

Ralph Nader Radio Hour Episode 86

Richard Master, Nomi Prins

David Feldman: Welcome to the Ralph Nader Radio hour. I'm David Feldman along with the man of the hour Ralph Nader, Steve Skrovan is off this week. Hello, Ralph.

Ralph Nader: Hi.

David Feldman: On today's program, one third of Americans don't get the healthcare they need. We talk about switching to a single-payer of healthcare system with Richard Master, whose new documentary is called, "Fix It Healthcare at the Tipping Point." Then, we talk about the handful of bankers throughout American history who have dictated our nation's foreign and domestic policy with Nomi Prins, author of All the President's Bankers: The Hidden Alliances that Drive American Power. As always, we will be checking in to see what the other bad guys are up to this week with Russell Mokhiber, our corporate crime reporter. And if we have some more time left, we will get to more of your listener questions. Our first guest is Richard Master, owner and CEO of MCS Industries and the executive producer of the new documentary, "Fix It Healthcare at the Tipping Point." Richard Master is a former Eagle Scout who got his law degree, became a civil rights attorney, opened his own Washington law firm, worked on George McGovern's 1972 presidential campaign. Then went home to run his family's packaging business, where he saw firsthand the disaster that is the American Healthcare System. Welcome to the Ralph Nader Radio hour, Richard Master.

Richard Master: Thank you very much. It's an honor to participate.

Ralph Nader: Welcome, indeed, Mr. Master. This is an extremely important interview, listeners. It's going to go somewhere. And listen carefully, and see how you can intersect at various opportunities in your own community. Mr. Master is a successful businessman. He's also had a career in law. And he reflects a point of view that is shared privately by a lot of larger corporations. And that is: he believes that single-payer health insurance is far more efficient and has far more advantages for patients and the economy and business people together. So, let me start with the first question, Mr. Master. You have put out a new movie and it's called, "Fix It: Healthcare at the Tipping Point." Could you go through your own personal business experience and extrapolate why you think single-payer, one insurance payer, namely the government, and private delivery of healthcare, a combination that is been the case for decades in Canada, which you are familiar with, you think it's the way of the future?

Richard Master: Let's look at the microeconomics of this. The fact is, is that my company pays about a million and half dollars this year in healthcare premiums to private insurance companies. If you look at the premium dollar, the first three cents of every premium dollar goes to an insurance agent that helps MCS select the plan. The next 20 cents of the dollar goes to the insurance company for sales and marketing, for administrative functions, for the staff that's required to dicker with doctors and hospitals for care. Then, moving from the financing side to the delivery side, there's another 10 to 15 cents of expense that doctors and hospitals and other providers need to have staff to telephone back and forth to authorize care, et cetera. It's a mess. It's 33 cents out of every dollar before you start to address the actual cost of care.

Ralph Nader: Well, that's the first step in understanding what we're going to talk about on this interview. You just came back from a conference held by the physicians for National Health Program. It was their annual meeting in Chicago, and they also collaborated with the single-payer strategy conference there. I've watched the single-payer issue over the years. I also remember Harry Truman proposing as president universal health insurance in the doctor's lobby in that situation and the American Medical Association blocked it. But there is a bill in congress, HR 676, that's a single-payer bill. It has 50 members of the house of representative is signed to it. But it's going nowhere. The movement for single-payer health insurance, that is: full Medicare for all, everybody in, nobody out with free choice of doctor and hospital. Isn't that a nice scenario, given what we have now? It comes in at Canada at half the per capita expenditure. They spend about \$4400 per capita. We're up over \$9,000 per capita in this country, and there are tens of millions of people not ensured. The movement for single-payer, it does have majority support. Years ago, Barack Obama and Hillary Clinton admitted that they were for single-payer. But, quote "It wasn't practical in today's politics." End quote. What that means and that relates to Mr. Master's film and its position, what that means is that the political system in Washington is too compromised, and is not willing to take on the health insurance industry. Because with single-payer, it displaces the health insurance companies. The only way we're really going to get single-payer and in my judgment is for business people like Mr. Master to get together in a strong lobby to get it done. And can they ever make a strong argument for it. Why don't you elaborate as if you're speaking for the business community, many of home are not worried about ideological issues. They want efficiency and they want a better business competitive situation with other countries that do have single-payer. Why don't you elaborate that for our listeners?

Richard Master: When you're talking to business people and Ralph, we finished the movie about a month ago. And we began to have meetings with business leaders in our area of Pennsylvania. This is the Lehigh Valley Region of Pennsylvania. We've got about six, seven hundred thousand people here. We're about the size of Vermont. But we have some substantial businesses, medium size and large businesses. And so we reached out to businesses because this is really an economic issue. It's not an ideological issue. And it's remarkable that in 15 or 20 minutes of presentation of our movie and some other discussion how the business community, how these business leaders really respond to this issue. You know, it is renewal time out here across America. We're seeing massive, again massive increases in insurance premiums, and the

business community is paying the freight for all of this. \$600 billion of the \$1 trillion of insurance premiums is being paid by businesses. And what they're seeing is that these increases are overwhelming the annual increases in wages that business people believe are their responsibility to provide for employees. It's a really big problem out here.

