

RALPH NADER RADIO HOUR EP 277 TRANSCRIPT

Steve Skrovan: Welcome to the *Ralph Nader Radio Hour*. My name is Steve Skrovan along with my co-host David Feldman, who I was reading some reviews of our show, Ralph, on Apple Podcasts and one reviewer called David the cherry on top of the sundae, which is the show, so . .

David Feldman: Oh, good, oh, good. My review got . . .

Ralph Nader: As long as it doesn't have Red #4 as a coloring.

Steve Skrovan: I can't vouch for that. That voice you just heard is the man of the hour, Ralph Nader. Hello, Ralph.

Ralph Nader: Hello, everybody.

Steve Skrovan: And I'm going to try to explain the show today because we had a bit of a disruption. On the show today, we were going to talk to Ellen Brown who has written a new book entitled *Banking on the People: Democratizing Money in the Digital Age*. And according to Ms. Brown, we still use a 19th-century model of banking. And she was going to explain how we can transform that outmoded system into one that is democratic, sustainable, and serves the needs the people in the 21st century. In place of Ms. Brown, we've got a great guest, an expert also on this issue, Walt McRee is going to be joining us. We're going to talk about public banking in general and how Ms. Brown's book fits into that context.

But first, let me explain what is a public bank. We've talked a little bit about this before on the show. And just as a predicate here, a public bank is owned by the government and it's funded with taxpayer money and directly accountable to elected officials. And it's a more transparent alternative to a private bank where we, the customers, have no idea what might be going on behind closed doors and how the money is being used and we're subject to all kinds of fees. We have very little say in accepting. And we have one public bank in the United States and it's not in some blue state, it's in North Dakota. And my understanding is Germany's financial system is carried by the public banking system.

So, on the show today, to talk about all of that, we have Walt McRee, who is the President of Public Banking Associates and Senior Advisor and Chair Emeritus of the Public Banking Institute. He's going to explain to us in more detail what public banking is and how the rest of the country can catch up to North Dakota. We'll talk about how we can save as consumers on banking services and save as taxpayers without having to pay these huge fees to Wall Street. So, it's a very mainstreet kind of issue. That's just the first half of the show. In the second half, we welcome back regular guest, Dr. Ken Reed. (Steve, according to PBI's Engagement Coordinator, the correct ref to Walt is in red above)

Regular listeners know Dr. Reed is the Sports Policy Director of League of Fans, which is a sports reform project. It was founded by Ralph to fight for the higher principles of justice, fair

play, equal opportunity, and civil rights in sports. So today, Dr. Reed is going to talk to us about how schools are cutting back physical education classes, something that's been going on for quite some time now, and how that is contributing to childhood obesity and diabetes.

As always, we will take some time out in the middle to scurry over to the National Press Building in Washington, D.C. to find out what malfeasance our *Corporate Crime Reporter* Russell Mokhiber is uncovering in the dark recesses of the global, corporate-crime world. And if we have time at the end, we'll try to knock out a few listener questions. But first, let's find out about public banking. David?

David Feldman: Walt McRee is President of Public Banking Associates and Chairman and CEO Emeritus of the Public Banking Institute. He's one of the world's leading experts on public banking. He produces and hosts the radio program *It's Our Money*, and he also hosts *The Public Bank Solution*. Welcome to the *Ralph Nader Radio Hour*, Walt McRee.

Walt McRee: Thanks very much, David and Steve.

Ralph Nader: Welcome, indeed, Walt. We've been at common conferences in the past and we look at you as one of the foremost experts on the subject and you're going to talk a little bit about *Banking on the People*, which is Ellen Brown's new book, of course, and some of the questions we're going to ask come right out of this book. First, a very simple introduction to the subject, listeners, I mean, whenever people talk about money and banking and all these big bank operations, a lot of people turn off. It's almost like we're talking about mathematics. And that's unfortunate because without public understanding, we don't get public justice when it comes to these gigantic financial institutions.

When they all started out, these banks took your money as deposits, and they loaned it out for home mortgages, small-business loans, big factory start-up loans. And in the last several decades, the banks have made more money by making money from money, which means they're speculating, which means they take your money in a bewildering complex mode--things like collateralized debt obligations or credit default swaps [CDS]; they're making bets on bets on bets. And the more abstract these bets, the further they are from the reality of the wealth, the actual wealth in the society. And it becomes riskier and riskier and they get entangled with the Federal Reserve and other central banks around the world, and they become too big to fail, and the taxpayer ends up paying the bill when there's a collapse.

