

Ralph Nader Radio Hour Episode 107

Steve Skrovan: Welcome to the Ralph Nader radio my name is Steve Skrovan along with my co-host David Feldman, how you doing today David?

David Feldman: Very excited about today's show and then I'm heading up to the American Museum of Tort Law in Winsted Connecticut, April second for the reawakening. Maybe Ralph can talk about that later. If we don't have time, for more information go to tortmuseum.org.

Steve Skrovan: Very good and of course we have the man of the hour Ralph Nader. How are you doing Ralph?

Ralph Nader: Fine, we looking forward to opening day. In April two, we have Jan Schlichtmann there, the main character in "Civil Action," the movie that came out a few years ago. The huge audiences won awards. And also the lawyer who was the key advocate in the movie "Spotlight," which did very well recently on the Emmy's.

Steve Skrovan: Actually the Academy Awards. Won the Academy Award for Best Picture. We'll that's very exciting, but we've got a great show for you today. We're going to talk presidential campaign politics. But as usual, we always try to come out of it from a different angle than most shows. In the second half of the program we're going to talking about Donald Trump's tax returns, and what he probably doesn't want you to find in them, if in fact he ever turns them over. Well will, as always, check in with Russell Mohkiber, the Veronica Mars of the corporate crime beat. He will let us know the latest about who is trying to get away with what in the boardrooms of American Industry. If we have anytime left we'd try to get some listener questions, but first with all of the soap opera drama going on this presidential election season in both major political parties, we're going to take a little time out and focus on the role of third parties. This is something that, as I recall, Ralph has a bit of experience with. So David, introduce us to our first guest.

David Feldman: Jonathan Martin is professor of sociology at Framingham State University and a long time progressive third party activist. His teaching focuses on the role of power and inequality. Professor Martin's articles on progressive politics have appeared in "Humanity and Society," "Equality and Excellence in Education," "New Political Science" and other academic journals. He has assisted Green and left independent candidates at the local, state, and national level. He's latest project is entitled [Empowering Progressive Third Parties](#). Welcome to the Ralph Nader Radio Hour, Jonathan Martin.

Jonathan Martin: Thanks a lot, good to be here.

David Feldman: Yes indeed. Welcome, Professor Martin, the lack of knowledge about third parties by millions of American voters makes me ask the first question in this way. Why don't you inform the voters and inform our listeners about the value of third parties, starting with the anti-slavery Liberty Party in 1840 and see how they run the vanguard of so many of the things that we like about our country, which were finally picked up by one or two of the major parties, even though none of these small parties ever won a national election?

Jonathan Martin: Right. Well they do have a history of winning a significant, though not huge number of elections at different levels then posing a credible electoral treat, popularizing their agenda, exerting some leverage and actually changing government. The best examples I can think of are the Populists and the Socialists who won enough offices at different levels to help pressure the government to adopt many of their enlightened proposals for progressive reform and there's a long list of this things the people of today ...

Ralph Nader: Give some examples.

Jonathan Martin: Of those types of reforms that they achieved? Well, the abolition of child labor, limitation of work hours, establishment of minimum wages and graduated income taxes, broadening to access to public education, expansion of suffrage to groups that had been excluded, institution of direct election of US senators, the use public referenda, and other reforms

Ralph Nader: Almost everything we can think of. Social Security, was flagged by Norman Thomas and the Socialist Party in the early 20th century. Medicare: the same thing. In fact, he was pushing Franklin Delano Roosevelt - wasn't he - to be more responsive during the Depression, because he always ran on these progressive candidate agendas. That was Norman Thomas, a great orator. Eugene Debs was involved in a third party on worker standards, women's right to vote parties. So, given all of these why is it that most people look at third parties as kind of pie in the sky, can't win and so why support them? There's a public attitude, I'm sure you've encountered. And what is the nature of the system that induces that, that's been created by the two major parties?

Jonathan Martin: Well, first I think it is important to recognize that much of the public is actually sympathetic to progressive third party goals. A large majority want some type of a third party alternative; and they support progressive policies. Even a large minority favors socialism. That's what recent polls have shown. And so there is a, what I think of is a big and growing base of potential progressive third party supporters.

Ralph Nader: They come in at about 60% when they ask the question, "Do you think this country needs a viable third party?" The problem is when they go to the polls the choices get very limited to Republican and Democratic, and they don't want to throw away their vote. That's the attitude I'm talking about. Their practical, strategic use of their vote is... what?

Jonathan Martin: Well, I think part of the problem is that when people think about the potential for these parties, they're often focused on higher level races that don't get large percentages of the vote. And people may assume that they never win. There are purposes for those higher level races, like gaining state ballot access and inspiring people to work for the party and its goals. But there is proof that these parties can win, especially at the local level. There are plenty of cases like that, in fact, more in recent years. And those local level races can provide a springboard for higher level races and I think people need to be more educated on what these parties have achieved both historically and in recent times, especially at the local level.

Ralph Nader: That's a very important point, because you're more likely to win at the local levels as third party, because there are two and a half million elective offices at the local level in our country, City Councils, Zoning Commission, Board of Education. And a lot of times, especially in the red or blue districts, there isn't even a major party opponent. If you're a third party candidate or independent you come in second at least - right away. Talk a little bit about the local scene and third party opportunities?