Ralph Nader: Now, when you have your meetings with business people, do they give you any objections? Because you know the former president of GM Canada, Jack Smith was quoted when he became president of GM Global. He said, "It works pretty well. They have a pretty good system in Canada." And you also, I think, quote another business person in Canada who had said the same thing. What did they say to you?

Richard Master: Absolutely. The big three in Canada, our big three up in Canada together, issued a joint statement about eight years ago, supporting the Canadian Healthcare System as a competitive advantage. It's very clear that ...

Ralph Nader: You're talking about the big three auto companies?

Richard Master: The big three auto companies.

Ralph Nader: GM, Ford and Chrysler?

Richard Master: Right. And they're producing a lot of cars up there.

Ralph Nader: Explain how it is a competitive advantage, say, for the Canadians compared to the US. For our listeners.

Richard Master: First of all, the Canadian system which is a universal coverage system with no co-pays, no deductibles for hospital and doctor expense is financed through the government. And it cost 50% or less of our cost. And there is payroll deduction that is much more modest than our average insurance premium here. In the United States, we're paying about 17% of compensation for healthcare benefits and Canada is certainly well below 10%.

Ralph Nader: Yeah, and what's interesting is in 1964 when Medicare was coming into being 1964, the healthcare expenditures in the United States were 3%, three, three and a half percent of

GDP and they're now 17%. There's no stopping it. I mean, you can see in the future, it could be 25, 30% unless something is done.

Richard Master: It's 17 to 18% right now. It was 7% in 1970. It's \$3.3 trillion at this point. It's going to... it's projected by the federal budgeters to go to five trillion in the middle of 2020s. It's running away from us. There's no question.

Ralph Nader: Not only that Mr. Master, the outcomes aren't all that great. I mean, you have huge redundancy in healthcare treatments. You have 100 thousand people dying from the hospital malpractice according to the Harvard School of Public Health Study. You have over \$300 billion in computerized billing fraud and abuse. That figure comes from the work of Professor Malcolm Sparrow at Harvard University, an applied mathematician. I mean, it's endless, the devastation of our political economy. So why do you think the Chamber of Commerce in Lehigh Valley then the Chamber of Commerce, Pennsylvania and then the US Chamber of Commerce, where do you think they stand on single-payer, if you got them into a private room?

Richard Master: We're going to get them into a private room. We're beginning the outreach here in the Lehigh Valley. We have a meeting in a few days with the largest Regional Chamber of Commerce in Pennsylvania. Frankly, it's an uphill battle because you have entrenched interests in the Chamber of Commerce. You have all these insurance agents that use the Chamber of Commerce to communicate with other businesses. If you look at healthcare reform, meetings that are done in the local level, they're usually run by organizations like the Chamber. And the insurance agents are the ones who are running those. And these people are threatened. Their jobs are threatened by a single-payer system.

Ralph Nader: Which is of course much simpler, much less-complex, just because they're trying to qualify for Obama Care. What's your income? Does it qualify? What about the plan, co-payments, deductibles? Are you going to get penalized? Tons of fine prints. People are anxious about whether they're going to be covered. Can they be renewed? The whole thing is a nightmare. And we would be ashamed of ourselves as the American people. For heaven's sake, look at Canada. They look like us, right? Look what they've got. They can have a complex hip operation based on a fall. And they can go to a doctor and get an operation and get rehabilitation, and they never see a bill. All they do is present this little card, this little Medicare card. They never see a bill. Just think of the anxiety that does not exist in Canada compared to here. And by the way, did you know that there was a Harvard Medical School peer-reviewed study that came out in 2009 that said, "45 thousand Americans die every year because they can't afford health insurance to get diagnosed or treated in time?" Nobody dies in Canada because they don't have health insurance. You have it from cradle to your demise. Let's ask these questions, "Why do you think, apart from what you just said, the insurance agents, insurance

industry in Chamber of Commerce, why do you think major industries that know the single-payer is good for their bottom line? Like the auto industry, the steel industry, the mining industry, the financial industry. Why don't they come out for single-payer? Is it because they are afraid of taking on a big healthcare industry to the end?"

Richard Master: That's a very good question. But I think the healthcare reform movement has been remiss in not reaching out to the business industry. I am pretty much standing alone out here in that movement. And certainly, the movement is intrigued. The physicians for National Healthcare Plan have led us into the range of experts and introduced us into Canada and Taiwan, and we've gotten a lot of support. But we're pretty by ourselves in this advocacy. So what we've got to do is get progressives to reach across the ideological divide and begin to speak to business people. From our experience in the last two years of developing this movie, that seems to be a difficult thing for progressives to do.

Ralph Nader: It's quite astonishing, isn't it?

Richard Master: Yeah.

Ralph Nader: Because it's so obvious, for heaven's sake, the business people are in Main Street all over the United States. They're not just big corporate bosses for global corporations. In this film, "Fix It: Healthcare at the Tipping Point," you went to Taiwan. Why don't you tell the listeners what you found out.

Richard Master: Well, Taiwan has a single-payer system. A very comprehensive set of treatments that is in that system, very comprehensive dental, eye, some alternative, even alternative medical treatments, but very broad. And what's remarkable about Taiwan is that their administrative expense is 1.6% of the total cost of the system. That compares in the United States to 30 to 35% here. So they can provide care at a fraction of our cost, and its comprehensive care and with no deductibles.

