

## **RALPH NADER RADIO HOUR EPISODE 90**

**Joseph Belth, Jeff Harder**

Featuring Steve Skrovan, David Feldman, Ralph Nader, Joseph Belth, Jeff Harder

David Feldman: From the KPFK Studios in Southern California...

Steve Skrovan: ...It's the Ralph Nader Radio Hour.

Welcome to the Ralph Nader Radio Hour. My name is Steve Skrovan along with my co-host David Feldman. Hello, David.

David Feldman: I'm very curious about today's show because at one point in my life we had four cats and four dogs in our house. So I'm very curious.

Ralph Nader: And probably four insurance policies at least, right?

David Feldman: Oh, of course.

Ralph Nader: Okay.

David Feldman: Life insurance.

Steve Skrovan: And that voice you just heard is of course Ralph Nader, hello Ralph. On the show today, as has been just suggested by David and Ralph, we're going to talk with freelance writer Jeff Harder about people and their pets and how much we spend on them. We're also going to talk about an Op Ed Federal Reserve Chair Person Janet Yellen wrote in response to an open letter Ralph sent her. Finally someone wrote back to Ralph. And answered letter David.

David Feldman: Yes, somebody even more powerful than the President.

Steve Skrovan: That's right, but first we are going to talk about a consumer issue we all hate but we all need to buy in one form or another, insurance. David?

David Feldman: Joseph M. Belth is professor emeritus of insurance in the Kelley School of Business at Indiana University. He's the author of "Life Insurance: A Consumer's Handbook." He's also written several other books and numerous journal articles. He's also a blogger. Joseph Belth founded the Insurance Forum and independent monthly periodical and edited it for its entire 40 years, welcome to the Ralph Nader Radio Hour Professor, Joseph Belth.

Joseph Belth: Thank you very much, good to be here.

Ralph Nader: Welcome Joe, Joe and I go back a long way and I'm qualified to say that there has been nobody in American History who has been a tougher watch dog of the giant life insurance industry as has Joe Belth, over 40 years of meticulous investigation. No matter how complex, no matter how abstruse, he knew how to dig it up and convey it to his list of subscribers. And the deterrent effect of Professor Belth can never be mentioned, but I have heard on several occasions over 40 years that insurance executives mulling over whether they should do this and that have often been told, "If you do the wrong thing Belth is gonna nail you." The problem with life insurance is it's needlessly complex, even though its function is pretty much understood by everybody in terms of benefits. But today we're going to really have a great opportunity to both talk about the industry as a whole, its secrecy, where it's heading, where it's investing its assets. as well as a little bit of consumer advice because everybody, when they hear about a life insurance expert coming on radio, TV, they often say, "What kind of life insurance should I buy?" So welcome Joe Belth. Let me start with your new book the Insurance Forum: A Memoir, it's partly autobiographical and partly professional. But as usual it's extremely comprehensive and meticulous. And on the back of the book, you make an absolute assertion which is often rare for academics. You say, "Any business built on the non disclosure of information vital to its customers will not survive and will not deserve to survive over the long term." Joe can you explain that in ways that we lay people can understand?

Joseph Belth: Well I can try Ralph. But what I was attempting to communicate there is what has been a lifetime of difficulty in obtaining information from insurance companies, it's not only consumers who have those problems, it also includes people like me. We have great difficulty in getting information. Some of it is very important for our consumers to know and I have the feeling that this industry is simply built on secrecy and I just don't think that an industry that does that can survive long term.

Ralph Nader: Well let's parse that, knowing that it has survived year after year and made more money, what is your evaluation of State Insurance Departments that regulate life insurance industry? It's not an industry regulated by the Federal Government, and just preface your response by indicating how gigantic it is in terms of dollars, assets, sales, profits.

Joseph Belth: I don't have the numbers in front of me but we're talking hundreds of billions if not trillions, but unfortunately I don't have the numbers in front of me Ralph. But, what I should say is that state regulation of the business arose as an historical accident. Fundamentally we've got a national business being regulated by the individual state. And the accident was that, the guy who pushed for regulation strongly and actually started it happened to live in Boston and his name was Eliza Wright. And he wanted to get a regulatory agency established. And in those days which was the middle of the 19th Century to travel any distance was quite a problem. So he just went to the Massachusetts legislature. And the result was the formation of a State Insurance Department there. And New York simply was not to be outdone so, New York formed a department and the first thing you know they sprang up all over the country. And initially it was so confusing that even the insurance companies wanted federal regulation in those early days. But they were not able to pull it off, until eventually there was a Supreme Court decision in the 1940s that insurance is commerce and should be subject to federal regulation which of course caused the insurance companies, by then they were used to state regulation. And they rushed to Congress and got a law passed reserving insurance regulation to the states. And of course we still have state regulation, and there is vehement opposition to being regulated by the Feds.

Ralph Nader: Well Joe, one thing you set the pace on in all your writings is you name names. You named the names of corporations like AETNA. You named the names of corporate executives and how much they're paid. You have whole charts on how much these companies are paid in your monthly newsletter over 40 years. So suppose I'm a listener now, and I simply say to myself, "What benefit is my State Department of Insurance in Texas, Illinois or California or New York to me? How can I have my State Insurance Department help me if I have a complaint, if I don't know what the fine print is about, if I think I'm being overcharged?"