Jonathan Martin: Right. Well, in many parts of the country you have a major party that dominates at the local level that's become corrupt, complacent or unresponsive. You have the machines that people are frustrated with. And that actually represents an opportunity for a third party to appeal to people and make an impact. In fact, in the cases that I can think of in recent years - the more striking cases where that's happened has exactly been the context. In Seattle with Kshama Sawant, a Revolutionary Socialist, who was elected to City Council in 2013, re-elected in 2015 - that was the context that people were frustrated with their complacent city government and a sense of growing inequality that she emphasized in her campaign. Gayle McLaughlin in Richmond, California also was facing a corrupt city administration that in many ways had been bought out by the Chevron Corporation. She was able to make her case fair, win the election to Mayor in 2006 and win again for a second term. Even Bernie Sanders was elected in Burlington for Mayor in a situation where the Democratic administration was perceived as corrupt and unresponsive. He only won by 10 votes. But that was a context that enabled him to make his case. Now of course these candidates, it helps if they're well known, certainly helps if they're very well organized and they have an army of people behind them. It helps that they're better funded. But these opportunities exist - I believe - all around the country. And in some ways it can be said - similar to the saying that in the labor movement that bosses are the best organizers for unions - in many ways establishment Democrats are the best organizers for progressive third parties, because of their own tendency to alienate voters.

Ralph Nader: At the local level you can knock on most doors. You don't have to raise that much money. You can get your message across. Imagine Bernie Sanders: 10 votes, right? Talk about every vote counts. Had he lost that race you might not have had had Bernie Sanders in the Senate and on the presidential hustings. Once again, a few votes really count. And people surely change their role as voters and pre-judge outcomes of elections. Because the more people divert from the two parties and take votes away from the two parties and put it in another column, the more the message is going to be said to one or both parties that they're going to have shape up more. Because the one thing they fear most is losing the votes. Why don't you talk about the reverse. Why is it that so few people want to run for local office? When I was on the Green Party ticket in 96 and 2000, they couldn't get more than 200 or 250 people all over the country to run for local office. People were very reluctant. Can you describe why this reluctance is so wide spread at the local level?

Jonathan Martin: Well, it's quite a sacrifice. If you really want to be a viable candidate, first of all, you need to be well qualified. It helps to be well rooted in your community. Some people may feel that they don't fit that qualification. But even for those who do, of course, you have to devote a large portion of your time to door knocking and other forms of grass roots organizing to get your message across to reach voters. There may be many people who feel that they're not willing to do that. On top of it, the major parties - and here I'm thinking especially of the Democratic Party that has influence over nonprofits and other organizations at the local level. They're able pull strings. They have control over the way that money is dispersed in ways that frighten people. They're afraid that they're going to lose their influence. Or their reputation will be damaged as a result of running. I think there are some strong disincentives to doing that, but they continue to be some brave and heroic people, who are willing to make the effort anyway. And I think they're the ones who need to demonstrate that it's possible. I would say that the most important thing is not just to *tell* people that it's possible, but to *show* them that it is. And that can dispel the sense that these parties can't win. We need some people to step forward and be willing to take that risk and get the ball rolling. There are cases that show that it is possible. Perhaps, that act can counteract the hesitancy that people feel.

Ralph Nader: It is true. Implied in your remark is that the two parties really think they own all the voters in this country. "How dare you challenge," the Republican says to the Libertarian Party. "How dare you challenge us, the Democratic Party" - as if they have such a sterling record. There's a supreme arrogance operating here, and it reflects itself in state laws that erect huge ballot access barriers, harassing petitioners on the street, filing frivolous lawsuits to get them off the ballot but really to drain the third party candidate's resources and time in the months before the election. None of this gets prosecuted. Its like, "Oh, that's politics. That's the game of politics" - of denying the people who have the Constitutional right to use their freedom of speech, assembly and petition, which what's involved when you run as a candidate? Well, you're from Framingham, Massachusetts, so you know the area there, Professor Martin. Are there any candidates running on a third party, on a third party in Framingham or in surrounding towns in Massachusetts?

Jonathan Martin: I actually live in Somerville in the Boston area, although I work in Framingham. But the Green Party has people running in different locations for state representative, for city council. They actually have a few people, who won municipal offices in different places. That's what comes to mind when you ask that question. So mostly the Green Party here - it's called the Green Rainbow Party, because of its alliance with the Rainbow Party awhile back - that is the most active when it comes to running third party candidates.

Ralph Nader: I mention this, because the last time I checked - listen to this listeners - 60% of the state legislature's seats held by the Democrats have no opposing major party opponent. That is the Republicans don't even bother contesting the seat. If you're a third party, you're basically the second party automatically. Is that still the case that there's many seats incumbents, who are unopposed election after election?

Jonathan Martin: Absolutely, even at the state representative level, I believe it's about 40% of seats that are unopposed.

Ralph Nader: Which is a remarkable abdication by either of the major parties to giving people a competitive democracy - at least the two party choice. In Texas by the way, Professor Martin, this is the reverse. There a lot of Republican held seats that have no Democratic opponent even on the ballot, so it's like a coronation.

Jonathan Martin: That 40% figure I was mentioning is a national one.

Ralph Nader: National ones. It's probably higher in Massachusetts, because it's so heavily dominated by the Democratic Party. What's your view on term limits? I find that very few incumbents either don't wear out or sell out after about 12 years in office.

Jonathan Martin: They don't wear out or sell out. Well, can you explain that a little bit more?