Now if that doesn't wake you up, you paid a huge price as taxpayers and consumers for the Wall Street collapse in 2008 and 2009, which took away over eight million jobs, took away homeownership for millions of homeowners and ended up with putting the bailout on your backs as taxpayers through Washington. So, I just want to start, Walt, why is it that our educational system, in a society where everybody loves money, people want to spend money, they want to save money, they want to hold money for retirement, they want to give money as gifts, have almost no understanding of money and banking and therefore, are sitting ducks for these giant bankers to rip us off in so many secret, hidden, complex ways that we don't even know how we're being ripped off. How do you explain that? High school, college, even economics majors who don't understand what's going on in global banking and the intricate, secret, devious entanglements of different kinds of debt instruments that are raising the prospect of another major crash?

Walt McRee: Yeah, well it's a time-honored pretense banking, goes back to the 17th century; the Bank of England started it in which the conflation of political power and capital began the process of removing money from people directly and putting it in the hands of bankers. Of course the psychological analysis of why citizens in this country are so taken by money is a different discussion. But it is the case that money is considered to be a scarcity and it's scarce because it is under the control of private issuers of capital who make profit by putting us all in debt. Most of our money is created, not by governments, but by banks, when they make loans. One of the misinformation, one of the myths about money is that money comes from governments and also that banks hold on, actually possess, the money that they lend for our loans. The simple fact of that franchise is that banks leverage tenfold, at least, and in the case of Wall Street banks, many times that, what their capital nest or what the money is that they have on hand, they leverage it many times in the form of loans, which are basically digital entries on accounts. So the banks are perceived as being the possessors of all of this cash, if you will, but actually, they have a franchise in which they're making this up out of nothing and they dole it out to those people to whom they feel they've got a very safe shot at getting it back or at least a reasonable gamble, for being able to multiply it many times over.

Ralph Nader: Walt, just to interrupt you, there is a difference here, listeners, in kind and degree between small community banks and credit unions. And, of course, they're merging and they're getting fewer and fewer of them all the time. Distinguish for us, Walt, what's the difference between the Bank of America, Citibank, Wells Fargo--the criminal enterprise of recent vintage--and the small community banks and credit unions. I mean, they have problems with these big banks, too.

Walt McRee: Yeah, well you mentioned that they are speculating in fantasy finance; the big banks, the Wall Street banks, the global banks [are] a huge worldwide cartel of capital moving around through a variety of obscure sort of algorithms, to put it into a category, but that is, as you said, that's where they're making their money. They're not making local loans. So that we've lost several thousand community banks in the last 10 years because of the pressure, the regulatory pressure that has been put on community banks largely as a product of the Dodd-Frank regulation [Dodd-Frank Wall Street Reform and Consumer Protection Act] in which they were trying to regulate the big banks, but they also clamped down on the community banks, which couldn't afford the regulation, so the community banks started to go away. They merged with others to become bigger to be able to be more competitive. Well, the community banks were the ones who were really feeding the local economy. They were the ones that were making the loans to small businesses, and for mortgages, and for a variety of the baseline productive investments that make local economies work. Now as an example of how public banking impacts that scene, in North Dakota, there are more community banks per capita than anywhere in the country. And they are multiple times more profitable than the other community banks in the country. Why is that? It's because the publicly owned state bank, the Bank of North Dakota, partners with the community banks to enable them to make larger loans so that they can be more involved in the development and the investment in the local economy. So that instead of having a car dealer go off to Bank of America because they can't get enough money from the local bank, the local bank in North Dakota will call up Bismarck and say, "Hey, we have known this guy for 20 years. His

paper looks good. His business plan is fine; will you stand with us, Bank of North Dakota? Will you stand with us in

making a larger loan?" And the answer is frequently yes. And that is how the market share in North Dakota for community banks is about 180 degrees different than it is anywhere else in the country. That is, they hold about 82% of the deposits of the citizens of North Dakota and the big banks hold only 18%, meaning that the money stays in the state, which is a critical component of being able to stabilize local economies as well as to nurture and expand the kind of investment that's needed to make local economies work.

