

RALPH NADER RADIO HOUR EP 269 TRANSCRIPT

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

David Feldman: Good morning, everybody.

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

Ralph Nader: Hey. It's going to be a great show, we're going to have a lot of questions from you.

Steve Skrovan: Yes. On the show today, we welcome Matt Stoller from the Open Markets Institute. You'll hear a lot from business people who will extol the virtues of the free market. Of course we all know that the free market is affection like Santa Claus. I guess it's just as spoiler, yeah, it's just a spoiler alert like that.

David Feldman: Thanks.

Steve Skrovan: Sorry, David. I don't know if it's the free market or Santa Claus that did it for you, but I know somewhere Stephen Moore is crying. My point is . . .

David Feldman: And so is his wife.

Steve Skrovan: Yeah. My point is that like the Santa Claus fantasy, these free marketeers are devoted to keeping this fiction alive. They preach that the free market is the engine of prosperity and the fuel of that engine is competition. Yet practice most of these same business people will do everything they can to stifle competition. In reality, they actually hate competition. They want to monopolize the competition. The Open Markets Institute, as the name suggests, is dedicated to opening up markets to more competition. According to their website, they are "a team of journalists, researchers, lawyers, and advocates working together to expose and reverse the stranglehold that corporate monopolies have in our country." Matt Stoller is a fellow at the Open Markets Institute and an expert in monopoly power. He has most recently written about one of our favorite targets, Facebook.

He thinks that the Federal Trade Commission should not just fine Facebook for their shady use of our data, but the company should be completely restructured. This is important because Facebook has become the most popular way we, Americans, get our news, believe it or not. So we're looking forward to diving deeply into that with him in the first half of the show. Then after checking with our Corporate Crime Reporter Russell Mokhiber, we will devote the second half of the show entirely to working our way through your listener questions. Our inbox has gotten quite full recently, so we're going to try our best to empty it. But first, David is going to introduce us to our guest, will tell us how he proposes to break up Facebook.

David Feldman: Matt Stoller is a fellow at the Open Markets Institute. He's currently writing a book on monopoly power in the 20th century. Previously, he was a Senior Policy Advisor and Budget Analyst to the Senate Budget Committee. And he is co-author of the recent article published in The Guardian entitled Facebook must be restructured: The FTC Should Take These Nine Steps Now. Welcome to the Ralph Nader Radio Hour, Matt Stoller.

Matt Stoller: Thanks for having me.

Ralph Nader: Yeah, welcome, Matt. You're emerging as a major corporate critic, you're actually quoted in The New York Times editorial recently, which is quite a [indiscernible] [00:03:03] for that newspaper. And I first met you when you were working in the Congressman Grayson's office and I noticed that you had some sharp observations about corporate power. So let me challenge you, you're writing a book on corporate power on monopoly in the 20th century. Good luck. You got a contract with Simon and Schuster, that's a breakthrough right there. But I want to challenge you, corporations have met every challenge that spells democracy in this country. They have either co-opted it, destroyed it, weakened it, or turned it to their own advantage. When the franchise came and people could vote, money corrupted politics.

When people had freedom of contract and they could negotiate, in came the corporate lawyers with the one sided standard contract to strip people of their negotiating rights and even the right to go to court when they're wrongfully injured. That's the compulsory arbitration. When the regulations started in the early 20th century, mostly they knew how to develop what scholars have called regulatory capture. They either put their people in these regulatory commissions like the Securities and Exchange Commission, high places and/or they just smothered them with lobbyists and political pressure. When Congress started hearings, they manage to blunt them, delay them, so there never was any legislation.

When prosecutors try to prosecute them, number one, the prosecutorial budgets are disgracefully low for the corporate crime wave that's sweeping through our country and that's the function of lobbying Congress to keep the corporate crime enforcement part of our federal government at a very, very starvation level. You know I could go on, Matt, but every single move that the people took to restore democracy, strengthen our democracy has been blunted with the brilliant aid of these corporate law firms. And listeners, you want to know how much damage these big corporate law firms in New York, Los Angeles, Washington, have done to you, go to hlrecord.org, that's Harvard Law Record. hlrecord.org and you'll see my description of the damage they have done whether it's tobacco industry or the drug industry. Their main function is corporate immunity and corporate impunity. So you come along now a fresh voice, you've done a lot of work, how are you going to deal with corporate power?

Matt Stoller: Okay, so I'm going to start with a quote because I think you'll enjoy. So this is an anonymous quote from the 1980s "For half a million dollars, you could buy any legal opinion you wanted from any law firm in New York." That was an anonymous lawyer turned banker,

probably a guy who worked for Michael Milken. So I think that what you seem is . . . let me contrast that. I'll contrast that with a quote from Alexis de Tocqueville who in 1835 the opening line of Democracy in America was "nothing struck me more forcibly than the general equality of conditions."

And then if you bring it forward to 1954, Carl Kaysen, Harvard Antitrust Economist, wrote "The money trust had disappeared and Wall Street is a symbol only to students and those with long memories." Emanuel Celler, a Congressman, chaired the special Subcommittee on Monopoly, I read his autobiography recently and he wrote in 1953 that he was just always struck by how equal things were in the U.S. versus the inequality in cartels and monopolies of Europe. And that's what American capitalism meant to him. David Lilienthal in I guess probably 1952, he wrote a book called Big Business: The New Era. The all-powerful tyrannic employer is all but gone, gone too, except for historians, is the picture of workers who must endure long hours of labor with no vacation, no decent opportunity to have their grievances heard.