Joseph Belth: Wow, I would say there's not an awful lot you can do. If you really feel that you've been wronged, there is a procedure fairly simple for filing complaint with the State Insurance Department. There's really not much way of knowing in advance what will happen with a complaint. You might actually make some progress with a complaint. On the other hand you may be pretty much brushed off. Of course, there's no way to find out once you try it.

Ralph Nader: Okay, and how about the use of material from Consumer Reports that has millions of subscribers all over the country. Do they ever delve into advising people what to buy or not to buy?

Joseph Belth: Well that, yeah that's a, you've asked an interesting question Ralph. Consumer Reports and I go a long way back. In fact, my initial appointment at Indiana University which was a one year visiting appointment, which started a 50 plus year career there, happened to be to do a study that Consumers Union wanted to have done by an academic organization about life insurance. And I was

brought out there to do that study. And I did the study. I made sure before I got into it, that they didn't have any axe to grind at Consumers Union. I actually went to Yonkers to ask 'em about some problems I had with them. But I was assured they wanted an academic study. And after I did the study I found out that they did have an axe to grind. They felt that nobody should buy anything but one form of life insurance called "term life insurance." I strongly believe that there are one or two other forms of life insurance that are certainly very useful. And it's like trying to prescribe medicine without ever doing any investigation of the individual's objectives... or needs.

Ralph Nader: Okay now, now we're getting right to the point that people often ask. Probably the most frequent question that consumers ask of experts is, "What kind of insurance should I buy? Term insurance or whole life? Please tell me in simple language." So why don't you tell our listeners what term insurance is, what whole life is. And on behalf of Consumer Reports, they probably figured that's the simplest way out for them, that if they ever got into the weeds on whole life and all kinds of other insurance and annuities, they'd lose their readers probably.

Joseph Belth: Term life insurance, generally speaking, it is a form of life insurance where the premium goes up as you get older. Because the probability of death is going up as you get older. And Term life insurance, generally speaking, does not build up any kind of savings account or cash value. But, initially it can be the lowest premium form of life insurance. However a cash value life insurance, generally speaking, levels out the premium, which means you overpay in the early years and underpay in the later years. And in the process you build up an equity sometimes called the cash value, which is available to you. You can borrow money against it, or you can surrender a policy and receive the cash value. And as a savings vehicle, my belief is, that it is a reasonable savings vehicle, quite competitive with savings accounts and various other kinds of savings programs and should be at least a possibility. And so my objective had been and always has been to try to educate people on the difference between the two policies and to help people figure out which might be appropriate in their circumstances.

Ralph Nader: Is it fair to say that it's kind of a forced saving, whole life insurance that you end up --?

Joseph Belth: That is true. It is a way of systematically building up some savings. And it's kind of forced in the sense that you get the premium notice, and if you pay the premiums regularly you build up the savings in a cash value life insurance policy.

Ralph Nader: And you get it back if you stopped the policy. If you don't renew, you still get what it was built up --.

Joseph Belth: You can get back, you can get back the equity that you had built up or you can borrow against it. You can get it back when you surrender the policy. And if you never surrender the policy, it

becomes part of the death benefit. In other words, the death benefit in a cash value policy is the sum of what we call the “protection component” of the policy and the “savings component” of the policy.

Ralph Nader: And Joe ...

Joseph Belth: It all becomes part of the death benefit.

Ralph Nader: Right, and if you stop paying on your term insurance, let's say you had it for 10 years and you stop payment, you end up with nothing, right?

Joseph Belth: You have nothing, that's correct. But you did have the protection during the time you were paying the premiums.

Ralph Nader: Now which is cheaper for a hard-pressed family budget?

Joseph Belth: If and I'll say this in a very general way. If a family is really stretched on its budget and cannot afford to save any money, it probably has to buy term life insurance, at least in the early years of their career. But if a family is able to save some money, then it becomes a question of whether life insurance might be an appropriate way to make some of their savings. I have to emphasize, Ralph, that this gets us into the problem: one of the things that the insurance industry has absolutely refused to allow disclosure of is the price of the protection component of life insurance, and/or the rate of return on the savings component of cash value life insurance. They will not allow it to be disclosed.

Ralph Nader: They don't have to disclose it to the state insurance commissioners?

Joseph Belth: They do not.

Ralph Nader: Well, do they, any of them the better companies ever disclose it?

Joseph Belth: They do not.

Ralph Nader: Okay so, let me just back up here a minute. Am I right in saying that years ago when interest rates for people could be 4% or 5%, just in terms of money market accounts or savings bank accounts that their savings in the bank or money market was higher than the rate of return they would get on cash value, whole life insurance? And now that interest rates are near zero for your money market account or for your savings bank account, the return on whole life is better. Is that correct?

Joseph Belth: I think the return on whole life -- first of all, it's a little difficult to generalize because some companies offer really low cost high return life insurance. But many of them do not and therein lies the rub. Because what a consumer needs to do is find a company that's offering a high quality product. But without disclosure, this is extremely difficult to do.

Ralph Nader: Joe, would you mind telling us because you're known for naming names, what are the better life insurance companies that people can consider buying insurance from. And where do you buy your insurance from?