Ralph Nader: Well, this is a fascinating story, listeners. First for all, the Bank of North Dakota just celebrated its 100th birthday. It was started by the Farmer Progressive Movement in North Dakota because they didn't want to be controlled by outside banks especially the big banks in Minnesota, never mind New York at that time. And during The Crash in 2008/2009, when the big banks in New York crashed on the economy, what happened to the Bank of North Dakota?

Walt McRee: It was unscathed. In fact, it had its largest profit for the bank's history in the bank's history at that time. Every year since then, the profit has gotten larger, so they're now in their 15th year of year over year increased profitability.

Ralph Nader: Okay, so let's face reality here. These big banks are not capitalist free enterprise. They know very well--the executives in New York and Chicago and Los Angeles--that they can keep gambling and gambling with your money, your pension money, your deposits, savings accounts. They can mix commercial banking and investment banking, circumventing regulations, because they know that you, via Uncle Sam, via Washington, are going to bail them out. So, what we have here is government-guaranteed bank corporate capitalism run amok and a perverse incentive to speculate more and enrich the executives at the top of the banks more, and huge amount of the money that these banks have is government money. It's municipal, state, and federal money. And so, more and more people are starting to predict that we're going to head for another round of collapse like the 2008/09, so more people are talking about nationalization. Now that really scares some people; uh-oh, here it comes, socialist banking. So, on page 126 of Ellen Brown's wonderful new book called *Banking on the People*, she has this, "One of the options discussed by the Obama Administration during the banking crisis early 2009 was nationalization, transferring the biggest banks to public ownership." But as noted in a March 2009 editorial in *The Progressive*, "The word nationalization shuts off the debate. Never mind that Britain, facing the same crisis we are, just nationalized the Bank of Scotland. Never mind that Ronald Reagan himself considered such an option during the global banking crisis in the early 1980s." Tell us how normal it is, and it happens all the time with the FDIC, Continental Illinois, why don't you discuss those two points?

Walt McRee: Well, the aspect of private control of capital at the government level is really at the crux of the economic challenges that we have, because as you say, they are on the dole from us. But the federal government has certainly used a similar sort of a franchise, a national capability, to fund things like the Reconstruction Finance Corporation, which really built America, the middle class, in the mid-20th century--the highways, the warfare, and so forth, the dams, all of that was a nationalized banking structure that was highly successful and was really what drove the American miracle of economic success. It's true all over the world that

government-owned banks, nationalized banks if you will, play key roles in helping to have national economies stable and be productive. Germany, certainly, is a great example of that where their banks have . . . their public

banks, for example, have funded about 75% of their green energy investment. These are investments that private capital banks would not be inclined to make, not the kind of returns they might be looking for, but also not the kind of risk that they're willing to take, not the kind of length of lending. And, of course, on a smaller basis, Germany's Sparkasse Savings Banks have really made their local economies work vibrantly for the last 200 years. They're very, very stable because they're so diversified.

Ralph Nader: But right back here in the U.S., when the FDIC is confronted by a wobbly bank, that is supposed to be guaranteeing deposits up to \$250,000 per deposit, they take over these banks. For example, the seventh largest bank in America in 1984 was the Continental Illinois Bank in Chicago. And the FDIC took it over because it was teetering toward bankruptcy. It wiped out existing shareholders, infused capital, took over bad assets, replaced senior management, and owned the bank for about a decade, running it as a commercial enterprise, and then in 1994 sold it to the Bank of America, so there's nothing new here. All kinds of wobbly banks were taken over by the FDIC and its counterpart when the Savings & Loan collapse occurred two decades ago. There's nothing new here. So, let's get rid of the so-called socialist specter because what we have here is out-of-control corporate bank socialism. Namely, they reap the profits using other people's money. They enrich themselves at the top of the company; they make money from money, which isn't a very productive enterprise, and then they send the bill to Washington when their whole edifice collapses. So that's why, if there is another collapse, people like you and Ellen Brown and others have crafted a plan so that it can be put before Congress to basically say, never again this is going to happen. You're not going to privatize your profits, giant banks, in secret and not even have productive use of the money that you're a trustee of, and then send the bill--when your greed collapses the economy and un-employs workers, and strips homeowners of their home--to Washington, namely the U.S. taxpayer. It's not going to happen again. Tell us about the public banking movement off of the example of the Bank of North Dakota, what happened almost in the California legislature this year, and what other states are doing to deal with public banking. Now we have to make one thing clear for our listeners, Walt, the issue of nationalizing the government-guaranteed giant banks and international banking complexity is different from what you're talking about in terms of the Bank of North Dakota, which is basically state and local public bank in one state after another. Can you educate us about this?