And he was the Brandeis disciple and a New Dealer. I have a quote from John Kenneth Galbraith in 1958 in The Affluent Society talking about how outrageous it would be for business leaders to ask for high salaries because they they've just be packing. He was like there's no one ever does that kind of thing. And I'll read something from Walter Lippmann in 1937 talking about John D. Rockefeller. "Before he started his enterprises, it was not possible to make so much money. Before he died, it had become the subtle policy of this country that no man would be permitted to make so much money. He lived long enough to see the methods by which such a fortune can be accumulated, outlawed by public opinion, forbidden by statute, and prevented by the tax laws."

And then I'll just finish with this one, which is the Chicago banker in 1950 who wrote "Banks offer an opportunity to an educated, personable, and uncourageous young man for a pleasant, interesting, dignified life." All right, so the point of reading all of these quotes, aside from the fact that I enjoy them, is that, you know, things weren't always this bad, right. I mean we are living in a weird moment and I started with that quote from 1980s where someone was just like you can buy whatever you want from any law firm in New York, which is still true today. Things, you know, they were never perfect. But the conventional wisdom that our government should work to generally battle against plutocratic forces, that was a part, that's a part of our political tradition.

And the loss of that tradition really starting in the late '70s, which of course you saw up close and you were an important part of, you know a lot of the things that that, you know, I mean you saw it, you were the main object of the Powell Memo. We're in a new moment. And by new, I mean the last 40 years, which I really think is an anomaly in American history. So that's kind of where I start. And I got this from doing a bunch of research about how we wrestled with corporate monopolies over the course of the 20th century and a little bit before that. But the reason I'm optimistic, and I think that we can do something about the problems we're

confronting, is because corporate America is not one thing. And a corporation is just an apolitical, legal institution or set of the institutions.

And what we're seeing now is a concentration of power that is so extreme that it is causing massive fissures in corporate America, the business world, and also the national security world, which is something that we haven't seen for quite a long time. So you're seeing like Oracle Corporation and Walmart who are not progressive hippy-dippy groups. They're trying to fight against Google and Amazon. I mean you're seeing the New York Stock Exchange and Goldman Sachs at odds with each other about the amount of money that banks are going to have to pay for data fees. And Goldman Sachs, in this case, is the anti-monopolist. You're seeing skepticism and suspicion on both sides of the aisle towards Facebook for a whole lot of reasons.

And then you're seeing the hang over from the financial crisis in which everybody understands the Too Big To Fail Banks crash the economy and that was increasingly understood as the political crisis. And what that does is it doesn't necessarily mean that we are going to be able to triumph over what I think are clearly autocratic forces. But it does mean that the people themselves are waking up to the fact that our corporate structures, and our market structures, and our financial structures are political. Markets are political. They're designed by rules that are put forward by public policy and we were just persuaded in the 1970s that they weren't political, that they were just natural and that we needed these economists, these scientists to sort of rule over us and tell us how to organize our political economy.

And now what's happening is there's increasingly broad recognition that that's not true, that these are rules that we, as a people decide ourselves. And I think there's still a lack of confidence that we can actually do this as a people that we can operate through our democratic structures, but people are much more competent than they used to be. And I think the trend is actually heading, I don't want to say in the right direction, but it's certainly heading away from the status quo of kind of this dominate neoliberalism, that there are some very scary trends as well as some, I think, very hopeful trends. But there's a crisis of legitimacy in the system [overlapping] [00:11:08]

Ralph Nader: Let me challenge you here, Matt. We're talking with Matt Stoller.

Matt Stoller: I don't like challenges.

Ralph Nader: Let me challenge you. If what you're saying is that starting with Reagan, especially in 1981, corporations have achieved far more power over our lives, you're right. In fact I think you're understating it as I'll point out in a moment, but you shouldn't try to look at the pre-1970 period as sort of fairly respectable capitalism. The exploitation of workers was horrible as you know. The discrimination bigotry against blacks, black farmers, black workers, is horrible. Discrimination by corporations against women was historical. They bled people in every conceivable way, occupational disease, the coal mines, etcetera, however, they have gotten so

much power now that they're strategically planning almost every aspect of the lives of the American people.

They're strategically planning on getting away with the health care system, which is corporatized and drug prices, etcetera, they're strategically planning our military budget, strategically planning the commercialization of childhood, circumventing parental authority, and selling them terrible things for their bodies and their minds, junk food, junk drink, strategically planning what gets into the air and the water, and they're getting a lot of leeway with that under Trump. They're strategically planning our retirement, getting rid of defined benefit plans and putting in, if people are lucky, risky 401 plans, they're strategically developing the worst labor laws in the western world against unionism, they certainly have strategically planned the use of our public lands, the use of our public airways and the so-called commons, on and on.

And for people who want more specific numbers about 1978, the CEOs of the top 300 Fortune corporations were paid themselves with the rubber stamp board of directors about 30 times the entry level or the average level wages. Now 300 times and doesn't seem to be anything to stop them. The head of Boeing, whose practices in a company killed 346 people from Indonesia and Ethiopia, is now paying themselves \$12,000 an hour that sort of breaks down to \$23.5 million plus all the benefits. So they have turned our country into corporate state. And I think you probably dug up Franklin Delano Roosevelt's comment to the Congress in 1938 when he sent a proposal to set up an investigation commission called the TNEC to investigate corporate concentration of power. He said whenever private power takes over government power, that's fascism.

That's what he called it, 1938. So that's what we really have. We have American style fascism. And they have co-opted almost every counter challenge. Now I like you, or hopeful, and I like to be optimistic and I see, you know, there's some demonstrations here and there, the fight for \$15 an hour. And I see a little bit of burp here and there at shareholder meetings by some of the religious groups on militarism. And I see some people elected to Congress, there's probably two or three percent of them now who get it and are trying to challenge corporate power. But I also see Nancy Pelosi and Chuck Schumer, you know Wall Street corporations, they talk a good game once in a while, but they don't do anything.

