RALPH NADER RADIO HOUR EPISODE 436 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. David, welcome back.

David Feldman: Thank you. It’s good to be back.

Steve Skrovan: It’s great to have you here and it's also great to have the man of the hour, Ralph Nader. Hello, Ralph.

Ralph Nader: Hello, everybody. Alert, listeners; it's going to be quite a program that requires a little concentration, but it's all about money.

Steve Skrovan: Yeah, a few weeks ago we spoke with Lindsay Owens of the Groundwork Collaborative who told us about what CEOs were telling their stockholders on earnings calls about inflation. Turns out they were using the inflation caused by the war in Ukraine and ongoing pandemic related supply chain issues as “air cover” to gouge their customers. This was plain old profiteering across many industries.

Our first guest today is distinguished economist, Robert Pollin, who is going to give us his take on inflation and what some of the remedies could be. What can the Federal Reserve do? What should the Biden Administration do? And that's the first half of the show. Then we welcome back Greg LeRoy of Good Jobs First. Good Jobs First is the organization that tracks corporate taxpayer subsidies. You notice it's always called subsidies when giveaways go to support corporate projects. When taxpayer dollars are given to support real live human beings, they call it a handout. We’d like to call it all corporate welfare.

Well, Greg is going to give us an update on electric vehicle subsidies and discuss New York Governor Kathy Hochul’s support of the huge Buffalo Bills stadium deal. And he is also going to talk a little bit about the economic effect of abortion bans in states. As always, somewhere in the middle, we'll check in with our corporate crime reporter, Russell Mokhiber. But first, how do we whip inflation now, David?

David Feldman: Robert Pollin is Distinguished University Professor of Economics and Co-Director of the Political Economy Research Institute at the University of Massachusetts Amherst. He is also the founder and President of PEAR, Pollin Energy and Retrofits, an Amherst, Massachusetts-based green energy company operating throughout the United States. Welcome back to the *Ralph Nader Radio Hour*, Robert Pollin.

Robert Pollin: Thanks very much for having me on.

Ralph Nader: Welcome back indeed, Robert. We get questions from time to time from our listeners trying to explain the Federal Reserve and you've mentioned that the Federal Reserve spent $4 trillion during the COVID lockdown and recession to bail out the corporate sector as you put it, $4 trillion. Can you explain in the simplest language possible, where did that four trillion come from? And exactly what was it invested into? And if you were the chair of the Federal Reserve, what would you have done with that four trillion? Three points.

Robert Pollin: Great questions, Ralph. And again, very happy to be on. So the Federal Reserve, the Central Bank of the United States, basically has the power to create money. The term that's often used is a little misleading, but that the Fed can print money. They don't literally print money all the time. They do; actually, they are responsible for printing money, but most of what they do in this area is just write checks. They can write a check for any amount and buy anything they want with those checks, and that's the way through which they expand the level of spending in the economy.

So during the COVID lockdown, we've heard a lot and we continue to hear a lot about what the Treasury did, the Congress and the President. We had three different stimulus programs, two under Trump, one in March 2020 for $2 trillion, one in December 2020 for 900 billion and then one under Biden in March 2021 for another 1.9 trillion. Those are gigantic numbers. I know you can say any number and make it sound big, but we're looking at something like 10%, 12% of US GDP, overall economic activity. That's how much the US Treasury pumped in. Now the Fed is separate. And what the Fed does is basically it buys up assets on Wall Street to make it boil it down to its basics. It buys up assets, it buys stocks, it buys bonds, it buys options, futures, it buys anything it wants on Wall Street. And this $4 trillion, and these are of course official numbers right from the Fed—if you know how to read their balance sheets—that $4 trillion that they spent basically from the beginning of the lockdown in March 2022 to for another 18 months or so, was the Fed pumping money into Wall Street to keep the stock market up to prevent government bonds and private sector bonds from collapsing in value. They succeeded. It was, for what they were attempting to do, which is to prop up Wall Street, a massive success. It did exactly what it was supposed to do. While the world was in a lockdown recession, global stock markets were going up; the US stock market went up by 60% during the COVID lockdown. That's because of exactly what the Fed did to buy those assets.

Now, the ability of the Fed to purchase assets is an enormous power that very few people understand. Instead of buying bonds from Goldman Sachs, or bonds from JPMorgan, or bonds from Exxon, the Federal Reserve could very easily say, We are going to create a green investment program, at a level sufficient to meet the climate challenge. And therefore, we will buy bonds. For example, we will buy bonds from state governments, from municipalities, all of which are going to invest in the green energy transfer transformation. We could do it at the level of $4 trillion. They’ve already proven they can do that. Or you could even do it on a much more modest but still massively impactful level to advance a green transition agenda. The Fed has the capacity to do that.

I once had a conversation with Janet Yellen at the time she was chair of the Fed, and I discussed exactly this issue with her and she acknowledged, sure, yes, of course we can do that. We never have, but we could. There's nothing legally preventing the Fed from doing it.

Ralph Nader: And how exactly would this four trillion be invested in a green economy?