Ralph Nader: Scanning the members of Congress whom I like: after 12 years they either wear out or they sell out. There're only a few examples to the contrary. Congressman Henry Waxman right to the end of his career was a stand up people's representative. Senator Ed Markey was for a number of years. I think he's starting to wear out. It's very hard to reach him, very hard to get your calls returned, when we used to get our calls returned years ago. That's always a sign, by the way. Do you think after 12 years there should be term limits for both state legislature and members of Congress? What's the Green Party position on that?

Jonathan Martin: Well, I'm personally ambivalent about that. I'd have to think about it some more. But it is true that - as you say - many politicians get corrupted and become ineffective over time. On the other hand, if you look at Bernie Sanders, he's been in there for quite some time, and he still seems to be fighting away for his principles - I know some people, it's debatable the extent to which he's been able to maintain that. But I think he's much better than most. Term limits would kick someone like him out. I'm not sure that's the best thing to do.

Ralph Nader: It's a matter of numbers though, isn't it? How many bad people you unemploy and get people - fresh energies. Let me ask you another topic. Your book, which is just out and people should read it, because it's made of contributions from people who have worked the independent third party fields, isn't it? Can you describe a bit some of the writers in your book and what their positions are?

Jonathan Martin: Sure. The first one that comes to mind is Theresa Amato, who was your campaign manager.

Ralph Nader: Yes.

Jonathan Martin: She writes a chapter about your history running presidential campaigns and what the real deeper significances beyond the popular myth about it. Beyond that, there's Ramy Khalil, who is a campaign manager for Kshama Sawant, the Socialist city councilor, who I have mentioned earlier.

Ralph Nader: Who has really transformed politics in Seattle, even though she only has one vote, because she focused public opinion for a higher minimum wage. And that's what she's doing, even though she just has one vote. Her opponents tried to beat her. And they put a lot of money into beating her this last year. But she overcame them, because she had the backing of the people.

Jonathan Martin: Right. That illustrates how much of a difference just one breakthrough like that can make. That's very important to keep in mind. Some others, Mike Feinstein, who has been a Green Party activist in California for years. He wrote about Gayle McLaughlin, the Green Party mayor in Richmond. Patrick Quinlan, novelist, he wrote a chapter about the Portland, Maine Greens. Really interesting, they had a surge back in the early 2000's that he describes. A few others, Syed Ahmed: he's a political scientist. He discusses what makes U.S. Green Presidential candidates more viable. A couple of organizers of the Labor Party - which no longer exists, but an attempt was made to launch it back in the 1990's and early 2000's - Mark Dudzic and Catherine Isaac. John Halley discusses the possibility of building a Labor Party, but he actually argues that it needs to be done from the ground up. Daniel Cantor, who is the director of the Working Families Party - I know that's controversial among the independent left -

but he makes a case that the Working Families Party can be kind of a Tea Party of the left throughout the country.

Ralph Nader: I think Professor Martin means when he said, “its controversial” that some of the Green Parties thought that they’re sort of like a Trojan horse for the Democratic Party to neutralize independent progressive third parties. Is that what you mean?

Jonathan Martin: Yes. It can be seen that way. They primarily endorse - cross endorse where they can and otherwise - endorse Democrats. Sometimes they will endorse Democrats who are not particularly progressive. They make the case that in certain parts of the country, they’ve been able to help push local and state governments to the left on certain policies. It’s an interesting case to look at. The last author I would mention is Thomas Harrison. Now, he actually makes this case: very important that we need a new third party of the left in the United States. The question is: what would that party look like? Could something like that emerge after the Sanders’ campaign is over, whether or not Bernie wins? And what would it look like? Some kind of a 99% Party. Incidentally Kshama Sawant, the councilor from Seattle, is making case for the same type of thing.

Ralph Nader: The question is whether the ground is fertile enough, structurally, to allow the seeds of third party to sprout and become a majority or win the national elections. Listeners should know that we don’t have a parliamentary system obviously. In Germany for example, if the Green Party got more than 5% of the vote and they did, they’d get more than 5% of the members of the parliament. That’s called proportional representation. To get less than five, they get nothing. When the Green Party got up to 10, 12% of the vote nationwide in Germany, they got 10-12% of the members of the parliament. So that gives people encouragement. You don’t have to get a majority of votes to get anything. In our system, we have a winner take all, so you can get a Green Party and get 48% of the vote and the other party gets 52 and the Green Party ends up with nothing. The problem with third party successes in this country is not that people don’t want them, not that they don’t have majoritarian positions. It’s that the structure is built to institutionalize a two party tyranny and domination. And gerrymandering is of course just a worst extremity of that octopus. I know that, for example, in the case of our Green Party, the majority of people in the country, according to polls, wanted to put me on the debates, the presidential debates, for a variety of reasons, maybe to keep people from falling asleep. The debate commission is a corporation created by the two major parties in 1987 to get rid of The League of Women Voters, because they thought The League was too uppity and independent. And they decided to exclude people. They excluded Ross Perot in 1996 after he got 19 million votes in 1992. The system is rigged against new energies, new agendas, and third parties. I just refer the listeners to my website from 2008. I kept it open for this purpose, Professor Martin. It’s called votenader.org. There’re 18 major redirections or issues in our country that I listed, that the Republican and Democratic Party took off the table. They never even discussed it, including raising the minimum wage, including cracking down on corporate crime, full Medicare for all, etcetera. It isn’t like these third parties are kookie parties that represent UFO advocates – excuse me UFO advocates. They represent majoritarian positions that are taken off the table by

the two parties. Can you comment on that and tell us about Jill Stein, who is probably the favorite candidate to run as president on the Green Party ticket.