Walt McRee: Yeah. Well as you probably know that when money is deposited into the bank by law, that the bank is the owner of that money and they simply ought to pay you back when you present a check. But in the case of municipalities, they are supposedly backed by the stability of those banks, but still that money is at risk. The franchise is in the hands of private hands. And this is the problem that has or the thing that the people have become animated about is that they don't want these private banks, these global banks, investing in things like fossil-fuel industries, private prisons, payday lenders, etcetera, etcetera, that they really want to keep their money at home to invest in themselves. And because of the extraction, the costs of giving the money to these private banks, takes that money out of the community. So, we're talking about re-orienting

the ecosystem, if you will, of public finance so that we can take out these private capital profiteers and put in the people's interest in place of that.

Ralph Nader: And start rebuilding our public services, our infrastructure that's crumbling all over the country.

Walt McRee: Yeah, exactly. And I think the question has to be raised as you would say, well, a Green New Deal certainly presents a wonderful opportunity for us to exercise that kind of an approach. Clearly, private capital is not going to be sufficient to fund what will be required by a Green New Deal. It's not even available now for the infrastructural replacements and improvements that we need. So the idea is simply to create banks . . . and what do banks do? They monetize equity. And we certainly have plenty of equity as public citizens, as states and counties and government, to be able to turn that into money that we can use and that's what's banking franchise can do.

Ralph Nader: Let's explain that. Let's take the California example. We have a lot of listeners in California. California municipalities--like Sacramento, Los Angeles, San Francisco, San Jose, San Diego--have to issue bonds in order to build a bridge, or repair a highway, or school bonds, right. And they have to go to Wall Street to get this money, and the Wall Street guys charge them enormous fees. And your idea and the public banking advocates' movement idea, which almost passed through the California legislature in some little different form just this year and will be re-introduced next year, is it if California had its own public bank like North Dakota, it could keep the money where it is; it could put all the money that municipalities and states have, like pension money and checking-account money, etcetera, in the bank and it could fund its necessary public investments all over California, saving California taxpayers billions of dollars in gouging fees of Wall Street and giving the people of California a clear, open understanding of where their money is going. Isn't that really the essence of the idea? These aren't public banks that are going to have consumer deposits. They're not going to run like your local bank where you get credit cards and mortgages. These are public banks for public purposes like investing in public works--public infrastructure, airports, seaports, public transit, all those things. Isn't that, Walt, what it's all about and what the battle is in California? And who's fighting it?

Walt McRee: Well, the idea of course in these banks is not to compete with local banking interests in particular, but to be able to access the wonderful franchise of banking in which you can leverage your capital many, many times. California has had a number of successes this past year. And in fact, there was a recent . . . just the most recent development has to do with one of the Assembly bills that has been approved and now moved on to the Senate for clearing a path for municipal banks in California so that the roadblocks that would otherwise be there would be opened up on a legislative basis and that has passed through the California Assembly. It's now on to the California Senate and it's come through the Banking and Finance Committee; it's moving on to governance in the next month or so.

Ralph Nader: It's going to be very interesting when the presidential candidates campaign in California because California's primary is pushed up; it's early now, in March, so it's going to be in play. They're going to have to take a position on this. Elizabeth Warren, of course, knows a lot about banking, finance, Wall Street. Has she taken a position on public banking yet? And I want

to ask you, has she reached out for the expertise that you and others represent in the public banking movement?

Walt McRee: Well, Elizabeth Warren has met with Ellen. They had lunch a couple of months ago. And we know that Bernie Sanders is on track with public banking. He's in support of it. AOC [Alexandria Ocasio-Cortez] has also expressed a clear intention to use public banking as a matrix

for providing the funding for the Green New Deal. I would say it's definitely an emerging understanding about how public policy should be created with our funds. Now another example...