Joseph Belth: Well first of all, I bought most of the life insurance and I still own it is in a couple of companies that are not doing that well in terms of value to the customer. But I've kept the policies. They're doing reasonably well. But, the insurance that I began buying when I went in the business happened to be from my own company, which was Continental American Life, which later became Provident Mutual Life. Continental did fairly well, not real well, but they were taken over by Provident Mutual, which did very well. And so I was kind of happy with that until Provident Mutual disappeared and is now part of Nationwide. But the insurance I have is still doing pretty well that I bought from Continental American in the original days. But more recently than that, I bought life insurance from TIAA, Teachers Insurance and Annuity Association, which primarily caters to people in the academic field. They do offer low cost life insurance. I haven't kept track about whether they really offer that life insurance nowadays to non-academics, but they're very good. There are other companies that have been generally very good. One is North Western Mutual and another one is Massachusetts Mutual. And there are undoubtedly some others that do reasonably well.

Ralph Nader: Do you prefer mutual life insurance companies? As you know, a lot of the mutual life insurance companies have converted over to stock held companies ...

Joseph Belth: That is correct.

Ralph Nader: So they can pay their executives monumental salaries.

Joseph Belth: That is correct. And that I've written an awful lot about what I call "the demutualization wave." Most of the major companies historically, the major companies were mutual companies. Today, very few mutual companies are left; which mutual company is not necessarily going to deliver good value, but at least in theory they are supposed to be operated for the exclusive benefit of the policyholders.

Ralph Nader: Who own it, who own it.

Joseph Belth: As I say whether or not they do or not, that's another issue.

Ralph Nader: Define mutual policy, Joe, for the listeners who don't know.

Joseph Belth: A mutual insurance company is a company that is theoretically owned by its policyholders and theoretically is operated for the benefit of its policyholders.

Ralph Nader: Now why theoretical?

Joseph Belth: Because they may or may not do that, they may be operating primarily for the benefit of the executives.

Ralph Nader: Well don't the policyholders who are the consumers, you, me listeners, David, Steve, don't they have any power over management?

Joseph Belth: They have essentially zero influence over management. For example, in a typical annual -- mutual companies do have annual meetings. The general attendance at an annual meeting, you can count the non-employees of the company on one hand, who attend the annual meeting. And if they want to put through any kind of bylaw changes that have an adverse effect on the policyholders, they just put 'em through. The policyholders don't know any different.

Ralph Nader: You know I saw that personally at the John Hancock annual meeting for it's mutual policyholder many years ago. It was an auditorium full of their employees and a few straggling policyholders.

Joseph Belth: That's right, that's exactly right. And the meeting, the meeting is very perfunctory and they don't do anything there except to give up pep talk to their employees who happened to be policyholders and are in attendance.

Ralph Nader: It's too bad because the mutual life insurance company model could be really terrific. If the policy holders had power, if they're willing to show up, if they are willing to say to their company, "You know we are part owners of this company and --

Joseph Belth: Let me give you a classic example of what I try -- I know how you feel about mobilization of consumers. But I don't know how to do it here. And let me give you an example. I mentioned before that I was a policyholder with Continental American, which became part of Provident Mutual. So, Provident Mutual in 1998 decided to change their form of organization into a mutual holding company organization. And, I knew something about that. And I felt that a mutual holding company arrangement is seriously... is adverse to the interest of the policyholders. Don't ask me to get into the details of that, because it takes too long. But I was opposed. And I immediately wrote a one-page letter to the policyholders of Provident Mutual: "Fellow policyholders..." And I sent that letter to the State Insurance Department in Pennsylvania, where Provident was domiciled. And I asked them to order Provident to mail my letter to its policyholders, along with the information statement they would send out to policyholders, asking them to vote on the plan. Because the policyholders have to vote on this thing. So I asked them to force Provident to include my letter. Of course, my letter pointed out the drawbacks, which I knew Provident would never mention in their information statement. And so, the State Insurance Department who just happened, the Commissioner just happened to be a lady who had recently been the general council of Provident Mutual. And she moved over to become Commissioner. And she recused herself from the demutualization process. But anyway, the person to whom she assigned the job wrote back to me and refused to send the letter, to include my letter. And pointing out that there was going to be a meeting about it, a public hearing in Philadelphia. And I should come at my own expense, which by the way I did. And you can't imagine -- maybe you can, Ralph, with your experience -- imagine how much of a farce that hearing was. It was a farce. And of course the policyholders duly voted -- about 20% or 30% of the policyholders did vote -- and I think 90% of those who voted approved the plan based on the glowing comments put out by the company in their information statement. But let me tell you the final thing on the story. This is interesting.

Ralph Nader: Yes.

Joseph Belth: A small group of dedicated policyholders in Philadelphia, and a couple of dedicated lawyers there filed a lawsuit in state court. And believe it or not -- the day, I think it was the day after the vote in favor of demutualization by the policyholders -- the state judge enjoined the company, issued a temporary injunction against adopting the plan, because the information statement was not adequate, did not disclose enough. And eventually, it was made permanent, the injunction. And Provident scrapped the plan. Later, they demutualized and were acquired by Nationwide.

Ralph Nader: Yeah.

Joseph Belth: But at least it shows you that it's possible to do something, but think of what it required of this case. It required a lawsuit.

Ralph Nader: On that score Joe, as I was saying, if policyholders were really active and mobilized in these mutual companies, they could steer some of the liquid assets into good investment for community development, housing, other things where they live. Don't you think so?

Joseph Belth: That's true. But priorities, how do you organize them? You can't even get in touch with them Ralph.