Ralph Nader: It's what I've been saying for years, "Waste is profit for vendors if they get away with it." Waste, like wasteful internal combustion engines can generate more gasoline sales for Exxon. So waste is something they really like when it's translated into greater sales. You also spent time in Canada and you visited doctors and nurses and conservative business executives including Dan Campkin [ph] who is the president of a Canadian Industrial Screen Printing Company in British, Columbia. Do you want to tell our listeners what you found there?

Richard Master: Dan is a member of the conservative party. He runs a company that's comparable in size to our company. His insurance costs are a fraction of ours. He said he's baffled by the reality of Americans not embracing a single-payer or more efficient healthcare system. He says that conservatives are all about efficiency and reduction in cost. He said that if he had to spend an extra million dollars for insurance for his employees, it would drive him into bankruptcy. He related the fact that he was interested in relocating into the United States, because it would be closer to his customer-base, closer to his sources of supply. He said when he looked at it and looked at the complexity of the healthcare system and the expense, he said it was just a non-starter. So then he said, "Okay, I'm going to try to hire a salesman for the United States." And he had to hire a lawyer in Canada at \$500 an hour to review this plethora of insurance policies and try to make a decision about what the heck they were supposed to do. Then he decided because the candidate had a wife who was ill and that was a complication that he just couldn't afford to do it. That was his experience. It was very profound and is featured in the movie.

Ralph Nader: In the movie, and we'll tell you how to get the movie in a minute. In the movie, you recount Michael Grimaldi who was then president of General Motors of Canada, you told reporters that the Canadian Healthcare System, quote "Significantly reduces total labor cost for automobile manufacturing firms." End quote. You know that the nurses are behind single-payer, the powerful California Nurses Association. So that's going to be a big ally for you. What about having a conference of consumer groups, patient groups, nursing organizations, business groups to launch this massive drive that is unstoppable, in my viewpoint, because who's going to stop that kind of combination? More and more business will speak out when a few businesses pioneer the way. What about a big conference on this?

Richard Master: That is precisely our strategy. We call the meaning of healthcare reform interests into Chicago about six weeks ago prior to their annual conferences. We proposed that in each community that the progressive movement seeks out a business leadership, labor leadership, doctors, which are critical, doctors who've got to speak out now and other activist and form a steering committee. Invite people to see the movie. Of course we may have some self interest in that. But there should be public screenings and there should be people outpouring of support.

Ralph Nader; How can people see this movie, Mr. Master?

Richard Master: All right. We have a website which is called, "www.fixithealthcare.com." There are excerpts of the movie. There's a trailer on the movie. Ultimately, the movie will be shown on that site. We're also distributing through the reform movement a toolkit of how to reach out to the business community, which includes thick drives of the movie, short form because business people don't have the hour it takes to see this movie so we've got a half an

hour version of it. We have PowerPoint presentations for them. We're looking for person to person kind of contact, because I think that's what's needed to get support for this.

Ralph Nader: Imagine living rooms all over the country with the neighbors coming in and watching this movie and then letting their views be known to congress. Fifty members have already signed to single-payer in the house of representative, the HR 676 but it's going nowhere because there's no pressure. There's no rumble from the people. Once the rumble starts from the business community back home, things will really change, tell our listeners again your website.

Richard Master: Its www.fixithealthcare.com. And I can say that the movie got two standing ovations at its presentations in Chicago. It's not only for the business community it's for a general audience. And it's pretty exciting.

Ralph Nader: Have you shown it to a Chamber of Commerce and what's the reaction?

Richard Master: We've shown it to higher level of business leaders and we're now beginning to reach out to chamber of commerce.

Ralph Nader: Are you going to try to show it to Tom Donohue's U.S Chamber of Commerce?

Richard Master: We'll show it to everyone and actually we're now talking about a showing in Congress, Progressive Caucus is considering showing it on a public place on the hill.

Ralph Nader: Listeners should know that about eight years ago there was poll. Maybe there's been one more recent but I don't know, there is a poll of Nurses and Doctors, 59% of the doctors supported single payer. One big reason is they want to practice medicine not book keeping and even higher percent of nurses who really are the hands on people in hospitals and clinics that support single payer. You know that, I don't know if you have this in your movie, but it's now been reported that every doctor has to have a fulltime clerk or a secretary just to handle the billings.

Richard Master: Yeah, we do have that in the movie, the figure now is \$83, \$84,000 for every doctor as an expense to interface with the commercial insurance companies. It's absolutely ridiculous.

Ralph Nader: And Western Europe has versions of single payer. In fact we're the only Western country that doesn't have a single payer health insurance system. Doctor Himmelstein and Doctor Willinger [ph] who taught at Harvard Medical School, they've written articles in the New England Journal of Medicine, analyzing why a healthcare system just doesn't work properly unless you have a single payer. You can assemble data, you can detect patterns. Here, we have over a thousand health insurance companies, and they're consolidating into fewer and fewer giants of course. But they don't want to share data. They're not interested in prevention. They're not interested in patterns. They're interested in billing. And most people can't even understand these computerized billing systems, which is why they camouflage so much fraud. I know some of our listeners are asking now, is there going to be a blog, is there going to be a vibrant social media disseminating what you're all doing Mr. Master?