Robert Pollin: Well, if we were to use this same tool, the Fed's capacity to buy financial assets, well, for example, take a simple small example. My own university, UMass Amherst, under the leadership of a very enlightened chancellor, is now committed to being 100% zero emissions by 2032, I believe, and therefore we have to get rid of our existing natural gas power plant and build a power plant based on solar energy, and we are going to be investing in raising the efficiency level for our building stock. I don't know the exact amount, but that's maybe a $50 to $100 million project. So the University of Massachusetts or the State of Massachusetts can float a bond that the Federal Reserve buys at zero interest rate. And all of a sudden, UMass Amherst has the money to enact this green transition at this institution. They could do the same thing with every other university in the country and generalize from there.

Ralph Nader: Now, the money that the Federal Reserve spends increases its debt, its balance sheet. And now I understand that the Federal Reserve's debt level is over $9 trillion and growing. Who is that money owed to?

Robert Pollin: Well, if the Federal Reserve buys assets, it's not borrowing to buy the assets; it is creating money to buy the assets. So it's not that they don't owe money to anybody. They bought the asset. So when we hear the news that their balance sheet has expanded by X amount, that's their asset base. Their assets would be the range of assets that they own, the stocks, the private stocks, the private bonds, most of which, by the way, Ralph, are US government bonds. So the interactions are taking place primarily between the Federal Reserve and the US Treasury, in which case it's just transactions taking place between separate entities within the US government.

Ralph Nader: But the way the Federal Reserve puts out money raises the question that one of our listeners asked a while back, which is, is there any limit? In other words, at what point does it become risky in terms of the Fed's balance sheet to the whole economy? Or is it like a paradise of money pouring out to Wall Street mostly instead of, as you say, to more productive purposes like the green economy?

Robert Pollin: Well, the argument for generations from so-called monetarist economists led by Milton Friedman, was that when the Fed is too aggressive in pumping money into the economy, the term being too much money chasing too few goods, the result is going to be inflation. And the more the Fed pumps money into the economy relative to the ability of the economy to produce goods and services, that is going to raise the price of the goods and services because there's more money chasing those existing goods and services. And broadly speaking, there is some truth in that in the extreme. I mean, if the Fed were to pump money into the economy, let's say at a level tenfold greater than the level of productive capacity than the amount that we can produce on a daily, monthly, annual basis, then that will lead to hyperinflation. That's correct. But that's not really a terribly relevant example.

The more relevant example is when the Fed's capacity to invest within the range of the productive capacity of the economy. Now the other thing that the Fed can do, somewhat independent of the productive capacity of the economy, is basically what it did during COVID. It pumped money into Wall Street, and it's exactly true, and we don't talk about this. We don't call it asset inflation. We don't call it inflation. We call it, oh, the stock market is going up, this is great. But actually, what happened was that the Fed’s purchases of financial assets during the COVID lockdown led to an asset inflation. There were the same number of assets available, but because the Fed was buying them at such high levels, that pumped up the prices and that was very beneficial. Very welcomed by our Wall Street titans.

Ralph Nader: Yeah, but of course now the market has plummeted, so it was a short-term euphoria. What about, I know some of our listener's eyes may be glazing over, but some of our listeners are thirsting for you to explain how in an inflationary period that the figures just came out from the Department of Labor 9.1% inflation rate, highest in 40 years, what can, a) the Federal Reserve do about it? b) what could the Biden Administration do about it? What could the limited power over the corporate dominated the economy by the Federal Reserve and the Biden Administration do on inflation? Because it's going to be a major liability for the Democrats because the polls show that the people usually blame the party in power for inflation.

Robert Pollin: Right. So the news just came out a couple of hours ago, the latest overall inflation rate, the official inflation rate is 9.1%. Let me just break it down a little bit. The overall inflation rate is supposed to reflect the general increases in prices that the average consumer faces, but it isn't the case that all prices in the average consumer's basket of goods is going up at the same rate. The biggest single driver of inflation, by far right now, is energy prices. So energy prices on average—and that includes gasoline, home heating, oil, electricity, all energy prices—energy prices went up by 40%. Energy prices of the three-point 8% of the 9.1% total price increase, energy is responsible for 3.8% of the total. Energy alone is responsible for 40% of all price increases in the US economy right now, according to the official Labor Department figures.

So the first thing we have to confront when we think about inflation is energy prices. Now, energy prices are in a special category because of the climate crisis. In my view, fossil fuel energy prices shouldn't be brought down. They have to be brought up, if anything, in order for us to facilitate, accelerate the transition out of fossil fuel dependency. So what do we do when you have energy prices skyrocketing and people's livelihoods are being significantly hurt? Should you lower fossil fuel energy prices? The alternative has been presented in Congress, a windfall profit tax. That is, you have energy prices remaining high, but you tax the profits of the oil companies and you redistribute the revenue back to the American people.

