor clothing equipment, climbing equipment, for example. You interviewed Yvon Chouinard and you've interviewed other companies of mid-size level who are trying to do it right. They know that they have to appeal and respond to many varied interests in society, often called the stakeholders, labor, environment, communities, taxpayers, etcetera, and not just their investors. But on the negative externalities, where do you see the tide moving one way or another? Economies move in momentums one way or another. Do you think Welchism and the Milton Friedman free market, no boundaries philosophy is receding now, given all the failures of these mismanagers of these giant companies and leaving our country without any company producing antibiotics? Most of the pharmaceuticals are now produced in China and India even though the drug companies have all kinds of tax credits and free research and development from the National Institutes of Health? I mean, the plunders is endless when you go into the gig economy and how insecure workers are in the gig economy, like Uber and Lyft and others that are spreading in that way, making it almost impossible to form any kind of unions for collective bargaining. Where do you see the momentum? You see exceptions, of course, with the companies you have studied and interviewed, but where do you see the momentum of corporate globalism?

David Gelles: I wish I had better news. I think there are glimmers of hope. I think there is the potential for change. I think some CEOs at certain companies are starting to make strides in the right direction and are taking individual steps that might add up to something. But I think we're a long way from a movement that's really going to restore equity to our frontline workers that's going to undo the legacy of Welch, and that is going to get us past this era of shareholder primacy which has been so destructive for so long. So again, I think there's glimmers of hope, there's a couple good actors out there, but we still got a long ways to go.

Ralph Nader: Listeners, you should get this book for your local library branches. You should get this book for your own civic circles and neighborhood book clubs. You couldn't have a more important book about what the future of this country can become like for your children and grandchildren. And I want to thank David Gelles for putting this all together. Only somebody who is an eclectic reporter, who has gone from one beat to another, has interviewed a whole variety of people, not just CEOs, could have the range and depth for this book, which is titled *The Man Who Broke Capitalism: How Jack Welch Gutted the Heartland and Crushed the Soul of Corporate America — and How to Undo His Legacy*. Thank you very much, David.

David Gelles: Thank you, Ralph.

Steve Skrovan: We have been speaking with David Gelles. We have a link to his work at ralphnaderradiohour.com. Up next, Ralph has some hot takes on the House Oversight Committee's lack of oversight when it comes to the Pentagon, and a $50 billion corporate giveaway Congress is hatching behind closed doors for the microchip industry. But first, let's check in with our corporate crime reporter, Russell Mokhiber.

Russell Mokhiber: From the National Press Building in Washington, D.C., this is the *Corporate Crime Reporter* “Morning Minute” for Friday, July 22, 2022. I'm Russell Mokhiber.

A consumer in California sued candy maker Mars, alleging that Skittles contains a known toxin that makes the rainbow candies unfit for human consumption. That's according to a report in *USA Today*. Attorneys for California resident Janelle Thames, said Skittles are unsafe for consumers because they contain heightened levels of titanium dioxide. Mars uses titanium dioxide to produce Skittles' well-known array of artificial colors. In 2016, the candy maker publicly shared its intention to remove titanium dioxide from its products in the coming years, but titanium dioxide is still used in Skittles. The regulated use of titanium dioxide improved products is legal in the United States, although it's banned in some other countries, including throughout Europe.
For the *Corporate Crime Reporter*, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russell. Welcome back to the *Ralph Nader Radio Hour*. I'm Steve Skrovan along with David Feldman and Ralph. Ralph, you wanted to talk about a few things that are in the news, and the first one let's tackle is this proposed microchip industry bailout. So what what's going on there?

Ralph Nader: Well, there's bipartisan Democrat/Republican support in the Congress for a $52 billion fund to entice corporations back home who fled America and set up chip factories in Asia. How about that? Fifty-two billion. Bernie Sanders on the Senate floor with a critical speech tore it apart.

Bernie Sanders: "So what is Congress doing right now? At a time in which we face so many massive problems, not to mention climate change, not to mention a massive housing crisis, where 18 million families are paying half their income on housing, not to mention the student debt that 45 million Americans are carrying. What is Congress about? What are we working on right this minute? And the answer is that for two months, a 107-member conference committee has been meeting behind closed doors to provide over $50 billion in corporate welfare, with no strings attached, to the highly profitable microchip industry. No, we're not talking about healthcare for all. No, we're not talking about making higher education affordable. No, we're not talking about making sure that young people can earn decent salaries when they become teachers. No, we're not talking about leading the world in combating climate change. We're talking about giving $50 billion in corporate welfare with no strings attached--a blank check to the highly profitable microchip industry. And yes, if you can believe it, and I'm talking to the 16% of Americans who have a favorable opinion of Congress, if you can believe it, this legislation may also provide a $10 billion bailout to Jeff Bezos, the second wealthiest person in America, so that his company, Blue Origin, can launch a rocket ship to the moon."