Jonathan Martin: Well, all those serious obstacles you mentioned and more are real. It's important to be aware of them. That is how the system is rigged. On the other hand, we don't want to let that awareness discourage people so that they're not taking advantage of these openings that we've talked about to chip away at the system, to de-legitimize it, to prove that it is possible to fight against it. And perhaps at some point, some of these efforts can create a dynamic that can punch a big gaping hole into that wall and perhaps bring the system down. So, I think we need to be aware of the obstacles but also the opportunities.

Ralph Nader: And also third parties can become successful on a state-by-state basis too.

Jonathan Martin: That's true.

Ralph Nader: Once the wave starts, there's no stopping. I do agree with that, because you have the Populist Party. They elected a lot of governors, senators, representatives. They even contested in 1912 on the Bull Moose Party with Theodore Roosevelt significantly - he got 28% of the vote. What Professor Martin is saying is very true. By the way, most of the advances in our country were foreshadowed and put forward in the electoral arena by third parties, not by the Democrat Party, the Whig Party, the Republican Party. It was by the small parties that we should extend our gratitude to. Why don't you tell our listeners how they can reach you, your email. Give the book, it's title and how they can get it and encourage them to start a discussion in this presidential year of what they're going to do if Hilary Clinton and the corporate Democrats shove Bernie Sanders out of the arena and not even accept any of his agendas. What do you think people should do on that? After you tell him how to get your book.

Jonathan Martin: All right, well if they want to reach me, I'm at jaymartin50@framingham.edu. The book is [Empowering Progressive Third Parties in the United States, Defeating Duopoly, Advancing Democracy](#). It's by Routledge. They can get it at the Routledge website or of course they can go to Amazon or some other site to purchase it. I think your last question was on what should people do in this with respect to the presidential election, is that right?

Ralph Nader: But first, a word about Jill Stein, who I know you know.

Jonathan Martin: Sure. Jill Stein. She's running a courageous campaign, speaking up about many issues from a very clear consistent progressive standpoint. I think that can be helpful to remind people of the difference between the major parties and their corporate influenced position

versus a real progressive standpoint. People probably have the same questions that you raised earlier. Is it worthwhile to vote for her, if they think she's going to get a small percentage of the vote? Well, there might be a chance for her to get a larger percentage this time. For those people who feel alienated by the primary process in the way that Bernie Sanders has been treated with the super delegates and super pacs and so forth. They might not just go back into the fold and vote for Hillary Clinton. They might be more receptive to somebody like Jill Stein. If she can get 5%, then there's a possibility of getting large federal matching funds. So that's something to keep in mind. Now, some people may not feel that they're ready to do that. In which case, they may want to focus on building progressive third parties after the November election.

Ralph Nader: Well, staying home is really no option, if you don't like the two parties. You've got the Libertarian on the right, you got Jill Stein is likely to get the nomination. She got it four years ago. She's an MD from Harvard Medical School, so when she talks about full Medicare for all, she knows what she's talking about. Now, let's talk about what do you think is going to happen if Hillary Clinton's loyalists start nullifying the Sanders' campaign, even his agenda?

Jonathan Martin: Like I say, I think that's going to alienate a lot of Sanders' supporters and people who've been involved in some of the new social movements recently. They might think twice about continuing to vote Democratic. That could present a real opportunity for left third parties.

Ralph Nader: What do you think Bernie Sanders should do if he's treated that way? He's pledged to endorse the Democrat nominee, whoever it is. But the Clinton's wants to gain the position of ascendancy are not particularly gracious to their challengers.

Jonathan Martin: Well, first that I should say that I personally think it's a mistake that he pledged that he would endorse her. He should use that pledge, in my opinion, as a form of leverage to try to distract some concessions. Now, he could always change his mind. Some people are arguing that if he loses, he should run as an independent or third party candidate. I don't think he's going to do that. He said that he won't do that. But, I think we need to look beyond Bernie Sanders. There're a lot of people, who have been mobilized and their hopes and expectations have been raised by this whole process. If they feel that the process has been rigged, they may be ready to look for and support alternatives. I think that's something that those in progressive third parties should be open to and ready to capitalize on.

Ralph Nader: We've been talking with Professor Jonathan Martin. He teaches at Framingham College - Framingham University in Massachusetts. He's just come out with a book full of extremely interesting insights by many contributors called Empowering Third Parties. If you want to read the book - it's important to read it not only for history as to what third parties have given to this country, but also to figure out how you're going to vote practically or strategically

in November. Make your vote count rather than - out of disgust or demoralization - stay home. Thank you very much Professor Martin.

Jonathan Martin: Thanks a lot, good talking to you.

Ralph Nader: Yes.

Steve Skrovan: We've been speaking to Jonathan Martin who is the editor of a collection of essays entitled Empowering Progressive Third Parties in the United States. Go to the Ralph Nader Radio Hour website at ralphnaderradiohour.com to link to that and other works by Professor Martin. Now, we're going to take a short break and send you over to corporate crime reporter Russell Mohkiber at the National Press Building in Washington DC. Take it away, Russell.