Richard Master: That is in the planning stage. Certainly there's a blog that's planned for the American Sustainable Business Council. Wendell Potter, I don't know if you're familiar with him wrote a book...

Ralph Nader: Yeah, former insurance, yes.

Richard Master: He was the former Vice President of Communication for Cigna Insurance is associated with us. He is a principle in the movie. And he has a blog, a healthcare blog going now. And I would refer people to that. But, you're absolutely right. There's got to be a real flow of information and dialogue.

Ralph Nader: Now apropro of the farmers in the 1880s who started the progressive movement, what about a road show? Just goes right through the country with media people and town halls. I think you'd really get things going at an enormous pace here. Bernie Sanders is running a strong campaign for the Democratic Presidential nomination, and he is for single payer. Although, he has some sort of state-based single payer. But I think he could easily be convinced for a national single payer. This a great opportune time. There are a lot of things coming together here. What do you think about a road show here, even a bus right across the country?

Richard Master: Well, I certainly would be in favor of it. You know we've had our hands full, it's been 24/7 producing this movie. We're now in the outreach phase and this is pretty much taken off like a fire storm. We've presented it and we have not gotten any negative response. We may get one from the Chamber Of Commerce, and there's certainly some vested interest at stake here. But I agree with you that this is a time for a lot of different tactics to make this happen. We are at the tipping point Ralph.

Ralph Nader: And I think you're at the cusp of mass media attention too, because you've increased the gravity of this and the activity to this a little more and you'll start getting mass media and that will really galvanize it. Before we conclude let me ask you a couple of my favorite questions, have you been on public radio yet, have you been on Diane Rehm, Terry Gross, have you been on Charlie Rose on PBS?

Richard Master: No, no we haven't, I haven't.

Ralph Nader: Not yet, have you've been written up in the New York Times or Washington Post or Wall Street Journal yet?

Richard Master: No, you're the first.

Ralph Nader: Okay.

Richard Master: You're our Premiere

Ralph Nader: And listeners, call up these newspapers. Call up AP and tell them if this isn't a story what's a story? This is a huge breakthrough. In the annals of history, when great changes are made, they start with very few people. And if the business community gets on the full Medicare for all, everybody in, nobody out, free choice of doctor and hospital, cutting the waste, reducing the cost of healthcare by half, per capita, the way they do in Canada, you're going to see some very, very fast development in Congress and in state legislatures. Give them that contact point again, Richard Master.

Richard Master: Thank you very much. Its www.fixit one word F-I-X-I-T, healthcare.com. And the site is running and there will be responses to you. It's being administered. Please get involved and ask us for our materials they're free of charge. We're very committed to this movement.

Ralph Nader: And our listeners may contact their local Chamber of Commerce. I found Mr. Master, the local Chambers of Commerce aren't as hard line as the U.S Chamber, which promotes tobacco industry abroad, a cancer industry abroad as the New York Times pointed out recently in a big feature. So local Chambers of Commerce are very practical. They're Main

Street. They're not Wall Street. Get this grassroots effort behind Richard Master. And when it's over we can say, it started in the Lehigh Valley. Right?

Richard Master: Yes that's right; we're going to break things out from the Lehigh Valley. We used to be called the Steel Valley. Bethlehem Steel was here. Now we're the two largest employers, our healthcare networks, and we've really got to address this. It's changing the landscape of the country. We've got to get some control over the growth of this sector of the economy.

Ralph Nader: Thank you very much Richard Master. George McGovern would be very proud of you. And we look forward to hearing more of you and watching you as the mass media discovers the business movement for full Medicare for all, single payer, more efficient, more humane, better outcomes. Thank you very much.

Richard Master: Thank you very much.

David Feldman: We've been talking with Richard Master whose movie is Fix It: Healthcare at the Tipping Point. To find out more go to www.fixithehealthcare.com. Now let's check in with the corporate crime reporter, Russell Mokhiber. Russell?

Russell Mokhiber: From the National Press Building in Washington D.C., this is your corporate crime reporter morning minute for Friday November 6, 2105. I'm Russell Mokhiber. Warner Chilcott, a unit of the pharmaceutical giant, Allergan, will plead guilty to healthcare fraud and pay \$125 million to resolve civil and criminal liability arising from the illegal promotion of a number of the company's drugs. Warner Chilcott President W. Carl Reichel, 57 of Chester, New Jersey was also charged with one count of conspiracy to pay kickbacks to physicians. Reichel was arrested in Boston. The company's drug reps bought the doctors lunches, dinners and drinks. They paid for speeches the doctors never made. And in exchange the doctors prescribed drugs that boosted their sales. Warner Chilcott illegally promoted at least seven of their drugs. Under the terms of the plea agreement, Warner Chilcott will pay a criminal fine of \$22.94 million. For the corporate crime reporter, I'm Russell Mokhiber.