Ralph Nader: Right, if you're a mutual policyholder of Northwest Mutual, which is one of the better ones, can you ever get the list of other mutual ...

Joseph Belth: Absolutely not.

Ralph Nader: Okay so that's it ...

Joseph Belth: Absolutely not.

Ralph Nader: It's very similar to stock held giant corporations. They treat shareholders and --

Joseph Belth: That's right.

Ralph Nader: ... let me ask you this, when, some of these big mutual insurance companies like John Hancock demutualize, weren't they supposed to buy out the policyholders?

Joseph Belth: They did.

Ralph Nader: And was a fair buyout or was their litigation?

Joseph Belth: There's no way to know because -- Ha! -- there's no way to know whether it was fair. What happened was, they did the buyout, paid either cash, cash and or stock and the method of allocation or the method of computation of each policy holder's share was done by a consulting firm working with the company and the entire process is totally secret. Not only that but there's a fairness statement issued by the actuary. There's a fairness statement issued by the banking firm --the investment banking firm that handled the deal -- and there's a fairness opinion from the law firm that was involved and then the Insurance Commissioner deems the plan fair. Everybody puts these letters in that it's fair. If you want to know the details, you are told it is confidential, proprietary information. It's not available.

Ralph Nader: Joe, I know some ...

Joseph Belth: So an answer to your question about whether the distribution is fair, the answer is "We don't know."

Ralph Nader: Well there are some law firms, small law firms, one of them is in a Boston run by Jason Adkins, who I think you know...

Joseph Belth: I know Jason very well.

Ralph Nader: Who represented some of these mutuals; and they did, they did win something. They often won a little upward evaluation to pay off the mutual policyholders. They've won a few cases here and there, haven't they?

Joseph Belth: I think they have but by in large I think Jason's -- he did have a victory with regard to Savings Bank Life Insurance in Massachusetts. He did get them to back off a little bit on some bylaw changes at the Mass Mutual, which were particularly adverse to policyholders. So yes, he has won some victories; but they've been very hard fought. How many Jason Adkins' are there around anyway?

Ralph Nader: Not many. But you know, all this -- I hope this isn't befuddling our listeners. And I want to tell you a little comedic experience I had once when I had lunch with the head of the IRS, the commissioner of the IRS. I had lunch with him during the Jimmy Carter years. And I said to him this, I said, "Commissioner, is it true what someone once told me that to try to understand the life insurance

segment of the US tax code is more difficult than trying to understand Einstein's theory of relatively?" And he said, "I wouldn't deny that." I said, "Well, does this mean that because it's so difficult, and you can't even retain the requisite actuaries, because they're retained by the life insurance industry that the segment of the US tax code on life insurance is unenforceable? He didn't deny that either.

Joseph Belth: Right.

Ralph Nader: And so, dear listeners, dear podcasters, hang in there. There's a great book for you to read, a memoir by Joe Belth. And it's in clear English and it respects your intelligence and your patience. It's called The Insurance Forum, A Memoir by Joseph M. Belth, B-E-L-T-H. Tell them how they can get it directly from you Joe, autographed. And please give them your email.

Joseph Belth: They can get it right now in two ways. One is from Amazon in which case it would not be autographed. They can also get it, the ordering instructions are on our website which is [www.theinsuranceforum.com](http://www.theinsuranceforum.com). If you go there, you can't miss it. If you order the book through instructions there; and you asked for an autograph, I will autograph.

Ralph Nader: Believe me listeners, this is not a book that is going to outsell the latest edition of Morris the Cat but it will affect your pack of book, your descendants, your wellbeing far more than Morris the Cat's latest escapades. An informed in life insurance consumer can save hundreds of dollars. That's the beauty of studying a bit for a few hours of what kind of insurance you should buy, how much you should buy, who you should cover, what you shouldn't buy, what you should deny because a lot of times, insurance agents get a big cut of the first year's premium of a certain type of insurance policy. Say whole life and not that much over a term, let's say, say 10 to try to steer you to maybe an insurance policy that's not the best for you. Joe Belth, you're still writing your blog, tell people how they can access to it free.

Joseph Belth: Oh, the blog is [www.josephmbelth.com](http://www.josephmbelth.com). And it is free. And you could even sign up by putting your email address in the upper right corner of the homepage. You can put in your address. You've got to follow a couple of prompts. And you will get each new blog immediately when it's posted to your email.

Ralph Nader: And then, you can then folks, you could send it to the insurance commissioner of your state or the CEO of the company you might be having a grievance. The very ...

Joseph Belth: Sure.

Ralph Nader: The very possibility that you're in touch with Joseph Belth will scare some of these life insurance companies into treating you fairly. Before we close, David and Steve, do you have a pressing consumer questions?

Steve Skrovan: Well, first of all Ralph. I want to say kudos on the Morris the Cat reference. Well, I have a question. At one point in the interview, it seemed Ralph, you were suggesting -- I'm guess I'm asking this: were you suggesting that with interest rates so low at banks that people put their money into whole life insurance policies rather than in a bank account? Was I getting that right?

Ralph Nader: I was wondering what Professor Belth would say.

Steve Skrovan: Yeah.

Ralph Nader: Since people who go into money market accounts like Fidelity Vanguard or into their savings accounts are getting 1/10 to 1% interest.