And here's the rub, if someone told you 30 years ago that there are drug prices that have increased for necessary drugs, 300%, 500%, 1000%, yesterday a drug was portrayed on television, the company increased at 97,000%. Insulin is going up, other drugs are going up, and there wouldn't be a revolt in this country? I don't think you would say are you kidding? They'd be marching in the streets. They can rip off every way, you know, those mortgages in the collapse, and Wall Street, and we hardly have any demonstrations in less taxation than ever for global corporations. I mean Amazon just made billions of dollars, didn't pay a cent in taxes and got a rebate for heaven's sake. Sixty-five major corporations didn't pay federal income tax last year and they were all very profitable.

So I'm going to push you, let's say you're the czar and someone says "Matt, you got all the authority under our constitution to put these corporations under the rule of law and hold them accountable." What would you do?

Matt Stoller: Well, I'd pass the Industrial Reorganization Act of 1973 by Phil Hart. The no-fault de-concentration commission that would just go through and any company of a certain size threshold that had a share the market would just automatically be broken up. You want to give me one, but you know one thing. There are plenty of things that we can do.

Ralph Nader: Why do you think breaking them up makes any difference? I mean they broke up Standard Oil in the early 20th century, so we got Standard Oil of Ohio, Standard Oil of Indiana, Standard Oil of New Jersey, and what difference did it really make?

Matt Stoller: It made a big difference. I mean first of all, the oil industry became more efficient because there were certain techniques that were held by some of the divisions of Standard Oil and they weren't allowed to use them because New York told them not to. Like Indiana had some technique, I think, for cracking oil. And then when the breakup happened, the Indiana Standard Oil actually implemented this technique and it changed the oil industry. But then you also saw we do some more regional equity because instead of having one company, like one company headquarters in New York, which where all the money would roll into, you had, I think it was 35 companies all over the country headquartered in lots of places in the country. And that while you had the local elites in Indiana were pretty powerful relative to the rest of Indiana, at least they live there, and that's a big deal to have the local elites [overlapping] [00:17:24]

Ralph Nader: Well, okay, let's grand you that. Let's grand you that. We now have about 1200 health insurance companies in the country, we have four giant ones. But before they became giant, you had a lot of different companies. They are ripping people off the same way. The insurance companies rip people off the same way whether they're concentrated or de-concentrated.

Matt Stoller: Well, I don't agree . . . I don't necessarily agree. I mean, every market is different, but generally speaking, most states have one or two companies that have . . . or a lot of states have one or two companies that 80%, 90% of the market, which is kind of funny because we already have a single payer. It's just private single payer in a lot of places. But the more power that you had, it's not that business people who run smaller companies are sort of more virtuous or less virtuous, and it's not that people that run bigger companies are, like, evil. It's just that if you have more power, the risk is that you'll be more abusive and that you'll engage in practices that are less attentive to people that are subjected to your power.

So the idea was creating competitive markets and regulated competition, not competition just throw them in there and just have a, like, battle dome, but actually regulated them so that they're competing over useful social ends, that actually is a check on power. And it is not a check on power that comes from government. It is a check on power that comes from fellow competitors.

Ralph Nader: A lot of companies engage in payday loan rackets, how do you explain that? They're all ripping poor people off.

Matt Stoller: Payday lending shouldn't exist. That's an industry where we've essentially legalized loan-sharking. There's a whole bunch of industries, like you can have competitions in say private prisons, but that industry shouldn't exist. As I say, it's market by market. But generally speaking, if you have one search engine or you have one phone maker, two phone makers, you're not going to have . . . like the iPhone basically hasn't gotten better for five or 10 years because there's really no competition spurring them to improve. And that's very different than say the personal computer industry, given that both the personal computer industry and the mobile phone industry saw the emergence of billionaires in the personal computer industry because of at least initially the open architecture, you saw really rapid technological advances and a lot of different businesses, a lot of different creativity.

And this is actually true. You go back to the electronics industry in the 1950s, '60s, and '70s when it was even more open. You can make a difference and there is a reason that we still have some nice stuff in this society. We built that nice stuff at a certain point and now we can't, you know, Boeing 737 Max is a disaster, but we have these incredible technologies that we did build, like it did work at one point.

Ralph Nader: With very heavy government subsidies, you know, free research and development, developed aerospace, biotech, nanotech, Silicon Valley, internet, we always have to pay tribute to the taxpayer who helped fund all this R&D and built these companies and didn't get anything in return, which is given away. The R&D was given away. The way they give the R&D to the drug companies.

Matt Stoller: Well, we got swiped [indiscernible] [00:20:18] I mean, we got [indiscernible] [00:20:19] We got the internet. We got things out of it. It's not that taxpayers didn't get anything. We got tremendous amounts out of it. I mean we beat the Nazis. That's something, right? I'm an optimist because I see an ideological collapse of the framework that we built in the 1970s. It doesn't work anymore and it's in the internal tensions, they're too extreme. So we're going to move to a different system. The question is, what is that different system that we're going to move to?

Ralph Nader: Okay, let me detect remedy in your last recent remarks. You're talking about breaking up these companies, making more competitive, but you're also talking about abolition. You're saying that if you bring back the usury laws that were repealed in the '70s by industry lobbying state after state, that the payday rackets, the rent-to-own rackets couldn't exist. You're talking about abolition. What other industries would you abolish or parts of industries would you abolish?