Ralph Nader: By the way, that's important, Walt, it's our money. It's our money. We want control of our money from these giant banks who have seized it, misused it, bet on it, and collapsed the economy more than once in our history and gone for a taxpayer bailout. We have to start, listeners, by saying it's our money. It's our tax money, it's our pension money, it's our mutual-fund money, it's our deposit money, it's our small savings-account money. And once you start with that, you have a powerful argument against the giant corporatists who've turned our country into a corporate- socialist plantation, namely Wall Street over Washington, turning the government against its own people!

Walt McRee: Yeah, yeah. And, of course, whoever controls the money controls the power. And that, of course, is I think part of Ellen's book, *Banking on the People: Democratizing Money in the Digital Age*. There are new opportunities because of digital technology and emerging financial technologies, digital technologies, that will expand the way that manifests. But very clearly, it is that people are pushing very hard around the country, it's not just California; there are some very exciting things happening elsewhere as well. But the people are pushing to take that money back and that is, I think, a very exciting sort of a prospect. One of the illusions about money, as a result of its private control, is that it's scarce, that there's only so much of it. And so, part of our work has been to demythologize the notion that money is scarce, and that we can only have so much of it, and that there isn't enough for us to do what we need. Well, when you have a banking franchise, you literally are able to create money based on your capital, based on your ability to repay. It's just a matter of good basic bank accounting. But it's accounting that we can do that we don't have to abrogate to private parties. And this, of course, was the revolution 300 years ago where the Bank of England basically codified the whole thing about, oh, we'll give you the money, but you'll pay us for it.

Ralph Nader: We're living in a massive capital pile time. I mean there's never been more massive capital, corporate profits, massive capital piling up, not knowing what to do with itself other than to make the bank executives rich and the stockholders richer. So, they don't know what to do; that's what the trillions of dollars of bank and other corporate stock buybacks are all about. And so along comes the public banking movement and says, hey, you know, we're not going to let you pile up all this money and not produce it in productive enterprise jobs all over communities, all over the United States. You're starving us of capital at the same time that you're drowning in the capital that you're piling up. Over charging people for iPhones, for example, Apple, and buying back your own stock, which doesn't create any enterprise, any production, any job. So, in the time we have left, we're talking with Walt McRee, who is one of

the great leaders in public banking over the years and ran for many years the Public Banking Institute, about this whole situation, what do we do with money and banking. Let's talk about postal banking, restoring the Postal Savings System, which was repealed in 1968 by big bank pressure on the post office. It was called the post office at the time. People would go to the post office, put their savings in. It was very, very secure, very clear, and they'd get interest--all over America, thousands of local post offices, and the banks didn't like that kind of competition. Well now the banks don't want these customers. They don't want 30 million unbanked people in this country who can't afford them. They can't afford to pay the monthly this and the monthly charge that, and so they're unbanked. And along comes you, and Ellen Brown, and the postal union people, and said, look, why don't we restore postal banking? Can you explain the situation of it now?

Walt McRee: Well, it's a great idea proven around the world, as you indicated, successful in the U.S. until the bankers decided they didn't, as you said, want the competition. It's how do we get money to the people. Right now that's a profitable franchise for payday lenders where sometimes the interest goes to hundreds of percent preying on the poor who can't afford or don't qualify, somehow, for bank accounts. So the infrastructure that's there, the public infrastructure, the public post offices represent locations where this could be instituted as it is in so many countries around the world. Now in the event that, or in this adoption or as a replacement for that, there are also digital replacements or online and smartphone kind of capabilities and digital access to capital accounts that citizens could use. But the post offices really represent the sort of common wealth, the common assets that could be used much more effectively. Twenty-seven percent of our people are underbanked or unbanked, that means they don't have access to money and it costs them sometimes thousands of dollars, a significant percentage of their annual income, to be able to just get access to their money. This is one of those unnecessary, sort of, plights where the banking capitalists prey upon the people, basically, for every little shekel they can shake out of them.

Ralph Nader: Where can they get information about all this? Is it at the Public Banking Institute and can you give the website?

Walt McRee: Sure. publicbankinginstitute.org. A whole wealth of information is there, videos and reading stuff as well as updates on what's going on around the country.

Ralph Nader: And it's publicbankinginstitute.org. In the couple minutes we have left, Steve, David, do you have any comments? Questions?

Steve Skrovan: Ralph is always talking about left-right alliances. And as far as political candidates, you talked about Bernie Sanders and Elizabeth Warren as being amenable to this as well as AOC [Alexandria Ocasio-Cortez], any on the right who would be amenable to this, especially when you talk about debt or is the specter just too much?