Joseph Belth: I believe that the interest rates on cash value life insurance policies, which are carefully chosen for their high quality, will produce a better rate of return than you will receive on money market or savings accounts or even US savings bonds.

Ralph Nader: Yes. And you know, by the way folks, you can test this. You can just contact Nationwide Insurance or Mass Mutual or Northwest Mutual and say, "Do I get a better deal on cash value if I buy a whole life policy than I do if I put my regular saving into my community bank or my money market account?" They got to answer something, even though they don't want to disclose the whole thing. Right, Joe Belth?

Joseph Belth: Well, let me say this. If that isn't if the question is asked in that manner, I hate to say but the answer will be gibberish.

Ralph Nader: Even at the ...

Joseph Belth: I hate to say it.

Ralph Nader: Even at the expense of not making the sale?

Joseph Belth: They'll try to make a sale. But the point is that the answer as far as affectiveness is concerned will be gibberish.

Ralph Nader: Well listen, on that gibberish note, we have to come to an end, Professor Belth. I hope we can have you on again. The book again, I'm holding it in my hands. Obviously, I'm a big fan. There's probably nobody in the world who knows more about life insurance than Professor Joseph Belth. Nobody more honest, nobody more communicative over 40 years to use a consumer. And it's called *The Insurance Forum, A Memoir*, does go into his background and his grandparents and they even have some cartoons in it. It talks about military retirees and how the insurance companies even gouge military retirees. In certain instances, charging one US navy retiree who paid annual interest rate of more than 30%. And it's full of interesting things like that. Just mentioning Joe Belth to your insurance agent or your insurance company will get somebody, intangibly perhaps, on your side. So, they say, "Hey, this consumer, this is not an ordinary consumer." Thank you, Professor Joe Belth.

Joseph Belth: Thanks a lot Ralph. It's great talking to you.

Ralph Nader: Likewise. Bye-bye now.

Steve Skrovan: We've been talking to Joseph M. Belth, author of *The Insurance Forum: A Memoir*. For more information, go to [josephmbelth.com](http://josephmbelth.com).

David Feldman: Before we get to our next guest, we wanted to take a moment to address and exchange Ralph Nader head with Federal Reserve Board Chairperson, Janet Yellen. Ralph, why don't you tell us in a few words essentially, what you wrote to Chairperson Yellen then I'll read her response and you in turn can respond to that. Now, you want the Feds raise interest rates?

Ralph Nader: Yes, and here's my reasoning. There are trillions of dollars held by ordinary middle income and low-income people in their savings accounts, credit unions and in money markets, literally, trillions of dollars. They're getting about 1/10 of 1% interest. Now, we had a humming economy years ago, in the '60s, '70s where they would get 4% interest, 5% interest. But the Federal Reserve, which is the most powerful regulator in the United States, which is why right-wingers who are against regulation in Congress never raise a whisper for the most part against the Federal Reserve determining interest rates, decided that to stimulate the economy after the avoidable Wall Street criminal crash on the

economy, unemploying eight million workers, they had to lower interest rates to encourage investment or to lower the interest rates on mortgages or car loans. Well, they succeeded in lowering the interest rates for Wall Street banks, which is near zero. The banks can borrow almost endlessly from the Federal Reserve. Although interest rates on mortgages are at around 3.5% for a 30 year mortgage are pretty low by historical standards, say the last 40 years, there's still a payday loan racket where you end up paying as a poor person rolled over, 4 or 500% interest. There are installment loan rackets, rent-to-own rackets and of course the \$1.3 trillion student loan racket, where a lot of students are paying between 6% and 9%. So, Federal Reserve Chairwoman, Janet Yellen, is not exactly standing tall for tens of millions of people, who don't have the power of the banks. And so, I chided her and her fellow governors about this and said, "You know, why don't you give a little bit more income to all these millions of people. They need it to put bread on the table. They're going to spend it right away. And it will stimulate the economy in another way through consumer purchases, increasing sales and creating jobs." And I advised her at the end, and this is what infuriated some --

Steve Skrovan: Ralph, let me just interrupt you there. I want to talk about that but let's have David -- David read what Janet Yellen said in response to this letter. And then you can respond to that.

David Feldman: The Chairperson wrote back, "Ralph, would savers have been better off if the Federal Reserve had not acted as forcefully as it did and it maintained a higher level of short term interest rates, including rates paid to savers? I don't believe so. Unemployment would have risen to even higher levels. Home prices would have collapsed further. Even more businesses and individuals would have faced bankruptcy and foreclosure. And the stock market would not have recovered. True, savers could have seen higher returns on their federally insured deposits, but these returns would hardly have offset the more dramatic declines they would have experienced in the value of their homes and retirement accounts. Many of these savers would have lost their jobs or pensions or faced increased burdens from supporting unemployed children and grandchildren."