Matt Stoller: Well I probably, I mean, you want to wave a magic wand, I mean I think we should nationalize the credit card companies because I think that our payment system should be . . . you know that's effectively a 3% or 5% private sale tax, so I would get rid of that. I would just nationalize that and have the fed take it over. I had this conversation with Atlantic Fed president one time when I was a staffer and I was like why is it easier to pay for stuff on your phone in Kenya than here? And he was like, "Well, you know, we don't have authority of the payment system. We consider ourselves more of a thought leader." And I was like you're the federal reserve, like, you're ridiculous. There's a bunch of baby if you don't want to do their job. So, like, I would do that and there's a lot of retailers actually who would support that because retailers are tired of getting ripped off by credit card companies and then you have the cyber security problem which is basically just identity theft, just counterfeiting.

Ralph Nader: That's very interesting. I've not heard that before. Let's move to your favorite subject now, Facebook. It's been said Mr. Zuckerberg apologizes every day before breakfast and keeps going to do what he wants to do anyway. So describe the problem of Facebook to our listeners and what you would do about it.

Matt Stoller: Sure. So the problem with Facebook is that we centralize this important form of communications, social networking, but basically the entire world in the hands of one company and one small group of people and that's catastrophic. And then beyond that, we have allowed that company to fund itself through advertising, which in the case of a communications network, it just means the distortion of the flow of information. I mean advertising I think is problematic in many different contexts, but it's manageable when you're talking about you have a lot of different channels to access information. But when there's an essential communications facility, we have traditionally not allowed advertising to distort the flow of information. So as an example the problem, it would be as if with Facebook, it's as if they're a phone network.

If I wanted to call a restaurant, I would dial that restaurant's phone number, but then I'll have to pay for that directly, that communication service, but then the way that that communication network pays for themselves is they won't connect me to that restaurant, they'll put out to bid "Hey, any restaurant in the area who wants to get mapped over this call?" And then any random restaurant that pays enough will get that call. And that's just a distortion of the flow of communication. So really the problem with Facebook, there are a lot of different problems. It's too big, it's got a number of communication networks, and they're not enough executive focus on making sure that they work. But fundamentally there's a conflict of interest baked in having a communication network that's financed through advertising.

Ralph Nader: What do you think should be done about it? And by the way, Facebook you mention its tentacles, what's out and so forth. I mean it's not just Facebook.

Matt Stoller: It's the holding company and in the holding company, it's Facebook, WhatsApp, Instagram, sometimes you could think about Messenger. The other part of it is that Facebook, the way to think about it, and that's also true with Google and in some ways Amazon, it's like a

railroad. And so if you think about it at the user, that's one context. But if you think about it like a publisher, like a newspaper or a content producer, you have to, at this point, to get your content to market. You really have to ride the rails of Facebook or Google. And so those are essential communication facilities and they can shut you off whenever they want and they have enormous power and that's incredibly dangerous. We've never seen the centralization of information that extreme as we have it today.

Ralph Nader: Well let me ask you some rapid fire questions. One, do you think that consumers should be able to charge Facebook for the personal information they give Facebook which then sells it to advertisers and makes tons of money?

Matt Stoller: No.

Ralph Nader: Why?

Matt Stoller: Because your data is not property just like I don't think you should be able to sell your own organs or various other things. There's a whole bunch of people who are using these communication networks. And if you have social sciences or you have government planners that say they want access to Uber data so that they can make better transportation infrastructure choices, Uber rides are not like property that those transportation planner should have to buy to access. like it's communal, like when the public create data, some data is public data. I don't mean that it should be exposed publicly, but I mean that, like, it's a public commons. So another example would be farmers. There's a whole lot of data on how they grow crops and the department of agriculture used to collect that information and then would, you know, this is the kind of crop that grows well with this kind of soil, with this kind of rainfall, with this kind of seed, and then they would give that information out to farmers.

They would collect it and then they would give it out and they would help the market oxygenate the market and improve the productivity of crops and frankly all over the world. But the data that the farmers had about how the crops are growing is not really their property. It's kind of communal property. So I think data is not just one thing, it's many things. There's all sorts of administered ability problems there, but fundamentally data isn't just property, it's many things.

Ralph Nader: So someone can accuse you of saying that Facebook has a right to get our personal information and sell it for billions of dollars to advertisers? What's the break on that?

Matt Stoller: I mean my view is that Facebook shouldn't be able to advertise or run an advertising business. The problem isn't that Facebook collects the data, it's how they use the data for targeted advertising.

Ralph Nader: Okay, [overlapping] [00:26:32] there've been studies showing that the advertising doesn't work very well, that mostly people are going to buy the product anyway. Do you think companies are wasting a lot of money advertising on Google and Facebook? And as

you know, about 85% of all the revenue comes from advertising. You want to bring these two giants to heel, you get people in the business world saying it's not worth advertising on these companies.

Matt Stoller: Well, it's always tricky with advertising because you know they had told the story, right, that advertising works. And the old joke with advertising is well I know half the budget, I know half the advertising works, I just don't know which half. But I think in a lot of ways what you find with Google and Facebook is it's kind of the same thing. So you put up a bunch of money to advertise your product, a bunch of people buy it, and you have no idea, and Facebook and Google can tell you a story about how the advertising on Facebook and Google was super effective, but you don't know if that's actually true. It's just maybe the most compelling story. And we also don't know if it's untrue. So certainly, I can imagine that Facebook advertising certainly works in some context and doesn't work in other contexts, but of course it's, which half, right.

Ralph Nader: You know what, Matt, I've asked a lot of people, do you ever buy anything off of a Facebook ad? And I'm telling you, 95% of people say no. Maybe I'm asking the wrong people. Steve and David, have you ever bought anything off of Facebook ad?

David Feldman: Never. Oh, yes, I have, yes, yes. I did.

Ralph Nader: Once?

Steve Skrovan: Yeah.