So if we look at energy prices today, even relative to pre-COVID--relative to pre-COVID, so we are not talking about the lockdown and anything that had to do with that--the average gasoline price today at $4.70 a gallon is about twice as high as it was pre-COVID. So the oil companies are making gigantic monopolistic profits. Those profits need to be taxed away. And if we did that, every person in the country, on average, would be getting about $125. So, a family of four would be getting about $500 to cover their increased gasoline prices. So that would be my first answer. The other part is I've looked at the data from the current Labor Department on the inflation. The other driver right now is airline prices. Airline prices are responsible of the 9.1% overall inflation. Energy is 40%, airline prices is 28%. So between those two things, you've got almost 70% of the explanation for inflation.

Ralph Nader: What about housing and rent? That's a big chunk of the economy that's gone up sharply.

Robert Pollin: Yes, but it hasn't gone up as sharply as everything else. And so that if we were able to drive down the airline prices and address the supply shortages that did emerge out of COVID, here's an example of something that actually is coming down. Used car prices a few months ago were rising by over 40%. The reason being that there is a shortage of computer chips for new cars. They weren't building new cars, so the demand for used cars was spiking. Right now, a few months later, the used car prices have come down, only increased by 7%. So that is suggesting that there is some loosening in terms of the supply chain issues that are driving up everything besides energy. And so the thing that I think the Biden Administration should focus on is accelerating the process of getting through these supply chain bottlenecks.

One of the big bottlenecks is not having enough truck drivers. Truck drivers obviously are needed to deliver goods, and why aren't there enough truck drivers? Because they get lousy pay. So if you raise wages for truck drivers, you'd have more trucks on the road and you would facilitate the distribution of goods that is coming out of ports.

Ralph Nader: Let's raise this issue here. We've reached the stage now where anybody who calls our economy a capitalistic economy is not up to date. It's a government-guaranteed corporate capitalist economy. And there are states now that are told by any corporation, you want us to build a factory, to build, say, electric vehicles? You want us to move a big box store into your municipal jurisdiction? Pay up. And so now the Congress has caught up with this fervor. It's just automatically assumed now that if corporations having fled the United States for China and other low-wage countries are saying you want us back to produce chips? Pay up.

So both Democrats and Republicans are now backing a $52 billion bill that's about to pass and be signed by Biden--52 billion with a B--to subsidize any company that wants to build a chip factory in the US, like Intel or even a foreign company. What's your view on government guaranteed corporate capitalism? We're not talking small business here. We’re talking big companies demanding Washington handouts while they talk free enterprise speeches at Chamber of Commerce luncheons.

Robert Pollin: So building electric vehicles, building chips, anything to do… the bill Build Back Better, the one that didn't pass, the energy parts of Build Back Better, which I understand are still under discussion something may pass, almost all of it is subsidies for private companies. So on the one hand, right, why should private companies get subsidized at all? On the other hand, if we are going to meet the emission reduction targets and face the climate emergency, we have to do it within capitalism. Because we’re not going to have another system in the next eight years. So, my view is that we can subsidize companies in exchange for very stringent standards to which they have to adhere. These would include they have to meet their investment projects; they have to do it in a way that adheres to high labor standards like we do in public construction projects. And they have to invest in the underserved communities, and invest in meeting the environmental standards of underserved communities.

Ralph Nader: What about government stock ownership?

Robert Pollin: And, yeah, of course. Government—we were going to talk about that. When we talk about the windfall profit tax, which has been proposed in Congress and I strongly favor, it does raise a broader question which is if we're going to tax the so-called excess profits of oil companies, how do we define excess profits? Under what circumstances should oil companies be making money when the way they make money is by destroying the planet? So any profits by the oil companies in my view, in any kind of logical framework, should be recognized as excess profits because there shouldn't be any profits. In which case, the Federal Reserve could buy the assets of the oil companies just like they bought the assets of all other kinds of Wall Street firms and deliver a nationalized oil industry that could then manage a green transition in an orderly fashion.

Ralph Nader: So what companies should be nationalized—the way the government took over a bankrupting General Motors and near bankrupting Chrysler a number of years ago was they owned the majority share of the stock. So you would nationalize ExxonMobil, Chevron, ConocoPhillips--the three bigger ones? Tell us how that would work, apart from the difficulties on Capitol Hill. (chuckle)

Robert Pollin: Well again, the simple model is exactly what the Fed did during the COVID crisis in general. The Fed just bought financial assets. They bought stocks, they bought bonds owned by Wall Street firms. In this case, they could just buy majority ownership of these three oil giants. And I calculated, this a couple months ago. The cost would probably be lower now, given that the markets have gone down. But according to my calculations, they could buy majority ownership for about $400 billion, which is one tenth of what the Fed pumped into Wall Street in 18 months during the COVID crisis. So this is not actually any kind of outrageous proposition. As you just noted Ralph, the government bought majority ownership of General Motors, Chrysler, and AIG, the insurance giant. They bailed out Goldman Sachs, 2008, 2009. So this is certainly within the realm of feasibility and it's within the realm of the technical tools available from the Fed.