Russell Mohkiber: From the National Press Building in Washington DC, this is your corporate crime reporter morning minute for Wednesday March 30, 2016. I'm Russell Mohkiber. The pest control company Terminix International and its US Virgin Islands operation will plead guilty and pay 10 million dollars for illegally applying fumigants containing methyl bromide in multiple residential locations in the US Virgin Islands, including the condominium resort complex in St. John where a family of four fell seriously ill last year after the unit below them was fumigated. "When misused, highly toxic pesticides can have catastrophic consequences. And that's why those who are certified to apply them must do so responsibly and lawfully," the Justice Department said. The facts in this case show that Terminix knowingly failed to properly manage their pest control operations in the Virgin Islands, allowing pesticides containing methyl bromide to be applied illegally and exposing a family of four to profoundly debilitating injuries. For the corporate crime reporter, I'm Russell Mohkiber.

Steve Skrovan: Thank you Russell. Welcome back to the Ralph Nader Radio Hour. Does self-proclaimed billionaire Donald Trump pay any income taxes? We won't really know the answer to that question until he is compelled to release his tax returns. But our next guest is supremely qualified to give us an educated guess. David Feldman, introduce our next guest.

David Feldman: David Cay Johnston, won a Pulitzer Prize while at the New York Times for his investigative reporting on US tax code. He teaches Business Tax and Property Law of the Ancient World at the Syracuse University College of Law. Mr. Johnston is also the bestselling author of Perfectly Legal, which prompted the only major policy change by President Bush who dropped a stealth plan to give a quarter trillion dollar tax cut to the richest Americans. Mr. Johnston also revealed how the very highest income Americans received a much bigger tax cut under President Clinton than from all the other Bush tax cuts combined. Today, he's going to

talk to us about what Donald Trump's income taxes are likely to reveal about him. Welcome to the Ralph Nader Radio Hour David Cay Johnston.

David Cay Johnston: Well, thank you for having me.

Ralph Nader: Yes. Welcome David. There's nobody in the country that can explain more clearly the ups and downs of our tax code than David Cay Johnston. And I want to read one sentence from a recent article that you wrote: "Our lawmakers have magically transformed the income taxes into a source of wealth for many in the donor class by adding just a few lines to the nearly sixty-five hundred page Internal Revenue code." "Transformed income taxes into a source of wealth." Can you explain that before we get into the Donald Trump situation?

David Cay Johnston: Oh, sure. This is something that my peers in the news media do not seem to get. But imagine that tomorrow, Ralph, you're bank said, "Hey, you're a good credit, Ralph. We're going to loan you a billion dollars at zero interest for the next 30 years. And then in 30 years from now you give us back the billion dollars." But you don't have that money to invest all those years. You think that might make you kind of wealthy? Well that's what Congress allows multinational corporations and very wealthy individuals, particularly full time real estate professionals like Donald Trump, private equity managers like Mitt Romney and hedge fund managers to do. You earn your money today. You don't have to pay your income taxes. You get to defer them into the future, and there's no interest charge. So, it's a zero interest loan of the taxes you would owe, and then you go invest that money that the government lets you hang onto. And in time it will make you even more fabulously wealthy. By the way, most people invest that money in treasury securities, treasury bonds and treasury notes, because they want to be sure they can pay the tax when it comes due, when they choose to pay it - 10, 20, 30, 40 years from now. Well, that means that you and are being taxed to pay interest to the corporations, the hedge fund managers, the private equity managers and the real estate professionals, who aren't paying their taxes today. We are being taxed to make them rich by letting them delay paying the taxes that Congress says come out of our pay checks before we collect the residue.

Ralph Nader: And they delay paying their paying their taxes by depreciation and other ways. Why don't you explain that.

David Cay Johnston: Well, depreciation is one way. If you are a real estate owner and you have – let me tell you what happens to most people. If you were a mom and pop landlord – you know on the side, you bought a little house or an apartment building. You are only allowed to deduct \$25,000 against your other income from wages and other investments as a loss. So if you have a job that pays \$75,000 and the depreciation on your building above what you took in from the customers is \$25,000, you get a little tax break. You only have tell the government you made

\$50,000. But if you make a \$100,000, that starts to go away and at a \$150,000 you're not entitled to take that anymore. So, the people you would most expect to invest in real estate, upper, middle class people, they're cut out of the system. But there's an exception in the law. It says if you're a full time real estate professional, there's no limit on the deductions. And as one of the leading tax lawyers - prop real estate family tax lawyers in New York City - told me one night over dinner years ago, if you were a major real estate family and any of you are paying income taxes, you should sue your lawyer and your accountant for malpractice, because there's no reason you should be paying income taxes under the law. Now, it's an outrageous provision of the tax code, but people who do that are complying with the law. There's nothing - I suspect - illegal in Donald Trump's tax returns, but he's the beneficiary of this if he owns this much real estate as he's telling that he owns. And of course, we don't know that. And we're never going to know that. Even if he somehow becomes President, no law requires him to disclose his tax returns. And I assure you, you are never going to see 'em.

Ralph Nader: Well let's back up a bit. When he was asked on *Meet the Press* the first time, "Will you disclose your income tax?" There's no legal requirement by the way for a presidential candidate to do that. But since he's going around the country asking people to vote for him, because of his business successes and his business skills, I think he has a moral obligation to disclose his income tax, even though they're thousands of pages long every year because of his many partnerships and business pursuits. So, the first time he told Chuck Todd when he was asked - Chuck Todd on *Meet the Press* - he said to Chuck Todd, "We're looking into it. We're working on it." It's very complex releasing his taxes. And then the second time he said he couldn't do it because he was under tax audit by the IRS. The IRS then said there's no restriction on people releasing their income tax because they're under an audit. The third time he was mentioning that, he basically indicated it was just hugely complex and they're still working on it. But he warned the public that he didn't pay many taxes because there's so much waste in Washington, which is interesting. He wants a big defense but I guess he wants his janitors to pay the taxes rather than him to pay for the military budget. That's where we are. David Cay Johnston has posed 21 questions for Donald J Trump to answer about his business career and income taxes. And have you had any reply yet?