Ralph Nader: Okay. That is a sweeping generalization with the implied predicate that she's talking about 4%, 5% or 6% interest rates. I'm not talking about that. I'm talking about millions of people who don't have a home mortgage, millions of people who don't have what she's talking about in terms of benefitting from lower interest rates and their other consumer holdings. Let's make it easy for her. 1%, why not go up to 1%? The thing she doesn't pay attention to is the kind of money that goes to the trillions of dollars in money markets and community bank savings are going to be spent. They're going to be spent and that's going to stimulate the economy. But more important, it's going to help with the meager standard of living of the people she's making and her fellow governors are making beer their brand of this whole process. And of course, she ignored completely my point as to "Why do the big banks get loans from the Federal Reserve for almost zero interest rate, where students have to get loans from the US Government or from companies like Sally Mae, 6% to 9% interest rates. However, as Steve Skrovan just said earlier in the program, she did answer. She actually answered. And it went all over the Internet. And there were some outraged responses by people, because I had the temerity -- take a look at this -- to suggest that she consult with her husband, who is Nobel Prize winning economist, who just

finished writing a book on consumer manipulation and deception -- in order to see what my point is like from someone who is known for his consumer sentiment. Well, you can imagine the politically correct bellows from around the country, like one blogger for Salon. He fancies himself an economic commentator. How about this, he said, "How dare I challenge the most powerful woman in the world by reverse sexism?" Another person said, "Ralph, I've always supported you all these years. You've saved a lot of lives. You've saved a lot of consumer dollars being wasted but now, you're off my list, because you suggested that Federal Chairwoman Janet Yellen consult her husband." Hey wait a minute, consult her husband? Because her husband happens to be enormously credentialed on the point I was trying to make in my letter. Am I not supposed to say that she should consult her husband because he's a male? So, I think, there are a lot of people reacted. They didn't know anything about the Federal Reserve, nothing about what I was talking in the letter. And they probably might not have known the difference between Janet Yellen and yellow jacket.

Steve Skrovan: Okay. But Ralph, can you see how -- well, let me ask you this: When you did suggest that she sit down with her Nobel Prize winning husband, could you see that coming? Or were you taken by surprise?

Ralph Nader: I was actually taken by surprise. I mean, she is a Berkeley liberal, and she should know better. We're not saying she should raise, you know, interest rates bingo to 8%, 9%, 6%, 5%. But they're now 1/10 of 1%, sometimes even negative. You just have a lockbox when you put your savings away in a sense, some of these banks. Why not 1%? I mean, the economy is seven, eight years from the Crash. At what point is she going to lift this low interest rates, zero interest rate narcotic from Wall Street which is hooked on it and has boomed the stocks with what is called "quantitative easing," which is basically the Federal Reserve, literally, printing trillions of dollars and buying bonds and making it easy for the stock market in terms of its liquidity. So, anyway folks, if you want to weigh in on this, thank Janet Yellen for at least replying to me and urge her to be a little more fair for the people, who don't come under her categories of benefiting from her low interest rates, or her zero interest rates, near zero interest rates. Yeah, go ahead.

Steve Skrovan: Are you going to now respond to her response and say essentially what you've said here ...

Ralph Nader: Yes.

Steve Skrovan: ... in a formal format?

Ralph Nader: Yes, I'm going to. And by the way, I don't think she was bothered in the least. We're roughly from the same generation, a generation for all its faults, they weren't known for being blistered

by moonbeams. So, I don't think she was bothered at all by that. But you know, I want to have her husband, Nobel Prize winning George Akerlof on our program. So, I'm going to call him. He's a professor at Georgetown. And I hope he'll come on our program.

Steve Skrovan: Excellent. Well, let's move along. We are going to switch gears here. As a matter of fact, we're going to switch gears so hard, we're going to leave skid marks. Because David, I just want to ask you. Are you a dog person or a cat person?

David Feldman: I love all animals. I'm a vegan vegetarian. I think dogs belong in the house -- cats, not so much.

Steve Skrovan: Very good. Do you know how much American spend on pets every year?

David Feldman: No.

Steve Skrovan: I'm going to tell you. \$60 billion.

David Feldman: That's how much I spent last year.

Steve Skrovan: Just on kibble. Well, it turns out that dogs are the real job creators, apparently. Which brings us to our next guest. Jeff Harder is a freelance writer based in New England. He has been the editor of Cape Cod Life Magazine and has written numerous articles for numerous publications, including the one that caught Ralph's eye this weekend in the Boston Globe Magazine entitled, "How Did We Become Such Shameless Dog Spoilers?" Jeff Harder, welcome to the Ralph Nader Radio Hour.

Jeff Harder: Thanks guys. Thanks for having me on. And thanks for taking a look at my piece.

Ralph Nader: And a great piece it was in terms of insight and interest because you are a dog lover, and we're going to get to your dog, Biff in a moment. But just to, just to lay the groundwork -- and by the way, Jeff, you have to turn this article into a book. This could be a best seller. And by the way, you have a chance to tell people how they can get a hold of your article from the Boston Globe Magazine, so they can decide for themselves. But in your article, you lay the factual groundwork. And here it is, quote: "But Americans own roughly 78 million dogs and 71% of us let our pets sleep in bed with us. 64% of us buy them presents. And 22% dress them in clothing, according to a recent Harris Poll survey. Overall,

we're poised to spend more than \$60 billion on our pets this year, more than triple what we spent in 1994." End quote. To put the \$60 billion in context, the entire amount paid out to victims of medical malpractice in any given year, settlements and verdicts, does not exceed \$11 billion, 11 billion. And \$60 billion on our pets is 10% of what is spent on public education in the United States. So, let me ask you this question just to get it started, Jeff. What did you try to convey with your many examples in your own personal experience to the reader?