Ralph Nader: And then what would happen? Let's assume that the three big oil giants were nationalized. There's still a lot of non-nationalized oil companies who can engage in frolics and detours. How do you deal with that? And basically two questions: What would the government do once it nationalized who would be the owners of these three giant oil companies? And how would it deal with the rest of the oil, gas and coal economy, which is bent on maximizing short-term profits, never mind the effect on climate disruption or anything else?

Robert Pollin: Well, I mean, I didn't mean to set it as a principle that they should only buy the three giants. I did that just by way of illustration. Yeah, you could buy all the rest of the companies. The other companies are much smaller so that the federal government could nationalize the entire fossil fuel industry. My calculation was the three giants at 400 billion. You could do the whole shebang for less than 800 billion. And so that—I wasn't establishing that oh, we just get rid of the three big ones and the others get to do whatever they want. The basic point being that once the government controls these giant fossil fuel companies, then we can have an orderly transition in which, yes, we keep fossil fuel prices high, the revenues from selling the fossil fuels would be transferred automatically back to the American people. Meanwhile, at the same time they would be investing in accelerating the growth of the clean energy infrastructure. That would be the basic simple idea. It's not complicated at all. Obviously, there's a lot of details, but the basic point is very straightforward.

Robert Pollin: We're talking with Professor Robert Pollin at the University of Massachusetts. He's part of the most progressive department of economics probably in the country, the University of Massachusetts Amherst. I'm sure some of our listeners are asking, wait a minute, do deficits matter anymore? Can the government spend endlessly? Can the Federal Reserve spend $50 trillion without consequences to its own balance sheets, nevertheless the rest of the economy? What are the risks here in a modern economy?

Robert Pollin: So let's distinguish between two sources of government spending. One is the US Treasury and the other one is the Federal Reserve. They are both part of the US government, but they're distinct in the way they operate. The US Treasury spends based on either tax revenues that it takes in or borrowing. So that's the deficit. The deficit comes from the US Treasury borrowing money to spend for anything—for the military, for infrastructure, for education, anything. So the US Treasury, the federal government deficit is fairly high historically. I don't think it's anywhere near close to a danger point. The basic reason, again, is pretty simple: the US government during the COVID lockdown when, as I said, they borrowed massive amounts, about 20% of GDP over the course of a year and a half. But they were borrowing it at 1% interest rate, at negligible interest rates. So that the only time there's really a danger with respect to the government or a real constraint is when you have to pay that money back. And if you pay it back at near 0 interest rates, you can keep going for a long, long time. It's different than in the early 1980s when the government was borrowing at 10% versus borrowing at 1%. When you borrow at 1%, your interest payments are literally one tenth of what they otherwise would have been at 10%. So that's the Treasury.

Now the Fed is another story. The Fed can create money in principle; they can create money indefinitely. The dangers are if they do too much of it, it can set off a hyperinflation with excess of money relative to the economy's capacity to produce. But again, we're nowhere close to that. And the inflation that we're experiencing now, as I said, is not due to Fed's excessive money creation; it's due primarily to energy prices, and then secondarily to other supply chain issues. And airline prices are coming back up from where they were very low during the lockdown.

Ralph Nader: What about the savers, over 130 million savers, most of them small, and Mr. Powell, Chairman of the Federal Reserve, gave them the back of his hand when he drove interest rates down to near 0. I kept writing him letters he would never answer. What about the income reduction from trillions of dollars in money market funds and bank saving deposits that are getting virtually nothing? Well, they're getting a little bit more now as he raises interest rates, but the savers' viewpoint is almost never on the table in front of the Fed, what do you think of that?

Robert Pollin: Well, small savers that put their money in bank accounts, their viewpoint is not considered at all. But if you are a big saver on Wall Street, and if you invest in, say, private equity or mutual funds and those are tied to the performance of the stock market, those people have done extremely well. Now, the market is back down, but that was after the market… market is down 20%—but the market went up 60%. So the big savers are still doing very, very well

In terms of the small savers, yes, they are definitely hurt by the near 0 interest rate policy of the Fed. The small savers are, on the other hand, benefiting like a lot of us, from the fact that the economy did not collapse during the COVID lockdown, and that the economy didn't collapse during the 2008-2009 financial collapse. The economy easily could have collapsed in March 2020. The unemployment rate went up to 14% in a matter of a month. The number of people that were applying for unemployment insurance was huge over the course of a year of the lockdown. Fifty percent of all people in the labor market applied for unemployment insurance. The stimulus policy, with all of its many, many flaws and unequal features, which are certainly there, it did have the effect of preventing a 1930s or worse level of depression, which in my opinion would have otherwise resulted.

And by the way, if that had happened, we wouldn't be worrying about inflation. We would be worrying about deflation. In other words, the prices of everything would have kept going down. Like I said, airline prices went down, gasoline prices, everything went down. They would have kept going down and unemployment would have stayed astronomically high. So there is a tradeoff, but you're right, Ralph, that these small savers that do not have access to Wall Street brokers and the like definitely are hurt in terms of their savings.

Ralph Nader: Steve, David, any input?