Ralph Nader: You know, in terms of what you're trying to do with Facebook and we'll get what your more granular view is in a minute, I don't think enough attention is focusing on the advertising revenue. There have been some studies . . .

Matt Stoller: I agree with that.

Ralph Nader: Yeah, there have been some studies and they've been critical that the advertising really doesn't work as well as it's boasted doesn't even come close in some of these, but there needs to be more studies because if you want to get Google and Facebook's attention, that's where you get their attention. They know how to game this thing with all kinds of esoteric phrases. They lose people's attention. The people is turn off. So what would you do with Facebook? The Facebook fine that's coming is rumored from the FTC [indiscernible] [00:28:46] should be \$5 billion. When that rumor floated on Wall Street, an hour after the stock exchange closed, Facebook stock shot up, \$40 billion more in value, \$40 billion more in value, which led some newspapers to say forget about the 5 billion fine. That's more than hardly a slap on the wrist. So what would you do? Do you need new legislative authority from Congress? And what would you do with Facebook and Google?

Matt Stoller: Well first of all, let's just be clear about something. It wasn't really a rumor. It was Facebook explicitly saying on its earnings report, "we're going to pay between three to five billion dollars" which is literally just public negotiations between the FTC and Facebook. Like Facebook's just saying this is what the fine is going to be. And Facebook's trade associations are actually lobbying for this fine and they're saying this rumored fine number shows the FTC as the top enforcer. So there is a big lobbying campaign for that \$5 billion fine, but I'll just tell you like, I don't know, maybe a year or two ago, not even two years, but a year ago or so, I was talking to a bunch of FTC people and I was like, why don't you fine them a trillion dollars so that you can restructure the company because you have the authority to that? And they just like "Oh, my gosh, that's the most horrible thing in the world.

Like the most you can ever ask for is a hundred million dollars." And now Facebook is lobbying for \$5 billion. So that's how much we've moved the argument although it was kind of funny when they were like, "So bring that kind of fine, you know we'd have to go to court." And I remember thinking, I was like "Do you not know where the court is? Like did you not renew your bar license, like, what's the deal?" The basic idea here is that the FTC has enough authority. We're not talking about them needing to bring an antitrust case or a consumer protection case. Facebook already has a consent decree with the FTC. So they've already said here's a bunch of practices that we will not do. And every violation of the consent decree has a \$40,000 up to \$40,000 fine, which means if you just look at Cambridge Analytica, that's not the only case here.

That's 87 million violations, the \$40,000 and that's a lot of money, right? And so they can bring up fine and they can just say look, we're going to bring a trillion fine against you on a consent decree unless you do XYZ. And so they have the leverage, they have the authority, they just don't want to do anything because for ideological reasons.

Ralph Nader: What is XYZ?

Matt Stoller: So XYZ would be two basic things, principles. First is Facebook would have to admit wrongdoing. So that's a big deal, right? And all of the consent decrees and all of your financial crisis and all these different things, like all of these companies would pay a fine, sometimes the fine would even be tax deductible, but they would never admit wrongdoing. And that is problematic for a lot of reasons. Morally it's just wrong, but also it allows them to avoid private follow on litigation. So first of all, Zuckerberg would have to just say yeah, we violated the consent decree and Facebook is going to fight that viciously. But we need, as a moral statement, we need the FTC to bring a case and say you guys violated the decree. So that's number one, admit wrongdoing. The second is kill the incentive to collect the data. That's the other thing.

I mean I had a lot of other things that we'd want to do, but basically, what they did in Germany or what the antitrust authority in Germany was trying to do is saying we're going to make the case that Facebook is not allowed to collect third party data and use it for targeted advertising purposes, nor are they allowed to combine data from their different service and use that for

targeted advertising purposes. So that killed the incentive to collect data because what's the point of collecting the data if you can't use it. And so that will actually kill the business model incentive to collect data which was the point of the consent decree in the first place, so that's what I would do, is those two things in principle. There's a whole lot of other things that we need to do to address problems with Facebook, but . . .

Ralph Nader: How about user power? You know the users trying to organize Facebook users groups and Facebook threatened litigation saying they're violating trademark of Facebook by using the word Facebook and they sort of drifted away and didn't do anything. What about user power besides just dropping out of Facebook, which several hundred thousand people did, but it's a drop in a bucket after the [overlapping] [00:33:05] all this scandal.

Matt Stoller: I think that this is not a place where you can have a consumer oriented approach. I think this is where we have to do politics. First of all, consumers are not really the people being harmed here. The people being harmed are actually the publishers. So if Facebook isn't using your data to take your stuff or your property, they're taking your data so that they can redirect the flow of the ad money that used to go to newspapers to themselves. The institutions being harmed are the ones who are actually losing ad money, you know Rupert Murdoch, he's not a fan. So let's just be clear about the problem. I would say that is a role for politics where we collectively come together and make decisions about how we want to run our society. So we should have this debate in the political arena and through our legislative bodies worldwide.

Ralph Nader: Okay, so we're about out of time, Matt, how do people reach you? And tell the people a little bit about your group and what it's doing.

Matt Stoller: Sure. So my group is called the Open Markets Institute and we are a think tank that is focused on the problem of monopoly in America and across the world. And we are largely journalist and some lawyers who are just trying to tell the story and we've been doing it for, I guess, we were part of another think tank starting in 2010 and we went independent in 2017. We focus a lot on Big Tech. And then you can reach me, I am on Twitter @matthewstoller, that's my Twitter handle, M-A-T-T-H-E-W-S-T-O-L-L-E-R and that I tweet too much there. And then you can find more information about me mattstoller.com. There's also a contact information. And then I'm writing a book which should be coming out in October called Goliath: The 100-Year War Between Monopoly Power and Democracy.