David Cay Johnston: Oh, of course not. Donald is never going to answer those questions. Two of them are the questions that Michael Rubio and Ted Cruz answered when they finally decided to get in Trump's face a few weeks ago. But Ralph, you may be the only person who could put together "Trump" and "moral obligation" in the same sentence. Because I've known Donald for 27 years. Donald is not someone who has moral obligations. The world exists for you to worship Donald Trump. He is a narcissist, a world-class narcissist. And if you don't appreciate his genius and his brilliance and why he should be running America unfettered, that's easy to understand. It's because you're a loser. And I'm a loser. And everybody who doesn't see him that way is a loser.

Ralph Nader: Well, he's losing more in the primaries now I guess.

David Cay Johnston: Oh yeah.

Ralph Nader: In your article you say, quote: "A decade after Trump graduated from college, he enjoyed a luxurious bachelor lifestyle in Manhattan while paying no income taxes. Depreciation on his buildings let him tell the IRS that his 1978 income was negative by \$406,000. The next year it was negative by \$3.4 million, according to documents I, David Cay Johnston, found in casino regulatory files," end quote. Your point is: if he releases the income tax, it isn't his wealth that he's going to disclose, it's his income if any - income taxes that he's paid. What else can we learn if he does disclose he's income taxes?

David Cay Johnston: Well, from the depreciation schedules we can determine the value of his real estate at the time he acquired it or had it built. That will give us some impression of his wealth. We'll be able to tell what kind of royalty you see he's getting from things where he puts his name on products, some of which sell and some don't. You know, neckties, shirts, steaks, all of that apparently totally flopped, Cadillac, limousines, etcetera, because we'll see what the revenue is and in many cases, we know about how many units were sold, because retailers track these things. It will give us some picture of his wealth. It will also help us establish a little bit more about his relatively modest debt. Donald owes about \$240 million to banks according to his disclosure statement. Now, to you and me that's a lot of money, given that he says he's worth 10 billion, which he's not. That's a tiny amount. And the terms of those loans would be revealed because we can at least from the interest rates we can calculate that from his tax return. And my guess is that no bank will loan Donald money unless it's highly secured. So, they may have a loan of 40 or 50% against his interest in the building. And that's because of Donald's history of making loan arrangements and then demanding concessions after the loan, refusing to pay, getting the New Jersey casino regulators to take his side against his bankers and forced the bankers to take less than they were owed - doing the same things with bondholders. There are number of things we could tell from his tax returns. And that's why we're never going to see them. It's not going to happen.

Ralph Nader: Well let me ask you this question. You also will determine - if he does release them - what his terrible contributions have been.

David Cay Johnston: We know what they've been actually, because he has the Donald J. Trump Foundation. He has not put a penny into it since 1990. That foundation is required by law to issue a tax file every year called the 990. And most of the money that's gone into it since it was created, and all of the money since 2006 has come from other people, principally people who have contracts with Donald to sell products bearing his name. The single biggest source of

money in the foundation is the World Wrestling Federation, which you may recall Donald got himself involved with the McMahon billionaire family in Connecticut a few years ago. What these really are legal - and I emphasize the word *legal* - kickbacks. "You want to do business with me, you contribute part of the profit you're going to make or part of the fees you collect to my foundation." And this is - further suggests that Donald does not pay income taxes, because if you don't pay income taxes, making a charitable gift is of no value to you tax-wise. But it would be smart of you to get other people to donate where they do have a deduction. And they can put money that you can spend in your name, and you can pose as being a charitable person when you're not.

Ralph Nader: He does pose as being a charitable person. And his returns would indicate whether *he* gave any charitable contributions, regardless of whether it's to his tax advantage deducting them.

David Cay Johnston: That's right.

Ralph Nader: What do you think? You pored over more documents relating to Donald Trump's business activities. What do think he's really worth? And what would you guess is his income tax rate, if any - say in the last 10 years? What do you think he's really worth? He says he's worth 10 billion. And that way he tries to attract people's votes by saying, "Wow, what a successful businessman."

David Cay Johnston: Right. And by the way -

Ralph Nader: He's got four companies that went bankrupt, you know already right?

David Cay Johnston: Well first of all he claims that since he started the campaign, his net worth has gone up to 11 billion. And he's testified under oath that he makes up these numbers. He says he doesn't do so unreasonably, but how much he is worth is in partly an emotional state. I've never heard a banker who accepted that or the IRS. *Forbes* magazine says he's worth four billion. My reading of his disclosure statement is he is about worth a billion dollars, and that's because I wouldn't attribute any value to what's called goodwill. If you look at just the cash flow from the businesses and the values he reports his income against the assets and then take away the loans, you come up with roughly a billion dollars. And Donald is a wealthy man. I don't think anybody would reasonably dispute that he is a wealthy man. He also lives a very tax-advantaged life. I don't believe he pays any income taxes. And if he does it would indicate that his wealth is not even at the billion-dollar level. His jet is, I'm sure, charged off to the various businesses. His personal use of that jet is probably minimal, because he finds a business excuse