Steve Skrovan: Thank you. I'm amazed at the left and how they just do not discuss nationalizing the oil companies. That's the quickest way to socialism. I'm amazed that this is not what everybody's talking about on the left. That will be the pushback, though, that it's socialism. How does it work when we nationalize a corporation, does the boardroom get replaced by congressional hearings? Or do the oil companies work like Amtrak, which is a quasi-corporate, quasi-government corporation? How would it work?

Robert Pollin: Yeah, well, the decision makers, the board of directors, the CEOs obviously would be replaced just like what happened when we nationalized General Motors. The aim of the new leadership of the oil companies would be to phase out the oil companies and to bring in a clean energy infrastructure so we would have to obviously have people sitting in those seats that are committed to that project. And they have to obviously recognize that we're facing a planetary emergency unprecedented. I mean, if you believe climate science, we're facing an unprecedented planetary emergency and we can't continue to rely on oil companies who are simply in it to make profits off of selling this product that's destroying the planet.

Ralph Nader: It all comes down again to who gets elected to Congress, which we've repeated again and again throughout this program, listeners. We're running out of time, unfortunately. We've been speaking with Professor Robert Pollin of the Department of Economics in University of Massachusetts Amherst. And we thank you very much for your time and your insights, as well as how easily people can follow up on many of these things on your website. And that link will be provided them. Thank you very much, Bob.

Robert Pollin: Thank you very much, Ralph, and Steven, and David, and Matthew and the whole team.

Steve Skrovan: We have been speaking with Economist Robert Pollin. We will link to his work at ralphnaderradiohour.com. When we come back, Greg LeRoy from Good Jobs First is going to give us an update on who is giving our tax dollars away and for what. But before we do that, let's check in with our corporate crime reporter, Russell Mokhiber.

Russell Mokhiber: From the National Press Building in Washington, D.C., this is your *Corporate Crime Reporter* "Morning Minute" for Friday, July 15, 2022. I'm Russell Mokhiber.

Dennis Kucinich has written a remarkable book—*The Division of Power and Light*.
The Division of Power and Light was the legal name for Cleveland Municipal Power—in short, Muny Light. In the early 1970s, there were thousands of electricity companies owned and operated by cities around the country.

Having the public own its own power source had many benefits, not the least of which was that the electricity bills for citizens were cheaper—up to 50% cheaper. Instead of paying $100 a month for an electricity bill, you would pay $75 a month. Public power did not sit well with Cleveland's corporate power structure, which included the banks, the corporate media outlets, most of the politicians and Muny Light's private rival—Cleveland Electric Illuminating.
CEI pressured the city of Cleveland to sell Muny Light. Kucinich stood up to the corporate power structure and said—no sale.

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. When state money goes to a person, it's called a handout. When it goes to a corporation, it's called a subsidy. Our next guest makes it his business to track those corporate handouts. David?

David Feldman: Greg LeRoy is the founder and Executive Director of Good Jobs First, dubbed "the leading national watchdog of state and local economic development subsidies" and "God's witness to corporate welfare." He has been training and consulting for state and local governments, associations of public officials, labor-management committees, unions, community groups, tax and budget watchdogs, environmentalists, and smart growth advocates more than 30 years.

Welcome back to the *Ralph Nader Radio Hour*, Greg LeRoy.

Greg LeRoy: Thanks so much, David. Great to be with you all.

Ralph Nader: Welcome indeed, Greg. And David's description indicates what listeners should realize about Greg LeRoy is that basically nobody who knows more about government handouts, subsidies, giveaways, bailouts, so-called incentives, we call them entitlements to corporations, many of them large corporations in the USA. So we're pleased to have the premier expert on government guaranteed big capitalism. Why don't you just briefly give a scan of what you've worked on all these years--the many local and state giveaways, subsidies, handouts, and what the taxpayers got in return in terms of stadiums and so-called development, before we get to the latest giant giveaway to companies promising to build an electric car company or a battery company in their state and asking how much they will pay to make profit.

Greg LeRoy: Yes, that's the latest craze. Yeah, so like working families, companies pay three broad kinds of taxes. They pay income taxes on their profits, they pay sales taxes on stuff they buy, and they pay property taxes on the real estate that they own, and the buildings, and the machinery and equipment that they own. And in the name of economic development for decades now, states and local governments--cities and counties--have been giving companies holidays on one or more of those taxes, sometimes permanent holidays, often very long-term holidays, 10-, 20-, 30-year holidays, on those taxes in the name of jobs. It's really gotten to be a kind of tax break industrial complex, I call it. It's more than 80 years old. It dates back to the late 1930s. Some people have called it the economic war among the states or the race to the bottom or the prisoner's dilemma for public officials who are hamstrung in this game because corporations have all the information, they have all the information cards and control of the system, and we taxpayers get taken to the cleaners as a result. We're overpaying grossly for jobs. We're undermining our public budgets. We're transferring huge amounts of wealth from our public treasuries to corporate shareholders. That's the one thing we can say for sure is happening in this system.