Ralph Nader: Very good, thank you very much, Matt, and keep up the good work. We've been talking with Matt Stoller who's coming out with his book in October. And if anything else, it's a good history of the days when corporations had less power over us. And when there was more activity in Congress and the executive branch in the judiciary, the whole ethos of corporate accountability from the early 20th century to the mid-20th century has been demolished and we've got a big challenge, listeners.

Matt Stoller: Can I say one thing, I found in my book that has to do with you, which I thought was fun?

Ralph Nader: Yes.

Matt Stoller: So everybody thought the term too big to fail was coined in the 1980s with Continental Illinois, but I found an instance of you saying it in the 1970s when you were testifying.

Ralph Nader: Yeah, well, you know if I was getting an award for coining phrases, I'd be busy getting awards. But we want to get something back like corporate welfare is one of mine, the mainstream press is one of my mine, corporate crime wave is one of mine, but you see how far it's gotten us. Anyway, we need younger people like you bring them in. And one of these days, the American people will say "Hey, look, this is supposed to be a republic not the Republic of Wall Street." And they'll use the kind of materials that you all are putting out and have a new Congress, starts with Congress, I think, that's the big branch of Constitutional power is the smallest branch and we know their names. Thank you very much.

Matt Stoller: Yeah, thanks a lot. It's an honor.

Steve Skrovan: As well said, we've been speaking with Matt Stoller with the Open Markets Institute. We will link to his work at ralphnaderradiohour.com. We're going to take a short one minute break. And when we come back, we're going to plow through some long awaited listener questions, but before we do that, let's head over to the National Press Building and check in with our Corporate Crime Reporter Russell Mokhiber.

Russell Mokhiber: From the National Press Building in Washington, D.C., this is your Corporate Crime Reporter Morning Minute for Friday, May 3, 2019. I'm Russell Mokhiber. The Environmental Protection Agency said the active ingredient in Bayer-Monsanto's carcinogenic weedkiller Roundup is safe, ignoring a growing body of independent research showing a strong connection between glyphosate and cancer in humans. "Today's decision by Administrator Wheeler, like virtually every one he and the Trump administration make, completely ignores science in favor of polluters like Bayer," said Environmental Working Group President Ken Cook. "This move by EPA should not come as a surprise. Under the control of Trump and Wheeler, the agency is virtually incapable of taking steps to protect people from dangerous chemicals like glyphosate."

A report published in January in the Environmental Sciences Europe documented how the EPA ignored a large number of independent, peer-reviewed studies that link glyphosate to cancer in humans. For the Corporate Crime Reporter, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russell. This one comes Holly Masclans. And I have to admit Holly has written numerous times and we're finally getting to it. So there's a little irritation and sarcasm in her note here, but I'm going to read it anyway. Here we go.

David Feldman: I'm sorry, we're out of time, Steve.

Steve Skrovan: No, Holly, hang on. Here's what Holly says. She says "Okay, I got it. Your show never responds to my request for a discussion on vaccine safety. I get it, the subject is taboo. It's okay to be skeptical of other pharmaceutical products, but not vaccines. Parents are idiots when it comes to their children's health. Maybe baby step is what you need to cast out in the safety of vaccines. Mary Hollins new book will get you started. The HPV vaccine on trial seeking justice for a generation betrayed. Happy reading. So Holly, we're going to respond to your question. Ralph?"

Ralph Nader: Well, actually, Holly, whenever the pharmaceutical companies and the FDA use the word vaccine, they automatically want us to believe we're safe. Well obviously it's like any other drugs. All kinds of drugs are called vaccines for all kinds of ailments, so some of them may not be safe. Probably a majority of them are probably safe although we don't know how they work in combination at a very, very tender age for an infant, that's a question. But we also need to know where they're produced. If they're produced in China or India and they're not under adequate federal U.S. inspection, that raises a yellow flag. So there shouldn't be taboo. The problem is that the vaccine industrial complex thinks that any questioning of vaccines will scare parents and they won't vaccinate their children and then you have a problem in the schools. So that's their conundrum other than the profiteering is going on.

Vaccines used to be very cheap and now they're increasing the prices. So I always believe that we should follow the evidence because otherwise, as you know, if there's no vigilance, you're going to get more and more vaccines for less and less serious ailments. You're going to get an overload, you're going to get kinds of immunity, side effects, so we have to put it all out on the open. But it doesn't help the cause, Holly, for people to come on and say all vaccines or a product of a conspiracy. That's what vaccine people who are well intentioned, some in the National Institutes of Health are very concerned about.

Steve Skrovan: Well, I hope that satisfy you, Holly. I'm sure I'll hear from you again and please don't hesitate to respond to our response. Okay, we got a couple of questions here about the Boeing MAX 8. David, why don't you take the first one from Dale West?

David Feldman: Ralph, are the flight attendants and pilot unions going to refuse to staff the 737 MAX aircraft? Their unions should have been the first to react after the first crash in Indonesia.

Ralph Nader: No, they're afraid of their jobs and they can't pick and choose what airplane they're going to fly on any given day. They have been a little critical, some of them, but the

union chiefs are under tremendous pressure by their airlines United, Southwest, Delta, American. And they're not speaking of the way I would like them to. If you're an airline employee or a whistleblower, please call the anonymous tip line. Your anonymity will be protected. We have been assured, call the anonymous tip line 1-800-662-1859. 1-800-662-1859. I've never seen a time when more federal agencies are openly calling for whistleblowers. Congressional committees, even the FAA is called for whistleblowers. So this is whistleblower golden age. Go for it.