Ralph Nader: It didn't get much coverage in the main press. He should have now a hearing because he's chairman of the Senate Budget Committee on this boondoggle, which is likely to go through in the next few weeks and be signed by Biden who is all for it. Some of these companies are the most profitable companies in the world. They include Intel and other chip manufacturers who are given huge tax credits, free government research and development, and who make profit off serf labor in China and elsewhere. And so they're begging them, saying, Hey, we have billions of dollars for you to open up a plant here and there. And governor Hochul of New York doubled down in the last hours of the legislature in Albany a few days ago, and she got through a $10 billion fund to entice chip factories to open up in New York State. There were no hearings, no details, all done in secret, ramming through in the wee hours of the last day of the legislative session. That's where we're at. So I think you should check Bernie Sanders' speech. It wasn't that long. And it is very, very specific. And you can use it in your discussion on corporate welfare.

The other thing was a story that came out of the *Corporate Crime Reporter* where he looked at the House Oversight Committee and he noted that again and again they're focusing on the Washington football team, the NFL, with owner Dan Snyder investigating toxic workplaces and financial irregularities. So Russell decided to ask well, what kind of House Oversight hearing has it been on the 800-plus-billion-dollar bloated military budget? And he went back one-year, two-year, three-year, four-year, five-year, there's nothing. Nothing. They're focused on the Washington NFL football team. Just to give you an idea of how priorities operate in the US Congress. Here's a Pentagon budget full of waste, fraud, corruption, contracting, you name it, huge overruns, and what is the House Oversight Committee doing? Well, the same thing as the Senate Oversight Committee – nothing. What are the House Armed Services and the Senate Armed Services Committee doing? Nothing. So it's time to get a little upset, folks, and redirect priorities because your public health protections are being starved by Washington miserly budgets compared to the tens of billions of dollars they add on to the Pentagon contract--more than Biden asked for, more than the generals asked for. And right now, the papers are full of the new COVID variant that's spreading and there's not enough public health personnel, not enough protective material to protect Americans here against a COVID that has already taken over a million lives. But there's plenty of extra money for an extra bloated military budget.

So this is election year. The members of Congress are coming back for the August recess. They're going to go on handshaking tours. Hold on to those hands when you shake them and ask them some tough questions like the ones we've just discussed. Make sure you ask for a written response. Give them your address and say, "I want a written response when you get back to Washington."

Steve Skrovan: I want to thank our guest again, David Gelles. For those of you listening on the radio, that's our show. For your podcast listeners, stay tuned for some bonus material we call "The Wrap Up", and we’ve got a lot of good stuff this week. A transcript of this show will appear on the *Ralph Nader Radio Hour* website soon after the episode is posted.

David Feldman: Subscribe to us on our *Ralph Nader Radio Hour* YouTube channel. And for Ralph's weekly column, you can get it for free by going to nader.org. And for more from Russell Mokhiber, go to corporatecrimereporter.com.

Steve Skrovan: The American Museum of Tort Law has gone virtual. Go to tortmuseum.org to explore the exhibits, take a virtual tour and learn about iconic tort cases from history. Be sure to check out their online gift shop. You'll find books, posters and "Flaming Pinto" magnets and mugs for all the tort fans in your life. That's at store.tortmuseum.org.

David Feldman: To order your copy of the *Capitol Hill Citizen* "Democracy Dies in Broad Daylight", go to capitolhillcitizen.com. The producers of the *Ralph Nader Radio Hour* are Jimmy Lee Wirt and Matthew Marran. Our executive producer is Alan Minsky.

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

David Feldman: Join us next week on the *Ralph Nader Radio Hour*. Our guest will be Josh Koskoff, who is back in court representing the victims of mass shootings. And we'll be taping that episode live on Wednesday, July 27th at 12:30 p.m. Eastern. Please come and watch. Go to ralphnaderradiohour.com to sign up to be in our live Zoom audience. Thank you, Ralph.

Ralph Nader: Thank you, everybody. Let's have a big turnout on July 27th. We're working hard as volunteers to bring all this information in this drama and these factual narratives to you, so please show up on July 27th.