Ralph Nader: If they are doing this day by day driven by the consultants who represent these corporations demanding handouts or tax abatements or whatever, what does the taxpayer get in return in the actual contracts that are signed between these companies and state and local governments? What are the safeguards? What do they get in return? Suppose the company says they're going to build a plant with 5000 employees, as General Motors did years ago, and it ended up with about 2000 employees. Can they get a refund, so to speak? Can they change the terms of agreement?

Greg LeRoy: The question you ask, Ralph, was exactly how I got into this accidental career of mine. I started working to help people try to prevent factory shutdowns in the 1980s. And we had a lot of cases of factories like General Motors in Ypsilanti Township that had gotten the $1.3 billion property tax break and yet moved all the jobs to Arlington, Texas. And at the trial level we won and then on appeal we lost. But in a couple of other cases we won. We actually stopped a plant closing in Minnesota and got a big settlement in Indiana for a couple of runaway shops. But the truth of it was until workers organized and coalitions organized to blow the whistle on this scandal, there were no safeguards in place.

Now, virtually all major programs have two kinds of things in place. Either they have clawbacks, which is the money back guarantee you refer to, which is tied to the performance. So you would if you fell 50% short you would lose at least 50% or more of the value of the tax break. The other safeguard is what's called performance based. Foxconn is a good example of this in Wisconsin where the state, at least, was not on the hook for anything until the company actually performed on its end of the deal—hiring. And because the company has never met its end of the deal in Foxconn in Wisconsin, the state hasn't paid out a dime, I don't think, to the company. The local government is an entirely different story. They're really out of luck now. They're in a terrible place. But at the state level, that worked to safeguard taxpayers.

But to your broader point about what do taxpayers get, we have to back up and remember that we should never assume these things “work.” And I put the word “work” in quotes because the truth is—and people who make their living helping companies shake down governments will admit this if you ask them—incentives almost never determine where companies actually choose to expand or locate. They don’t, because they can’t, because state and local taxes are a microscopic cost variable for the average company. It’s less than 2% of their cost structure. It's the business basics. Skilled labor today, especially in today's tight labor market. Material, access to customers, logistics, quality of life, cost of electricity, info technology—all these other big cost variables, tiny changes in those big variables would dwarf anything you can do tinkering with tax breaks.

Companies get these big tax breaks usually after they already know where they're going or they already know what their short list is, and it's icing on a cake. But the cake is already baked based on the business basics.

Ralph Nader: And they pit one state against another, one governor against another, one mayor against another. That's the old game.

Greg LeRoy: That's the unfairness of it all, right? Those governors can't compare notes with each other. Those mayors are not allowed to talk to each other. There's no formal written rule, but everybody knows if they do collaborate, they'll get blacklisted by the site consultants the next time around. So everybody in the public sector stays in their little lane, stays in their little prisoner's dilemma, and doesn't rock the boat.

Ralph Nader: Well, what's been in the news is criticism of Governor Hochul, who took Andrew Cuomo's place--she was lieutenant governor. The first thing she said when she became governor of New York State was that everything is going to be transparent. It's going to be open government, with freedom of information, that people will be alerted. And then she turned around a few months later and she pushed, after secret negotiation with the Buffalo Bills NFL football team, a huge stadium subsidy—the biggest ever in Buffalo, which was her hometown—and then in the waning hours of the legislative session in Albany, she shoved through what is estimated to be a $10 billion come to New York State for any chip company that wants to start a factory. Ten billion with a B. There were no hearings, no discussions, just bingo right through the New York State Assembly and the Senate, and she signed it into law. Your views.

Greg LeRoy: This is a terrible example of what's going on. So the state is now on the hook over time for up to $10 billion for microchip fabrication factories, despite its very troubled history in that space, right? The biggest deal the state has ever done cost $1.2 billion for a single facility. That's the Global Foundries factory in Saratoga Springs. And they only got 1200 jobs, which is to say, the price tag was $1 million per job. And at that price, there's no way taxpayers can ever get close to breaking even. There's no way the average worker in that factory is going to pay a $1 million more in state and local taxes than public services they and their families consume. So all we can say is that there's a giant transfer of wealth from New York taxpayers to the shareholders of Global Foundries.

Recently, the state tried to win a Samsung plant. They offered $2 billion to Samsung to locate between Buffalo and Rochester. The plant went instead with half the amount of subsidies. Again, subsidies don't determine where companies go. Half the subsidies went near Austin, Texas.

Ralph Nader: And how about the Buffalo Bills stadium deal?

Greg LeRoy: Terrible deal. Biggest in NFL history. Her husband has worked for the company that sells hotdogs and drinks at the stadium for 30 years. Terrible story, terrible conflicts and probably not necessary again either because it's all about TV revenue sharing among the franchises, right? That's where the big bread is.

Ralph Nader: And the family that owns the Buffalo Bills is worth five and a half billion dollars, according to *Forbes* magazine. They could have built it themselves. Listeners might be saying, well, can't taxpayers sue?