David Feldman: Thank you Russell. If you have missed any of this episode on the radio remember you can go to www.ralphnaderradiohour.com and catch all of our conversation with Richard Master or any of the other informative conversations we've had in our previous 86 episodes. We provide links to guests and their work. And you can submit questions. We have also added a new feature, a downloadable PDF transcript of the show. You'll see the transcript link posted just above the audio player on your computer. You may have to give us a couple of

days to get the transcript up there, but that's another way to stay in touch with what we're doing here on the Ralph Nader Radio Hour. Time for our next guest, Nomi Prins. Nomi's latest book is entitled All the Presidents Bankers: The Hidden Alliances That Drive American Power. Her other books include, It Takes a Pillage: Behind the Bonuses, Bailouts and Backroom Deals from Washington to Wall Street. Her book, Other People's Money: The Corporate Mugging of America, predicted the financial crisis of 2008 and was chosen as the best book of 2004 by *The Economist*, *Barrons* and *The Library Journal*. In a previous life, Nomi was a managing director at Goldman Sachs and a Senior Managing Director at Bear Stearns. Welcome to the Ralph Nader Radio Hour, Nomi Prins.

Nomi Prins: Thank you very much.

Ralph Nader: Welcome Nomi Prins. I want to start with an interesting approach to the kind of work you've been doing on the financial industry. There are millions of people today with trillions of dollars of hard earned savings. They put them in savings banks, money markets. And they're getting no interest, no revenue, no money to sustain for retired people, their social security income to increase it, the necessities of life. Not exactly, they're getting maybe one-tenth to two tenths of 1% interest. On the other hand, the big banks are getting money through the Federal Reserve basically interest free. Now what is the argument that Janet Yellen the chairwoman of the Federal Reserve gives when you throw that on her table? "What are you trying to do with this low interest rate policy that doesn't seem to be creating many jobs? You've expanded the deficit of the Federal Reserve through quantitative easing of trillions of dollars, and it doesn't seem to be producing productive investment." So people are puzzled. What is going on here? We had an economy years ago where interest rates were 3%, 4%, 5%. Trillions of dollars getting nothing, owned by people who are hard pressed to meet their bills.

Nomi Prins: That's an excellent set of questions and the fact is that, Chairwoman Yellen doesn't really spend a lot of time connecting those dots. So the philosophy of the Federal Reserve under her and under Ben Bernanke, who started the quantitative easing process of making sure interest rates would remain zero and therefore money would be at zero cost for the largest banks. It's something that they say is being done to increase credit availability, another word for it on Wall Street is liquidity into the economy and that's their story and they've been sticking with that. They've been modifying it depending on what's going on with the economic data by saying "it's not enough, it's not long enough, it's going to work just later, we're observing the statistics" and all sorts of other things they say in their monthly statements. But the reality is, as you've said Ralph, the benefit of cheap money does not obviously go to savers, who would be much better off at a 4%, 5% or 6% interest rate that's not risky like putting money into the stock market is. And instead, it's going to benefit the big banks. In fact, since the financial crisis and this quantitative easing Federal Reserve policy began in late 2008, the six largest banks in the country, Citigroup, JP Morgan Chase, Wells Fargo, Goldman Sachs, Morgan Stanley. and Bank of America have increased their cash positions collectively by three times. So

not only have they not had to pay interest to savings accounts, they also have been hoarding the cheap cash that they have received from the Federal Reserve as opposed to say providing it in cheaper loans or helping to refinance the better levels mortgages for average people. So this entire strategy has worked to the benefit of the banks and not to the benefit of people who are the real economy. But the story continues to go, month after month that “it’s only a matter of time we’ll just keep it going until something budges.” There’s this denial and delusional factor that has been perpetuated by the Federal Reserve with this policy over the last seven years.

Ralph Nader: Let’s take it to the next step. If people got a decent interest rate for trillions of dollars of their savings and money market accounts and savings banks, credit union, they would spend it. Because a high percentage of that money is going to be spent because it’s needed to meet the necessities of life. That would increase consumer demand, expand sales, create jobs. From the consumer side it seems to be a ridiculously ignorant way to jumpstart the economy, to starve peoples savings from any kind of interest rate returns so they can spend it. The other thing that’s strange about this is that years ago there was a fellow called Charles Walker, who is a lobbyist in Washington. And his big thing was “the capital shortage.” And he wanted tax breaks for corporations so they could liberate more capital and invest because of the capital shortage. It’s just the opposite now. There are trillions of dollars piled up here and abroad by US corporations, banks as well as other companies like Cisco and Intel and Google, trillions of dollars lying fallow. They don’t know what to do with it other than to put it in the most unproductive way possible, which is hundreds of billions dollars of stock buybacks. They’re buying back the stocks so you get better earnings per share ratios, which is a criteria to increase executive compensation at the top of the company. It doesn’t create any jobs. And we’re talking Walmart \$50 billion in stock buybacks, and they’re complaining because they have to give a million workers a buck or two more an hour. You know, the whole thing seems nonsensical, can you make some sense out of this, Nomi?