Steve Skrovan: Very good. Thank you for that question, Dale. And this next question about the MAX 8 comes from William J. McIntosh. And he says "I am a former RCAF flight instructor. They are now doing more tests so they should be asked in court "were these tests to evaluate stall recovery? He says he bets they were. And he says also asked why were these additional tests not done before certification? Also asked how much did the nose wheel repositioning move the weight and balanced tolerance point? And he says good luck with your case. He thinks it's a piece of cake."

Ralph Nader: This is a good point and you ought to pass it on to flyersrights.org, that's a consumer group, flyersrights. O-R-G, run by Paul Hudson, so they can raise this issue with the FAA. Unfortunately, the FAA is rushing to clear the 737 MAX to fly before inadequate review of the many problems where the plane can be conducted. We're trying to slow it down. Other groups are trying to slow it down. Maybe Congress will slow it down and say wait until the hearings are completed. But it's always a good idea for the FAA to hear from people like you.

Steve Skrovan: This next question comes from Ngaire DeNora who lives in Canada. And he or she, I'm not quite sure, says "My son passed away at age 24 years old from two traumatic brain injuries he sustained in an ATV accident. And he goes on to explain that he was not drinking, that speeding, he had his helmet on, doing all of that. And the question is the ATV industry needs to be exposed. These machines have been maiming and killing people since the first three-wheeler that was introduced in the North American continent by Honda. The three-wheelers ended up being banned in the 1980s, but were replaced by four-wheelers which are just a three-wheeler with the fourth wheel. I was wondering if this was any interest to you, you could point me to someone who would be interested in doing some sort of expose in this industry."

Ralph Nader: Well, it's been exposed and it still is responsible by the design of its vehicle for about 600 deaths a year and a hundred thousand injuries according to the Consumer Product Safety Commission's annual report. That's quite a hideous record where safer designs or warnings to young riders might have diminished that fatality toll. So if you want to connect on this and you certainly have a serious experience with losing your son and you're probably driven to try to do something on that, contact the Consumer Federation of America, which is 202-387-6121. Tell him I suggest that you call, 202-387-6121. And they're in Washington, D.C. It's 1620 I Street, Northwest.

And their email is cfa@consumerfed.org. It's amazing how year after year, Steve and David, this goes on and it goes on and it goes on. And off-road vehicles are designed to be driven only on off-road terrain not paved surfaces. But off-road vehicles are difficult to control on paved surfaces and are at risk of overturning. On unpaved roads, off-road vehicles are a higher risk of colliding with cars, trucks, and other vehicles. There are different state laws, I'm sure there are different provincial laws in Canada, but those are the contacts. I hope you get a good response.

David Feldman: This one comes from Paul Levy. He says, "Ralph, I won't be starting a watchdog group, but would like to join one in Illinois. I couldn't find it on the internet. How would I find one here in Illinois? I'm enjoying Mr. Nader's new book and love your program. Paul Levy."

Ralph Nader: Well, Paul, you're it because there is no group in Illinois, so nominate yourself, start it with a little letterhead with five or six friends, have fun. You'll discover new hobby. Gets to 10 friends, start meeting in your living room, you go over my book called *How the Rats Re-formed Congress*, which is a way of getting people to [indiscernible] [00:45:54] themselves seriously enough in order to organize such groups in various states to watchdog Congress and you can go to ratsreformedcongress.org where you get a very serious tutorial on exactly step by step how to form a watchdog group in Illinois on the Congress. And you don't have to go all the way and absorb 20 hours a week, just put your toe into the water a bit and see how interesting it is and what kind of reaction you'll get from your two senators and representatives.

Steve Skrovan: All right. This next question comes from Dan Lett who says "I listen to your interview with Walter Hang of Toxics Targeting and was really struck with the distinction that both you and Walter drew between committed effective activism and the less effective tight that seems to dominate the large fundraising advocacy organizations. He says I'm in Surrey, British Columbia, Canada and I'm looking to devote some of my time and resources to groups who are effective at their job of advocating for environmental and social justice. Which groups in Canada was getting involved in? I'd very much appreciate any advice. Thank you for your important work."

Ralph Nader: Well, we contacted Toby Heaps who is a publisher in Canada and public spirited. He recommends Sierra Club in Canada, Greenpeace in Canada, and a group I helped encourage, Democracy Watch, that goes to democracywatch.ca. They are located in Ottawa. Those are three groups. And then if you're British Columbia, look up doctors Suzuki. He was a television star on environment for many years and one of the best known names in Canada. He has a Suzuki Foundation and he's very approachable and he'll give you more granular information about British Columbia and what's going on.

David Feldman: This next question comes from Paul Kulas. You kind of touched on this question ago, but I think it bears repeating. He says "Ralph, this week's Toxic Avenger podcast was super inspiring. I've heard you talk about has citizens have the power, but I felt helpless. I listen to your message then I'd say to myself how am I going to take on Goliath. Now after I

listened to Walter Hang, I'm convinced I can. Walter talked about how he just followed your plan, read your books, you kind of talked about How the Rats Re-formed Congress, but he's asking what books of yours should I read to learn how to do what Walter did.

Ralph Nader: Well obviously, it's the book *Breaking Through Power: It's Easier Than We Think* and that's the way I approached it. I give a lot of examples on how a few people made great progress, the various techniques they have developed, and also around page 140 or so in the book, is a citizen summons and you can fill in the blanks on your main issues of concern where you summon the senators and representatives to your own town meetings. For that, you need about 500 clearly legible names with emails and addresses on a petition will get a senator. Five hundred clearly written names, not scribbled on a petition by someone standing on a street corner, so they know that these are people who are now in touch with each other and they're serious. And it takes less than that to get a congressperson to come.