for every trip. And there's a special law that I wrote about in Perfectly Legal that if you're a corporate executive or business owner and your security department simply writes a memo saying because of threats you cannot fly commercially, you must fly in company aircraft, you get to fly for virtually *nothing* as a personal expense to you. Donald is very averse to taxes. And his very first big business deal when he took the decrepit Commodore Hotel by the Grand Central Station in Manhattan and rebuilt it into the Grand Hyatt - didn't build it very well. I stayed there. It's not impressive compared to most Grand Hyatts - he got a deal from his father's lifelong buddy, Abe Beam, then the mayor: no property taxes for 40 years that an absolute minimum was worth 400 million dollars. That's basically 400 million dollars of welfare. So, Donald is one of the biggest welfare kings in the history of America. And whatever his fortune is, a lot of it derives from that. And if you just take that 400 million dollars, that alone would explain the billion-dollar fortune. He's not a great businessman. When I covered him in Atlantic City for the Philadelphia Inquirer and he had casinos, Steve Wynn used to - and some of his former executives - would just love to sit and tell me stories about how Donald didn't know this or that. And a couple of times on my interview, when I asked questions whose purpose was simply to find out did he even understand the gambling games. And so my book Temples of Chance opens with an anecdote about the world's biggest gambler, who has been gambling for a week at Trump Plaza at the rate of \$14 million an hour. And it makes it clear that Donald does not understand the gambling game he's engaged in with this guy. Donald doesn't know anything except if you come up to him and say, "I got a way to put money in your pocket," he's all ears.

Ralph Nader: But he's a big intimidator, because - you mentioned Steve Wynn and others - they know how bad a businessman he is, how quickly he goes into bankruptcy as "a competitive advantage" - to use his phrase that he gave when he was asked about it. Why aren't more business people who have dealt with him - who have been shafted by him or who know about his inadequacies as a businessman - why aren't they giving more interviews? A lot of them are retired. There's nothing that Donald Trump can do to them. We haven't heard much about the people who really know about his business activities.

David Cay Johnston: I've tried to get some of these folks to talk to me and I'll tell you what one of them said. He said - to quote the famous joke about Donald Trump - "What's in it for me?" They see it as just you're going to get attacked by Donald. And he may turn around and sue you. He's made it very clear, he's happy to sue people. Interestingly, he admitted at the end of his seven-year lawsuit against Tim O'Brien - my former colleague at the New York Times who wrote a book called Bad Bet and gave his estimate of Trump's actual net worth - and Trump sued him because that was defaming for him to say he only had 40 million dollars of net worth. Donald admitted during the proceedings under oath that he filed the lawsuit - and he actually may have this after he was not under oath - but he said that he did it harass O'Brien. He knew he could never win his lawsuit. That certainly is by itself an intimidating factor. You want to spend the next seven years tied up on litigation with Donald Trump? I don't think particularly care to. And I - by the way - believe that if he does not become president, two things will happen. One is he's likely to get a television contract or contracts with a lot more than what he got from NBC,

because he's now demonstrated he has this large audience of - as he said, "I love the poorly educated." And secondly, I fully expect he's going to file lawsuits against various people - I might be one of them - simply because we wrote about him as a public figure. And he knows at the end of the day he will lose, but it's a nice way to harass people, who - as he's always saying - they're not fair to him, and they're mean, and other comments, because, as I said, the world exists for you and I to worship Donald Trump, and if we don't we're losers.

Ralph Nader: We'll David Johnston. We're talked about David Johnston reporter extraordinaire.

David Cay Johnston: I just want you to say David Cay Johnston, so people don't get confused.

Ralph Nader: Okay. David Cay Johnston. Remember this, you get sued by Donald Trump and you win, you can file a malicious prosecution suit against him. And he's got a lot more deep pockets than you have.

We had Professor Robert Ashford, who's your colleague at Syracuse Law School on the program a couple, a couple of weeks ago. And people thought that what he was proposing was a good idea, but they couldn't figure out what it was. They couldn't figure out anything concrete in terms of their having capital investments. Stock-sharing plans were mentioned very briefly. You've written about Professor Ashford. And we have some questions from our listeners. Basically, they're really puzzled. They're saying - one said, "I didn't understand how poor people were supposed to obtain capital in the first place. What he is proposing is that workers being paid in capital that is allowed to accumulate more capital in addition to wages. I missed this key concept of his proposal, and I suspect other listeners did too" end quote. And so can you explain in real clear English what Professor Ashford is proposing? When I mentioned the Alaska Permanent Fund and proposals to give each new born child in this country a \$10,000 investment that couldn't be used until he was 21 or she was 21, he said, "Those all nice but it's not what I'm talking about." I must say, I was pretty puzzled myself. You have interpreted him. Exactly what does this mean to the American people? How can they get it, in other words? How can they get return of income from capital not just from wages or salaries?