Jeff Harder: Sure. Well, I guess the genesis of the story, which dovetails with that, and I mentioned it in the piece: My wife, just before our oldest dog Biff, he's an English Bulldog, just prior to his birthday, we found ourselves in the midst of a pretty heated argument about what sort of birthday cake to make him. We had sort of, you know, gone past the argument over whether or not to make him a birthday cake and sort of got down into the details of the ingredients. And I had -- there's no other word for it -- an epiphany: that this was the most bizarre conversation that two human beings could have. And yet, it had become normal to us. And it was a normal conversation for many of our dog loving friends, and, you know, this is pretty well worn territory. And that sort of piqued my interest and sent me down the rabbit hole towards finding out sort of the roots of this broader phenomenon of why we build on our pets and dogs in particular. And, you know, I think I always had an intuition that it was a fairly new phenomenon. And as I got further into my research, I found out it was anything but. This urge to sort of dote on our pets goes back to the late 19th century and really has sort of ticked up as Americans have become more affluent and gained more disposable income and as dogs have become a greater presence in our day to day lives. And I think the sort of exponential growth over the last 20 years or so with tripling how much money we spend on our dogs and containing animals really is emblematic of the kind of pronounced roles that dogs have taken on just in my life and in the lives of other Americans and Europeans and folks in the developed world that sort of harbor these kind of doting tendencies toward their animals. So, I guess I was just astounded. I wanted to convey more than anything just the scale of the pet products industry and what a factor it is in modern life in a way that they hadn't expected at the outset.

Ralph Nader: And you also go into great detail. You talked about dog daycare outlets where people in Charleston, Massachusetts 7 AM. You say, "7 AM in Charleston and the first to board is Gus, a charcoal colored schnauzer with cartoon eyebrows. We're on the stubby shuttle bus for the common dog daycare as it makes its roughly 90 minute pickup circuit around greater Boston. Including stops and Flagship Wharf, Copley Square, and Cambridge." And you go into really spectacular detail here about how much greater the dog doting culture is even from 10, 20, 30 years ago. Dogs now get chemotherapy. They get dialysis. They get special sub-gourmet products, foods. And 96% of owners consider their dogs to be members of the family, according to a Harris Poll. And this gets to my next question. Just what do they mean when they say "members of the family," Jeff Harder? Especially if they have children? What does sibling rivalries mean?

Jeff Harder: You know what, that's a good question and it's also -- I noticed in my interviews at the doggy daycare that you alluded to and just to my own kind of casual experience -- just chatting up other

folks that I know and talk to you for the story -- I get the sense that for most folks calling your dog a child is a step too far. That's just beyond the pale. And yet I just ended up asking most folks whether their dog was a member of the family. And universally, it was absolutely 100% they're something other than a child but a family member nonetheless. And I just think that that speaks to sort of the broader zeitgeist. And I'm still trying to get a handle on it myself. I've talked about some of the social factors going on and in the context of the story, about the sort of free sense of isolation that is part and parcel of the 21st century experience. Folks are, especially in Metropolitan areas and especially younger urban professionals, the dog sort of becomes a social force in our lives where they might not have spouse, a significant other, a child, anything else to stand in there.

Ralph Nader: And Jeff, your wife and you are about to have your first child in the spring and ...

Jeff Harder: You got it, yeah.

Ralph Nader: So, you're going to have to order your priorities. Are the dogs still going to sleep in your bed, when your first child is born?

Jeff Harder: Oh, absolutely. At this point, the sound of my snoring bulldogs is music to my ears. And I guess I don't have a noise machine to put me to sleep, since I've already got my dogs. So, yeah.

Ralph Nader: So, you also walked too -- on Friday afternoons, you walked dogs through the Massachusetts Society for the Prevention of Cruelty to Animals in Centerville, Massachusetts. I mean, you're the real thing when it comes to compassion with dogs. And so, hold on to your chair now. I asked several people, "What would be the most wild question to ask a profound dog lover? What would be the cruelest question you can ask?" And somebody came up with this question. Jeff Harder, if you were starving on a desert island, there was no food whatsoever. Biff was on the island. And it was either you or Biff, would you eat Biff?

Steve Skrovan: Oh boy.

Jeff Harder: Let's see, Biff is rather plump and juicy. He's got pretty big muscles, so, there's a lot of protein content in there but, uh, you know, if he goes, I go. That's it.

Ralph Nader: So, you'll both go over into the surf together?

Jeff Harder: That's right, that's right. He's not going to end up in my belly first.

Ralph Nader: Somebody who told me to ask that question said, "If you answer it that way, you are the ultimate dog lover of all time." By the way, how do they read the article? Can you give them the contact?

Jeff Harder: Sure. So, I think at the top of the show, you mentioned the article is called "How Did We Become Such Shameless Dog Spoilers." If you do a quick Google search for that, it's at [bostonglobe.com](http://bostonglobe.com). Or you can visit my personal website and check on the writing section and there's a link in there. My website is [jeff-harder.com](http://jeff-harder.com), that's D as in dog harder.com.

Ralph Nader: And, don't get misled folks. This article goes into a lot of detail, research done at Yale, other universities. People are recognizing as never before the intelligence of dogs, how they are absolutely insightful in cueing their owners. And by the way, some dog lovers don't even like the word owners or masters. They think that bespeaks of some kind of cross slavery. Now, where is this going to end, Jeff, just seriously? If you look forward 20, 30 years from now, I want to ask you this question, because someone suggested where it's going to end. Where do you think it's going to end in terms of the dog/human relationship? What are the trends?