Nomi Prins: Sure, I mean here’s the thing: there’s two sets of senses here, right? There is this sense that we are talking about, the consumer sense, the average citizen sense, which is that if you’re not receiving interest on your savings, and in fact worse than that, you’re actually paying to have your savings at these big banks because even if you’re getting a tenth of 1% interest which is basically nothing, you’re generally paying about twenty bucks a month to even have the account. So, you’re effectively paying the banks to keep your money. So, it’s negative. It’s even worse than the zero interest policy would indicate. So that obviously makes no sense from the standpoint of consumers. From the standpoint of corporations, yes, the incentive to *them* to actually pay people and provide income that way, which could then be put back into the economy has been replaced by the fact that they too have cheap money. The bigger the corporation the tighter the ties to the financial institutions that can provide and raise money at the cheapest levels possible with this money that’s being given out effectively by the Fed to them. Meaning, the more they have to buy their shares and, yes, to pay their CEOs. The sense of the consumer on one side, which is being completely negated. And there’s the prospective on the other side, where if you said, “All right, well, if you’re trying to booster the banking system,”

which is basically relatively insolvent since the financial crisis that just has the capability of continuing to sell bad toxic bonds to the Federal Reserve in this country and in other countries to the ECB and so forth. This is actually a global policy that's impacting people. They get the benefit of extra money and getting rid of junkie assets that they could not get rid of in any other way. The corporations that are their clients and provide them fees, which also helps their CEOs get more money in their pocket aside from their share buybacks in the stock market levels, are also benefiting from this in buying their share. So on the surface, their companies look better from the standpoint of the stock market. The stock market has had a tremendous bubble on the back of all of this cheap money. That money does not come down. The stock market levels don't help the average citizen or the average consumer: first, because most of them are not invested in the stock market. Second, because the stock market is very risky. And third, because the biggest players are the ones that know the movements, by virtue of the fact that they're using the cheap money to move the stock market and have a much better perspective on trading anyway, than an average citizen would. So, there is no sense on one side, and there's a 100% sense, if you consider the fact that the Federal Reserve is basically subsidizing the financial system and not the productive economic and citizen system.

Ralph Nader: Well this is interesting, because I always thought that, if you got capital the only reason you don't invest in productive activity in our economy, the banks and others, is if there's not enough consumer demand that sends ripples of activity that gets company to say, "Yeah we want to borrow more money or we want to have more money invested because we're getting more orders from consumers." If you don't give consumers any interest rate on their savings, you're not going to have the consumer demand. So this is really, the Federal Reserve is a prisoner of the big banks as you've pointed out, and they're serving Wall Street. They're serving the stock market. They're not serving Main Street. For those of our listeners who don't know enough about who runs the Federal Reserve, the Regional Banks and the Board of Directors, explain Nomi, explain our Central Bank and how independent it is from any accountability to Congress.

Nomi Prins: Basically, the Federal Reserve system was set up in 1913 by an act of Congress that was a version of another preliminary act that didn't get accepted but was the impetus for that act, which was created by a senator from Rhode Island, Nelson Aldrich, and a bunch of bankers, and in fact, was presented to Congress a couple years before it ultimately passed, *by* bankers. Effectively, those bankers were also attached to at the time, mostly the Morgan Bank which is now JPMorgan Chase. So as legacy, the last over a hundred years, with respect to how the Federal Reserve was created and which bank most benefited, well the bank that continues to most benefit is the one that was most involved in the conservation so it began the language for Federal Reserve Act. Now when it was passed in 1913, the idea of it that Woodrow Wilson, who was President then, said to the American people was that, "If you had a lot of private banks throughout the country, and there was a credit problem or recession or a depression, there was nothing to incentivize them to give that money out and lend it into the Midwest, into the West, into poor people, into small businesses, farmers, et cetera; and that somehow this Federal

Reserve, this the sort of Uber bank, would be able to do that. However, the Federal Reserve is constructed by its members, who have shares in the Federal Reserve System, who happen to be the private banks. So it works like and there's no reports of these. The last actual report of the percentage of how many shares each private bank owns of this Federal Reserve system was like in 1949. They don't come out anymore. But basically, it's on size and so the bigger banks have the most shares in the Federal Reserve System. Now they say that still means the Federal Reserve operates independently from these banks. But it does not operate anymore independently from the banks as evidence, if by nothing else, the last seven years than it says it does. The Federal Reserve Act also said that the purpose of the Federal Reserve would be to tame inflation, so to tame runaway prices or really acid bubbles, which they weren't called at the time but any sorts of increase in prices, as well as maintain full employment and somehow balance the two. But in order to balance the two, you have to have real money going back into the real economy. Because the Federal Reserve is mostly supporting the big banks, increasingly so over the last seven years, but even increasing that over the past century, that's not the case. The case is that when the banks need money, the Federal Reserve provides it at the level at which it's most expedient for the banks to get it at that time.

Ralph Nader: Tell our listeners where the budget for the Federal Reserve comes from and whether Congress audits the Federal Reserve.

Nomi Prins: The budget is supposed to come from Congress. The Congress doesn't really audit the Federal Reserve, although it could if it wanted to because the Federal Reserve was created by an act of Congress. Technically, it would be up to Congress to choose to properly audit the Federal Reserve. Now, Federal Reserve does produce reports of its budgetary items, but what it doesn't do and what hasn't been called upon to do, is provide reports of what it's actually buying from each bank, when it's creating different monetary movements between banks and what they call the Federal Reserve Window, which is where banks can go if they're having a problem with liquidity, with raising their own money for particular activities and so forth. So, there is no real ongoing audit of the securities, of the debt that the Federal Reserve holds or the actual activities, the phone calls, any of that between Federal Reserve heads and the big banks that goes on. There could be. Congress could choose to have that. There have been people who have wanted to do that in Congress and it is under their purview, but it hasn't really happened in any meaningful way.