David Cay Johnston: So, the frames Robert uses that people don't get is: to acquire capital - purchase capital - with the earnings of capital. If you own a stock you can reinvest the dividend and then you own more stock over time. And people who've done that over the long haul do very, very well, because the stock price goes up and your own dividends are buying you more stock. How do you get started on that escalator that you end up with a lot money at the end? Well, the proposal is essentially that the companies borrow money using very good credit. They use that credit to acquire stock that goes to the employees. The borrowing rate, the interest rate that the bank gets back should be the less than the profitability of the company. If they borrow

money at 3% interest and the company makes a profit of 7%, you're getting a 4% return. And once you'd paid off that original stock this way, the shares will then continue to grow in value as the company succeeds and the dividends it pays will allow you to buy more shares of stocks. But the key principle is in the beginning, you have to have this low interest loan. And I frankly believe this would only work if the government is the issuer of the low interest loans. And you have a problem there that you've got to have a government's procedures so that you don't have people with a failing business foisting it off on their workers and on the tax payers. The fundamental notion is that you finance by borrowing not a pizza you bought with your American Express or your Visa card, not a car which is a depreciating asset, but a stock investment connected to your work. And for the first time it will grow.

Ralph Nader: Yeah. The question is why should a company do this if it doesn't want to? And that's where why you say you think the government should be doing this?

David Cay Johnston: Well, because I don't see where most companies will have an issue. There are lots of employers out there Ralph who are good employers. They care about their workers. And the biggest thing I hear from those folks - most of them men but there are some women - is that the rules in the system are designed to make them not treat their workers well. And it's really hard to treat their workers well. But they will not push for rules that would make it easier to treat their workers, because they don't want to be pariahs among their social class and among the people around them. That's a large-scale social and cultural problem. But there's no reason that Congress couldn't pass a law that says you get part of your pay in the form of stock. And doesn't necessarily have to be stock in your company. The advantage of it being if it's in your company is giving you an incentive to make that company healthy and work well. But you get this as a grant from all the taxpayers and you have to let it accumulate over your lifetime. You can't reach in and take the money, so that it becomes an old age fund. I'm not suggesting that as a replacement for Social Security in anyway. We should be expanding Social Security. But having broader ownership of capital would really improve the overall economy. If more people owned assets, we'd be better off. The founders of this country wrote about this. They wanted every farmer to own his own land. They didn't want sharecroppers. They wanted every worker to own his own tools. That may not be practical today, but James Madison before he died said, "Well maybe you can't always own your own tools, but you can own shares of companies." And they were fearful that if people did not own any assets, didn't even own their home - they're renters - that what would happen is: we would see a business aristocracy arise. And these very wealthy people would tell people with no property "do these things", "vote for these people", "go for these policies," and they'll make *you* better off, when in fact they'll make you worse off and may make the business aristocrats better off. And I think that's what we've been seeing going on this country for years.

Ralph Nader: Then you add, David, you add that automation, robotics, artificial intelligence taking jobs at an accelerated rate in the coming years, it's all the more important for people to get

money for their livelihoods from capital, because you're not going to be able to get this much from a rising salary level, is that right?

David Cay Johnston: That is exactly it. Some people with special skills are going to make much bigger incomes in the future. But if we don't address this issue of what happens as we become more and more efficient at producing things. Back in the ancient world we had steel. And steel was made by creating charcoal and men with really powerful arms pounding charcoal into molten iron. Today, it takes less than one hour of labor to produce a ton of steel, when back then it would have taken thousands of hours of labor to produce one ton. And so jobs in manufacturing are going to become less and less frequent. We already have self-cleaning toilets. I founded a little hotel management company with my son, who actually runs the business. And one day I said to him "Well, we're always going to need chambermaids to clean the rooms." And he shows me to the computer and brings up an advertisement from a Spanish bed company. Little girl, fully dressed walks into the room, pulls the covers back, lies down, pretends to be asleep for a few seconds, gets up and throws the covers off like little children do. And suddenly the bed moves and arms come out and smooth the bed. And I said to my son, "Hey, that's not making a bed. That's not changing the sheets." And my son says "Yes Dad, and a Tesla is not a Model A Ford either. Give 'em time. They'll have a bed that makes itself." And he's right about that. All sorts of jobs like this – we're seeing cashier jobs disappear as you check yourself out of the supermarket. We're facing a real serious challenge here. And none of our political leaders, not even Bernie Sanders, are really talking about this issue: that the economy is changing, and it's going to have a powerful impact. So, the reason I wrote about Bob Ashford is that he at least is trying to come up with an idea for how do we have widely owned capital.

Ralph Nader: Well, we've been talking with David Cay Johnston, reporter extraordinaire on financial matters. David, before we close, tell our listeners how they can reach you – one. And what your books' titles were that they can get and read. And how they can get your 21 questions to Donald Trump.

David Cay Johnston: Well, the 21 questions for Donald Trump you can get by simply putting that into an Internet search engine. It ran at something called nationalmemo.com. My twitter feed - where everything I write I put up a declaration about it - is: [@davidcayj](https://twitter.com/davidcayj). And on my Facebook, I do the same thing. I post everything there. I write now for *Investopedia*, *The Daily Beast*, *USA Today*, *The National Memo* and a wonky policy magazine called *Tax Notes*. And if you put my name into a Google search, just put in whatever you want to see I've written about: "Trump," "tax" whatever. You won't have much trouble finding this stuff. There's a whole series of pieces at *National Memo* I've done about Trump. And there are more that will come out shortly about - detailing in much greater detail of Donald's decades of close intimate business dealings with the Mafia, Russian Mobsters, drug traffickers - one of whom was his personal helicopter pilot - and others.

Ralph Nader: On that note, we've been speaking with David Cay Johnston. Go to those sources, read his books one called Perfectly Legal to see how corporate lobbyists get perfectly legal, outrageous legal tax loopholes through Congress, and what you can do about it. Thank you very much David.

David Cay Johnston: Thank you Ralph.