Walt McRee: Yeah, good question, Steve. What our experience has been around the country is that in many instances, the initiatives have been begun by Tea Party Republicans. Because it's a very conservative, logical conservative stance--local self-reliance, not indebted to D.C. or to the bankers; it's a very conservative principled, sort of, a position saying, hey, we can take care of ourselves. So, we've seen on state levels in places like Alaska, Michigan, and New Hampshire, and elsewhere, where the Tea Party folks have thought this was an excellent idea so we're really

glad for that because it really doesn't have anything to do, doesn't have to have anything to do with partisan politics.

Ralph Nader: Listeners, you have more clarification on publicbankinginstitute.org. Thank you very much, Walt McRee, for your work in public banking and for your work with the Public Banking Institute. And those of you who want to follow more on this, a new book just out, *Banking on the People: Democratizing Money in the Digital Age* by the one and only Dr. [J.D.] Ellen Brown Thank you very much, Walt.

Walt McRee: Thank you, Ralph. Thank you, David and Steve. Bye.

Steve Skrovan: We have been speaking with Walt McRee, President of Public Banking Associates. We will link to his work at ralphnaderradiohour.com as well as Ellen Brown's new book, *Banking on the People: Democratizing Money in the Digital Age*. Now we're going to take a one-minute break, and when we come back, we welcome back old friend, Ken Reed, Sports Policy Director of League of Fans, to talk about the relationship between schools cutting back on phys ed classes and childhood obesity. But first, let's check in with our *Corporate Crime Reporter* Russell Mokhiber.

Russell Mokhiber: From the National Press Building in Washington, D.C., this is your *Corporate Crime Reporter* "Morning Minute" for Friday, June 28, 2019; I'm Russell Mokhiber. Federal authorities are investigating whether Deutsche Bank complied with laws meant to stop money laundering and other crimes--the latest government examination of potential misconduct at one of the world's largest and most troubled banks, that's according to a report from the *New York Times*. The investigation includes a review of Deutsche Bank's handling of so-called suspicious activity reports that its employees prepared about possibly problematic transactions, including some linked to President Trump's son-in-law and senior adviser, Jared Kushner. The criminal investigation into Deutsche Bank is one element of several separate but overlapping government examinations into how illicit funds flow through the American financial system. For the *Corporate Crime Reporter*, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russell. With the increase in academic pressure for young students over the years, phys ed classes, recess, intramural programs have all suffered. Does this have anything to do with increases in childhood obesity and diabetes among children? Here to help us explore that question is our next guest.

David Feldman: Dr. Ken Reed is the Sports Policy Director for the League of Fans and the author of [three books], *How We Can Save Sports: A Game Plan*, *Ego VS. Soul in Sports: Essays on Sport at Its Best and Worst*, and *The Sports Reformers: Working to Make the World of Sports a Better Place*, is a longtime sports marketing consultant, sports studies instructor, sports issue analyst, columnist and author. Welcome back to the *Ralph Nader Radio Hour*, Ken Reed.

Ken Reed: Thanks, guys. Thanks for having me.

Ralph Nader: Thank you very much, Ken. I saw you on Fox & Friends on that riot in a little town in Wisconsin. The seven-year-old Little League players got a bad call in the minds of some parents and the parents rioted and you made some good, cogent comments on Fox. It's too bad MSNBC didn't put you on as well. Ken, I want to have you accentuate the positive here in a few

minutes about restoring phys ed in schools the way it used to be in the old days. And I also want you to give the example of Naperville, Illinois, which I think you think sets the standard for phys ed in their schools. But tell the people the devastating consequences of shoving aside phys ed and how many schools are left that even have any.

Ken Reed: Yeah, it's good to set the stage here on the situation, but just some quick tidbits on where we're at with physical inactivity when it comes to our kids. Over the last three decades, the number of overweight adolescents has quadrupled. Now, over 75% of U.S. children are not even active 20 minutes a day. That includes the summer when we all used to be out running around playing. Now they're playing video games, a lot of them. The American Heart Association recommends 150 minutes a week of physical education for elementary kids and 225 minutes a week for middle-school kids. The reality is that while 40 years ago we had daily PE in almost every school in the country, today, only 4% of elementary schools have daily PE. 7% of middle schools have daily PE and only 2% of high schools in the entire country have daily PE. 22% of our schools have no PE at all anymore. I read recently where they're building elementary schools in Georgia now without even gyms attached.