Ralph Nader: And doesn't the budget of the Federal Reserve get paid by the banks themselves? They're the ones who give the money for the budget, isn't it?

Nomi Prins: There's a certain -- because they are shareholders -- they have a certain -- the money that runs part of the Federal Reserve comes from the fact that banks have to have a certain set of reserves that they hold at the Federal Reserve and based on levels of interest and so

forth from those reserves, the Fed returns a profit or a loss but it's been a profit. From that, they can run their budget.

Ralph Nader: The taxpayer doesn't provide the budget for the Federal Reserve that it does for all other government departments like Treasury Department, Agriculture Department. So there's no accountability to Congress in the normal budgetary process, right? This is like a government within a government. The Federal Reserve is a government within a government.

Nomi Prins: Well, it's a government within a government that's run and influenced by private industry, by private banks so it's even more than -- it's even worse than a government within a government. The idea for that the way that sort of spun is that okay, well that means it has autonomy from political influence. Like it doesn't matter if it's a Democrat or Republican President, which is true from the standpoint of selecting the chairman of the Fed or the chairwoman of the Fed, which is something that comes up before Congress and Congress votes on whether or not that person will run the Fed. So in that respect, it honors the sort of parameters of the Federal Reserve Act; but it hasn't mattered in terms of policy, regarding helping banks who has been the head of Federal Reserve. And particularly, in the last several decades. There was a little bit more autonomy in the middle of the century as to running interest rates in the way to help or stimulated the economy and actually went in to the real economy versus what's gone on now, which is that they really have changed their MO to support the banks and even to help grow the size of the banks. The concentration of the biggest banks which have more influence over the rest of the economy and people has grown because of influence by the Federal Reserve. Usually, that influence is connected to lobbyists. They're lobbying Congress to basically have parallel acts that do the same thing. Even though there is supposedly an independent vehicle there, it's really not, because everything it actually does, particularly in the last several decades, is identically related to the money that's going in to Congress, what the banks require not just what they want, but also what they need in terms of liquidity to run all sorts of speculative activities.

Ralph Nader: Couple of questions before we conclude, Nomi. What do you think the boundaries and the Federal Reserve's power? Does there need to be any boundaries to bail out the Mexican regime? They can bail out Citigroup in a secret meeting with Robert Rubin and the Secretary of Treasury, Paulson. Are there any legal limits beyond what this Federal Reserve cannot do?

Nomi Prins: There aren't right now. And part of that is because Congress, who could choose to put some in play and has done the exact opposite and has basically allowed them to do whatever they want. But in particular, in the last seven years, since the financial crisis started, this particular financial crisis, the Federal Reserve has had an unprecedented role in not just keeping interest rates at zero for seven years, which has never happened in the history of our country, not

through wars, not through economic crisis, not through anything. And it doesn't seem to be many signs of that stopping, or mitigated to any meaningful amount. It's also been influencing how the dollar has been so strong relative to other countries and that has a negative impact on the trade of other countries, and therefore economies on the ground are impacted. Also, the Federal Reserve and the European Central Bank have worked together to prop up stock markets to make sure that when there is a negative, yeah, so room or anything coming in, that there's some management of that through a new kind of QE or sort of swap agreement between the central banks or something, someone says to the -- the People's Bank in China so it's become a coordinated global policy. It has really expanded these pre-non existing boundaries in a very epic way, and it doesn't really show signs of stopping and that the story line they keep saying is that "this is all for the good of the economy."

Ralph Nader: This is where you can have a left, right alliance because as the head of the Cato Institute, very libertarian group once told me, Ed Crane he said, "I'm against unconstitutional wars. I'm against corporate welfare. And I'm against the Fed run amuck." You'd get a real left, right alliance. The problem is, that it doesn't matter who's in charge of the Federal Reserve -- Chairwoman Janet Yellen is known as a liberal Democrat from Berkeley -- once they get into the Federal Reserve there's a certain lockstep culture. Tell our listeners, do you see any light at the end of the tunnel so they can get a little higher interest rate for trillions of dollars of their savings or is this going to go on and on Federal Reserve for Wall Street, Federal Reserve for the global rule of banks?

Nomi Prins: Well, there had been a lot of the talk and rumors about the possibility of the Federal Reserve raising rates by a quarter of a basis point -- which is equivalent of 100%, which is basically nothing, but at least as a start as a philosophical change from what they've been doing for the past seven years. In September that didn't happen. They could possibly do it in December. I don't believe they will. And that's because since they didn't, the stock market, the Dow has run up by another thousand points before which it was all nervous. The Federal Reserve is really watching a lot of factors that are outside of what should have been its purview to ensure that money remains cheap for the financial system, and in the corporate system and everything else. And they are so afraid, because they see that when the rumors increase of a potential rise in interest rates, a potential hike that they could do but haven't, the market gets very, very scared, the banks get very, very scared. There's probably all sorts of phone calls and as we talked about we don't audit. We don't know what's going on, where people are like "no, we need this money for this position at this -- if there isn't enough, we're going to have a bank problem, and then we're going to have credit problem and then we're going to have a rerun of other financial crisis and all these other things." The Fed is really in this position where they've created a seven year policy that hasn't helped the economy, that has created all these acid bubbles and helped the banks, and that they're stuck in, and that it's global. Even if they were to raise rates, other countries, for example in Europe. The ECB has made it very clear. They're going to continue quantitative easing through 2016. The Fed can even be really in a position where it's changing the parameters too much relative to other countries, because the markets