Greg LeRoy: And I wish they could. We had a harsh lesson back in 2005, 2006 when the US Supreme Court last even entertained with this issue. It was a company dispute out of Toledo, Ohio. The case was called Cuno v DaimlerChrysler. And on that case, the Supreme Court at the end of the day did not rule on the constitutional issues at hand. They said that some of the people who were the plaintiffs in Toledo, people who had literally lost their homes and businesses to the footprint of the factory by eminent domain, had not been sufficiently harmed to sue to challenge the deal. So we have a very hostile Supreme Court on this issue right now, and it's tough to get a stand.

Ralph Nader: And they said no standing to sue. Well, let's talk about the recent craze that's sweeping the country as the automotive industry moves from the internal combustion engine to electric cars, the consultants for these companies are pitting state against state. Let's talk about states like Tennessee and others. What's going on there in terms of looting the taxpayer again, without a referendum. It's like a dictatorship. These politicians use the taxpayer burden, present and future generations like their little piggy bank to try to make themselves look good. And as you say, the main factors in citing plant have little to do with these tax giveaways and everything to do with transportation, raw materials, quality of the schools, closeness to markets, et cetera. Give us a scenario here of what's going on.

Greg LeRoy: This is nuts. In the last two years, the states have been behaving like drunken sailors, spending to subsidize electric vehicle and electric vehicle battery factories. We're about to issue a little report on this. We know the number is already north of $10 billion that have been awarded to a small number of individual facilities. Some of the companies are companies you've heard of before. Ford got a big package with a battery partner in Tennessee that's probably going to go north of a billion; it’s close to a billion already. General Motors got a big package worth at least 900 million from State of Michigan.

But then there's companies you've never heard of, like Canoo, C-A-N-O-O, in Oklahoma, which got $300 million and is struggling. Or a company called Rivian, which got about a billion-and-a-half-dollar subsidy package from the State of Georgia. This is a company that's very young and very unproven. You've got a Vietnamese company called VinFast, locating a facility in North Carolina, and they were awarded $1.1 billion by that state. This is the Wild West right now. And the states are fat on federal money from the CARES Act and the Rescue Plan Act, and a lot of them should not be spending money this way but they are.

Ralph Nader: And it doesn't matter anymore that these are foreign companies like Toyota or Honda or some other foreign corporation or US domestic company, does it?

Greg LeRoy: No, it doesn't. I mean, some of these are, like I say, domestic companies. Certainly Hyundai is going to get a big package in Georgia. We don't know the details yet, but it's been announced and certainly will be nine or 10 figures. This Vietnamese company I'd never heard of before, and it's quite a young company apparently. And then you've got companies like Volkswagen, which is going to expand its Chattanooga plant in Tennessee to include electric lines. And this is a company that said it wanted a union and tried to have a works council and the UAW election eight years ago, but the politicians in the state intervened and made sure there wasn't going to be a union in the election there.

Ralph Nader: This is a really seedy story that you described in your article. Describe it in some detail for our listeners what Governor of Tennessee Bill Haslam did.

Greg LeRoy: In 2014, Volkswagen said we have 300 factories around the world. They all have works councils. We do better with works councils, please let there be a union in Chattanooga so we can have a works council there and the UAW scheduled an election. And then Governor Haslam and the former mayor, now Senator Bob Corker, and their minions, and also Grover Norquist from Americans for Tax Reform, and other people, started campaigning against the union. They had billboards, all kinds of scare tactics, and the union narrowly lost, despite the fact that the company said they wanted it. But it's the southern brand, right? The southern political brand of economic development is wage suppression—right to work, union busting, union resistance—that's their brand.

Ralph Nader: Is the federal government moving in on this at all? Are there any proposals? Didn't Senator Pat Moynihan once say the way to prevent this war between the states—pitting states against one another to get a higher handout or subsidy or give away—didn't he have a proposal that would level that playing field and prevent that kind of race to the bottom competition?

Greg LeRoy: I don't recall one by him. There's been several flare ups at the federal level on this issue, sometimes around controversial deals, but like the governors have not debated this issue for 29 years, not since 1993 with the deal in Alabama for Mercedes-Benz, which by today's standards is chump change. It was a big deal at the time, but it's been left in the dust fight. Scores costlier deals since then. Even John McCain at one point said we need a base realignment commission model here; we need an up or down vote that everybody's got to step up to the table and take one for the team kind of line up and that didn't pass either.

Ralph Nader: Any interest in interstate compact so they can eliminate this pitting one state against another?

Greg LeRoy: Yeah, so there is a Left/Right coalition pushing an interstate compact right now. There’s been bills introduced in 13 states by a lovely mixture of libertarian and progressive state legislators advocating for this. There is a Left and Right consensus on this issue. The problem is the squishy Centrists in both parties, frankly, who were impossible to move. But this would set up a mechanism through which the states could cooperate. And that’s inherently subversive. Because the big problem is our elected officials are not allowed to represent us and cooperate on economic development because the site consultants have everybody in jail.

Ralph Nader: In one of your articles, Greg—we're talking with Greg Leroy, the founder and head of Good Jobs First, you say that the electric vehicle subsidy situation that you've just been talking about begs for a national strategy. What is your national strategy on this?