Once you get them in a town meeting, there's no more flax, there's no more, you know, being put on hold, there's no more greenwashing or whatever. You're facing them eyeball to eyeball and they get a good experience. And you send them back with their instructions.

Steve Skrovan: Very good, Ralph. Before we go, I just wanted to talk to you about something you record in the *New York Times* this week about Apple buying back \$75 billion of its own stock. And you were quoted as saying that this was insane and that Apple could spend a small fraction of that \$75 billion of plans to give investors by recycling the world's computer waste, cutting the prices of iPhones that as well past \$1000, increasing it to pay this contract workers in China who make only \$3.15 an hour. But this was the response from another economist who thought that was too simplistic and I'll quote this from *New York Times*, "Firms should reinvest internally when it's their best use of capital, and they should pay it out to investors when it's not," said Laurie Hodrick, a visiting finance professor at Stanford University who studies how corporations use their cash." What do you say to that rebuttal?

Ralph Nader: A lot of things. Number one, Tim Cook and a couple other men at the top decided that they're going to spend another \$75 billion, which comes from consumers of iPhones and other Apple services, on stock buybacks after they just finished \$100 billion of stock buybacks, which increases the metrics for the executive compensation package of Tim Cook and his top bosses in Apple. It doesn't create a single job. Number two, they never even ask their owners, the stockholders and the institutional individual stockholders permission. They just did it on their own to show you again the massive dictatorial hierarchy of these giant corporations. They ignored their own owners and they've rendered their owners powerless. And to finish it off, they control the Securities Exchange Commission and the Congress on this. Number three, oh, they should do this for their shareholders.

It doesn't do much for stock prices. It can bump it up a little bit for a few days, but there are too many other things, the Federal Reserve, what's happening with the China trade, a particular disaster, or Samsung cutting into their sales. What they should do, if they just are interested in

their shareholders, is give it out in dividends. It goes to pension funds, it goes to individual shareholders, it goes to mutual funds, it gets spent in the economy. Instead they're burning it through stock buybacks. And they've been \$7 trillion of stock buybacks in the last 10 years by major U.S. corporations who, having gotten a huge tax break to bring in their profits from abroad back to Washington, compliments of Trump and the Republicans, are now burning it instead of what they promised they would do, which was invest "in productive facilities and jobs." Just another corporate betrayal of Congress and what do they care, they get away with it.

I don't think anybody, 30, 40 years ago, ever dreamt that corporations would be so drowning in capital, which is another way of saying excess profits that are under taxed, that they can just burn it that way, especially when the stock is near its high. It's one thing if Apple stock collapse from say 210 to \$50, yeah, this is a good buy, you know because the stock is going to bounce back and will make a profit. But the worst time to do a stock buyback is at its peak. And a lot of these companies are going into debt to raise money in a low interest era in order to do stock buybacks. So if Steve Silberstein, the corporate commentator from San Francisco, told me the other day, what if there's a downturn in the economy? You have all these highly indebted corporations, corporate debt is at a screaming high at the same time as they're drowning in capital. So they're destabilizing the economy for the next decades. So I think that Stanford ought to have higher standards for their professors.

Steve Skrovan: There you go, Laurie Hodrick. You've heard from the man.

David Feldman: They weren't always allowed to buy back their own stock, right?

Ralph Nader: Yeah, that's a good point, David. Until 1982, the Securities and Exchange Commission considers stock buybacks manipulation of stock by insiders. And then Reagan appointed a nice SEC chairman for Wall Street coming from Wall Street and he allowed it and it's off to the races. It's the biggest misuse of capital in American corporate history. And Bill Lasonick, L-A-S-O-N-I-C-K, a professor at University of Massachusetts-Lowell, is a national expert on this. Look him up and read his writings. I've just scratched the surface of how stock buybacks distort the investment priorities of American companies. And even worse than just distorting, is that they are under investing now compared to Japanese, Chinese, and European corporations who don't quite engage in such massive stock buybacks.

They find other more productive uses like shoring up the pension funds, let's say, like opening new plants and facilities, like spending money on environmental pollution controls, like increasing the salary for their workers, just for a fraction of that 75 billion, David, they could double the pay of 900,000 serf laborers in China who construct their iPhones. Double the pay for probably less than \$5 billion.

Steve Skrovan: Well, all right. Thank you for your questions. Keep them coming on the Ralph Nader Radio Hour website. I want to thank our guests again today, Matt Stoller from the Open Markets Institute. For those of you listening on the radio, that's our show for you podcast

listeners. Stay tuned for some bonus material we call the wrap up, a transcript of the show will appear on the Ralph Nader Radio Hour website soon after the episode is posted.

David Feldman: For Ralph's weekly column, it's free. Go to nader.org. For more from Russell Mokhiber, go to corporatecrimereporter.com.

Steve Skrovan: And Ralph has got two new books out, the fable *How the Rats Re-formed Congress*. To acquire a copy of that, go to ratsreformedcongress.org. And *To the Ramparts: How Bush and Obama Paved the Way for the Trump Presidency, and Why It Isn't Too Late to Reverse Course*. We will link to that also.

David Feldman: The producers of the Ralph Nader Radio Hour, Jimmy Lee Wirt and Matthew Marran, our executive producer is Alan Minsky.

Steve Skrovan: Our them music *Stand up, Rise Up* was written and performed by Kemp Harris. Our proofreader is Elizabeth Solomon.

David Feldman: Join us next week on the Ralph Nader Radio Hour when we welcome back Congressman Jamie Raskin. Thank you, Ralph.

Ralph Nader: Thank you, everybody, and we're getting orders five at a time for this rat book on *How the Rats Re-formed Congress*. So if you want to see why people are ordering five at a time, maybe living room discussions, go to ratsreformedcongress.org. O-R-G- and see for yourself.