themselves and the multinational banks themselves are so co-dependent, and so over what might be the interest of the United States or any one country. I would love to be able to say I think they're going to change their policy. I don't think it's going to happen this year for those reasons. I'd be surprised if it happens in the beginning of next year. And even if it does, we're not talking a percent or 2% or 5%, we're talking a quarter of a percent. The market goes crazy. Everybody gets scared in the financial system, and then they just stop for a while.

Ralph Nader: The market is on a narcotic. It's called the Federal Reserve's low interest rate policies. It's basically a narcotic. And it's very unhealthy. It's very superficial in terms of the real needs of the American people. I think that until people understand what's going on here, and until they make this a political issue in a democratic sense, small D, the bankers are going to run this country into the ground and other people around the world. Because they can't stop themselves. They're in a vicious modern downward spiral, where their narcissism is so extreme and their power is so overwhelming that they're forgetting that what banks are supposed to be doing is extending prudent loans to accelerate economic activity and employment and well being for the mass of the people. The old story of the bank on the corner of Main and Elm Street is now really an old story. Thank you very much, Nomi Prins, the author of the best-selling book All the Presidents' Bankers which gives you an historical account of how this monster system got started in the first place from 1913, under the impetus of J.P. Morgan, the financier, all the way to the present. Thank you very much, Nomi. Tell our listeners quickly how they can reach you.

Nomi Prins: The best thing Ralph, and thank *you*, is to just go to my website at www.nomiprins.com.

Ralph Nader: Good. Thank you very much.

Nomi Prins: Thank you.

David Feldman: We've been talking with Nomi Prins, author of All The Presidents' Bankers: The Hidden Alliances that Drive American Power. Ralph, we have time for one question. Christopher Andrews Clark writes. If the Trans-Pacific Partnership passes Congress, can someone launch a federal suite to have it declared unconstitutional?

Ralph Nader: Well, this is interesting, because these trade agreement like NAFTA, the World Trade Organization, and the pending Transpacific Partnership, which I hope will be defeated in Congress are given the force of federal law. And they should be declared unconstitutional, because they bypass the third branch of our government, the judiciary. And they have private

tribunals that have enforcement teeth that can repeal our own laws under the agreement. And so what is the obstacle? It's called "no standing" to sue. What the federal courts will say probably is that, anybody who brings a suit to declare these treaties, which are called trade agreements by the White House unconstitutional, has no standing to sue. The only person who has standing to sue would be the Attorney General, who's not about to sue the President who appointed him or her. This is a very important question, and it should be discussed in the upcoming presidential campaign. And I think both left, right forces want that discussed, because they're very upset on the unconstitutional impact of these trade agreements.

David Feldman: Keep those listener questions coming. We'll get to all of them in a future show. That is our program. I want to thank our guests Richard Master and Nomi Prins for joining us today. For Ralph Nader's weekly blog, please go to nader.org. Remember to visit the country's only law museum, the American Museum of Tort Law in Winsted, Connecticut. Go to tortmuseum.org. Remember, a transcript will be posted of this show on ralphnaderradiohour.com. Please subscribe to this show on iTunes and Stitcher. The producers of the Ralph Nader Radio Hour are Jimmy Lee Wirt and Mathew Marran. On behalf of Steve Skrovan, who will be back with us next week, I'm David Feldman. Talk to you next week, Ralph.

Ralph Nader: Thank you and thank our listeners, who I hope will contact Richard Master at his website and join the effort from Main Street onto Washington to get the business community behind full Medicare for all, everybody in, nobody out, free choice of doctor and hospital.

David Feldman: From Pacifica, you've been listening to the Ralph Nader Radio Hour www.nader.org.

Steve Skrovan: Special thanks to John Richard and Mathew Marran.

David Feldman: Our graphic designer is Jimmy Lee Wirt. Our editor is Jimmy Lee Wirt. Our board operator is Jimmy Lee Wirt.

Steve Skrovan: Oh what the hell. Let's make him our producer.

David Feldman: Our producer is Jimmy Lee Wirt.

Steve Skrovan: Thanks to our executive producer Alan Minsky.

David Feldman: Most importantly special thanks to Mr. Ralph Nader www.nader.org.

Steve Skrovan: Our theme music Stand Up, Rise Up has written and performed by Kemp Harris.

David Feldman: If you're listening to the Ralph Nader Radio Hour as a podcast and would like to listen to it as a broadcast ...

Steven Skrovan: Call your local radio station and say, "I want the Ralph Nader Radio Hour."

David Feldman: He's Steve Skrovan.

Steve Skrovan: I'm Steve Skrovan. He's David Feldman.

David Feldman: Until next time.