Greg LeRoy: I think we should say that the best way to move this market is the way we have been moving it historically, which is combined auto fuel efficiency standards, the CAFE standards, to keep ratcheting those up to make sure that every year our auto fleet gets more efficient. And that means a bigger and bigger mix of electric vehicles replacing internal combustion engine cars so that over time the market transitions. Clearly there's a lot of demand for it. Read about the long waiting lists waiting for Teslas and waiting for other electric vehicle models. People want these cars. People are ready for them. And if the Feds can just keep nudging the market with better CAFE standards, we don't have to lose our shirts at the state and local level for these factories. They're going to happen because the market is there.

Ralph Nader: You’re also saying instead of frittering away budget surpluses on corporate giveaways, the state and localities can advance a green economy with equity. Spell that out.

Greg LeRoy: Sure. So look, we know that the fossil fuel economy has been racist and caused greater pollution in communities of color, and we know that if we don't be intentional about making our future economic development policies anti-racist, the same thing will be true. We need to replace the dirty polluting trucks and buses in neighborhoods that are working class and people of color neighborhoods. We need to use community benefits agreements and other devices to make sure that women, and people of color, and the formerly incarcerated, and veterans, and chronically disadvantaged workers get first crack at those jobs, especially if those jobs are being created by public procurement dollars or public economic development dollars. We can do these things. There's precedence, a terrific group called Jobs to Move America is really leading the way on that path, especially in the transit procurement space.

Ralph Nader: David?

David Feldman: Thank you. Circling back to Moynihan’s plan to put an end to this race to the bottom, would it be constitutional for Congress to pass a minimum local tax, where the IRS would look at the percentage a corporation pays locally? And if it doesn't meet the minimum local tax, then the IRS would add onto the corporation’s federal taxes to meet the difference and then return that money to the localities. Is that constitutional?

Greg LeRoy: Well, it's a great question. I'm not a tax lawyer, so I don't know the answer to that. Here's one idea related to that that I've heard and like a lot, and that is: let's end double dipping. And here's the thing. Many companies have big properties, big factories, big retail facilities, that they pay virtually no property tax on for long periods of time. Property tax abatements are extremely valuable to them. And the same properties also get depreciated when they compute their taxable federal income. Let's say if the property is abated, you can’t depreciate it on your federal income tax. No more double dipping.

Ralph Nader: Unfortunately, we're out of time, Greg. Is there anything else you'd like to say?

Greg LeRoy: I think the next frontier on this issue is going to be abortion and the Dobbs decision and whether or not states that have reproductive freedom will start gaining an advantage in attracting smart people and good jobs.

Ralph Nader: What do you hear about companies saying we're not going to have our convention in some city in the south that has banned abortion, do you hear anything like that?

Greg LeRoy: I haven't heard that, but I'm sure somebody is tracking convention activity. We're especially interested in permanent job location. That is, companies when they choose to relocate or expand, workers when they choose to move and look for a new job in a new city or new metro area. I think it could work both ways. Obviously, there are some people—evangelicals who might want to move into an anti-abortion state. But I think the polls tell us there are frankly a lot more people who are interested in reproductive freedom and don't think they should be coerced that way.

Ralph Nader: Okay, again slowly, your website?

Greg LeRoy: goodjobsfirst, all one word, .org. In fact, we're unveiling a new website tomorrow. It's going to be a bang-up new look for us.

Ralph Nader: And you can get listeners all kinds of information right down to your local level, what's going on in terms of your taxpayer giveaways in your community. You have that kind of detailed website, don't you Greg?

Greg LeRoy: We have two kinds of information that goes down to the local level. We have Tax Break data in two different databases, both company specific and place specific, school district specific, city and county specific. And we have another database called Violation Tracker, which gives you corporate crimes right down to the facility level. It includes for the last 22 years, every EPA violation, OSHA penalty, antitrust, foreign corrupt practices, bribery, and consumer fraud conviction for every company.

Ralph Nader: Well, if you're a listener on WPKN in Bridgeport, Connecticut, you can get all that detail about the Bridgeport area, right?

Greg LeRoy: You sure can. Absolutely.

Ralph Nader: Thank you very much, Greg LeRoy. What great work you do over the years, Greg, and more people should log into that website. Good Jobs First. To be continued for sure.

Greg LeRoy: Thanks, Ralph. Great to be with you.

Steve Skrovan: We've been speaking with Greg LeRoy of Good Jobs First. We will link to his work at ralphnaderradiohour.com. I want to thank both our guests again, Robert Pollin and Greg LeRoy. For those of you listening on the radio, that's our show. For you podcast listeners, stay tuned for some bonus material we call "The Wrap Up." And yes, this week we really will have a wrap up. 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 Nader's weekly column, you can get it free by going to nader.org. 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. And be sure to check out their online gift shop where 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: You should read *Capitol Hill Citizen*. The pilot issue is out. It's only $5 to cover the shipping. To order your copy, 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* when we welcome *New York Times* columnist David Gelles about his book, *The Man Who Broke Capitalism*. Thank you, Ralph.

Ralph Nader: Thank you, everybody.