Jeff Harder: So, I think, when I was speaking with Bob Vetere, who is the president, I believe is the title of the American Pet Products Association -- the group that commissions those studies that we've alluded to earlier, the \$60 billion that are being spent on our pets every year. He seems to be pretty sanguine about the future and in terms of his industry's upward trajectory. No end in sight to the growth and the billions and billions that folks will spend on their dogs. I think, you're going to end up seeing quite a bit more in, I guess, beyond like the tacky and garish and weird costumes and play things. I think you're going to see a lot of growth in the food area of things that sort of mirrors what's going on with human's dietary preference. In the course of writing the story, I got Biff and Mabel a container of cod jerky, specifically made for dogs by a company out in South Boston that also mixed treats out of duck livers and things like that. So, whatever kind of food-based neuroses humans have, I think will get transferred over to dogs. Independently of the story, actually I think you're going to see more high end like hotel accommodations for dogs and pets. There's a spot that I just -- a few moments ago, I found out about around the New Hampshire Lakes region, where the pet friendly guest rooms are equipped with a dog bed, food, water bowls, treats, toys, blankets, all those kinds of things. And I think that's probably one of the next frontiers.

Ralph Nader: Two trends have been suggested to me by people I've asked. One is cloning your beloved dog before the dog dies so you can get the exact genetic replication. And the other --

Jeff Harder: They're doing that now, yeah.

Ralph Nader: Yeah. And the other suggestion – it's really off the wall -- but it was suggested. And it's been discussed in Germany in terms of a movement of sorts: multispecies. Have you heard of that?

Jeff Harder: I haven't, nope.

Ralph Nader: Okay.

Jeff Harder: I'm curious, well, what is it?

Ralph Nader: Multispecies is marriage between you and your pet. You marry your pony. You marry your Great Dane. This is seriously proposed by a few people in Germany to a point where it's taken up by the Reichstag, the German Parliament, in terms of trying to ban it. What do you think of that?

Jeff Harder: You know, I would be pretty upset if my wife left me for Biff. But hey, who am I to judge what somebody in Germany wants to do in terms of finishing up their nuptials with their pooch.

Ralph Nader: Right. And there's always the question of consent by Biff. On that high note, I know we want to have David come in with his last question.

David Feldman: Well, with recombinant DNA, could you, do you see a future where you can breed dog-like traits into human beings? And would that be a bad idea? I don't think so. I think it's a good idea.

Jeff Harder: That's maybe that's my next story idea, actually. Let's table that conversation for later. I hadn't even considered that.

Ralph Nader: And we have to have you on again, Jeff, because we're just getting warmed up here. In fact, David's question raises this: The average dog has 200 times better hearing than the average human being. And there're a lot of people who would like to hear a lot more. And I hope that includes our program.

David Feldman: They can get McGruff the Crime Dog to be the head of the NSA. Because of his hearing, that was the joke...

Jeff Harder: Right, right.

Ralph Nader: And how about that dog you worked with on TV, what's the name of that ...

David Feldman: Triumph, the Insult Comic Dog.

Ralph Nader: Yeah. You watch that Jeff?

Jeff Harder: "For me to poop on" hand puppet dog, right? Yeah.

Ralph Nader: I was on that program once with Triumph. And I had to dominate him. Otherwise he'd take me to the cleaners.

Steve Skrovan: You had to show him who's boss.

Ralph Nader: You can actually see it on the Internet. Turn it into a book Jeff. I'll give you a blurb in an instant.

Jeff Harder: Okay. Actually, I'll hold you to that, yeah.

Ralph Nader: Good.

Steve Skrovan: That's right Jeff, we, usually, Ralph usually gives our guests assignments. And take it from a man who's written about a thousand books.

Jeff Harder: Right, right.

Steve Skrovan: I think you can also get him do the audio version.

Jeff Harder: Right, right, excellent. This is, uh man I got work cut out for me here. Okay. I've got to get going on the proposal first.

Ralph Nader: Thank you very much Jeff. It's a pleasure to have you on the show.

Jeff Harder: Thanks for having me on guys. And congrats on half a century of Unsafe at Any Speed.

Ralph Nader: You're very kind.

Steve Skrovan: And that's our show. I think we proceeded to piss off both women and pet owners today, plus a couple of insurance agents. Good work gentlemen. Remember to go to [nader.org](http://nader.org) to order your hard copy, commemorative copy of Unsafe at Any Speed autographed by Ralph. Remember, go to [nader.org](http://nader.org) to order your hard cover commemorative copy of Unsafe at Any Speed autographed by Ralph. By the way, in a recent article in the Nation Magazine by Clarence Ditlow from The Center for Auto Safety, he estimates that 3.5 million deaths have been averted since the auto safety laws were passed on the heels of the publication of that book. You can also find the link the commemorative copy on the [ralphnaderradiohour.com](http://ralphnaderradiohour.com). It would make a great stocking stuffer. Remember to visit country's only law museum, the American Museum of Tort Law in Winsted, Connecticut. Go to [tortmuseum.org](http://tortmuseum.org). On behalf of David Feldman, I'm Steve Skrovan. Talk to you next week, Ralph.

Ralph Nader: Thank you very much David and Steve, and to our listeners, a future of smarter insurance purchasing.