Ralph Nader: Good heavens, how do they use the time, instead? What do they fill the time with?

Ken Reed: Well, the pressure is to get higher test scores to keep their funding up. It all started, kind of, with "No Child Left Behind" and the emphasis on increasing science, math, reading scores, etcetera, so the thought was let's get more seat time; we don't need them playing in the gym anymore and even recess has been cut down. All the research shows that the best way to raise academic performance is actually cardiovascular-based physical education because it's one of the few things, if not the only thing, that grows brain cells. So these teachers, instead of putting another half hour of study time on them before a test, should have the kids out jogging around the school for 30 minutes and their scores would go up from that.

Ralph Nader: Tell our listeners, Ken Reed, the impact on increasing obesity, what the figures are, childhood diabetes and all the rest of it.

Ken Reed: Yeah. Well, it used to be called adult-onset diabetes, that's Type 2 diabetes because it usually wasn't seen until adulthood. But today, we're seeing more and more kids, pre-teens and teenagers getting what used to be called adult-onset diabetes. And the primary reason is because of the increase in obesity, which is one of the primary causes of Type 2 diabetes.

Ralph Nader: And when I was a kid, less than 3% of the school children were considered obese. What is it now and how many are considered overweight?

Ken Reed: I read recently where it's 65% are overweight, which is up to 30 pounds overweight. By 2030, 50% of all Americans are supposed to be obese, which is 30 pounds or more overweight.

Ralph Nader: What's the percentage of elementary school youngsters who are considered obese because the 65% of overweight includes obese category. So how many are actually obese?

Ken Reed: Obese, currently I'm not sure of the exact figure, but it's supposed to be 50% by 2030.

Ralph Nader: It's getting close to 30%, listeners; just think of that. So, what has happened in the last 50 years? is it fast food, a lot of high fat, sugar and salt; the McDonald's diet, massive double-cheeseburgers, soft drinks, and the lack of physical education? Is there a relationship between the two, you think?

Ken Reed: Well definitely, poor diet, the McDonald's diet of young Americans is a big part of it. But most of the research shows that if we had kids that were more physically fit, we'd be better off than just focusing on taking vending machines out of schools. The more kids move, the better they are in terms of their overall health. Their academic performance goes up, and also their emotional and behavioral problems go down, so it's a triangle of benefits, if you will, for more physical activity in schools.

Ralph Nader: By the way, listeners, we've discussed a lot of problems on this radio hour, and this is one you can do something about. Its local--Parent-Teachers Association [PTA], friends of elementary school and high school; just go to the principals, the board of education and say let's be sensible here, let's protect our children, let's get them physically active, let's reinstate phys ed as it was many years ago. So, it's basically a restoration project and there's no excuse. It can be done. And before we get to Naperville, Illinois, Ken Reed, there's one other aspect of this. In other words, there are sports activity at the middle and high school, but it's basically what you call elite athletic sports where the vast majority of students watch the few superior students engage in basketball and football and baseball. You want to elaborate that because that just increases the armchair spectator sedentary life of the vast majority of these elementary school and high-school students.

Ken Reed: Yes, most people around the world think of the United States as a sports-crazed country, but we're only sports crazed in the area of spectatorship. We're one of the most inactive populations in terms of sports population in the world. Increasingly the same with children, most kids start out . . . a lot of kids start out with organized youth sports, and by the time they're 13, 80% of them have dropped out. When we get to the school situation, we have an over emphasis on varsity athletics and we under emphasize physical education and intramural sports. I think all of you remember back when we were in school, intramural sports were fairly common. And kids that weren't super athletes or weren't good enough for varsity sports or didn't want to dedicate that much time to sports, could play intramural sports before and after school. Now those are basically gone away just like PE classes. So, we're spending money on physical activity in our schools, but it's going to a small minority of the students that are elite athletes, which is completely different than the European model where elite athletic competition isn't part of the school system. They have clubs over there, so if you go to school and then you want to compete at a high level, you go to the club down the street, but it's not part of the school system, and that European model would make a lot more sense here. But once we get into the Naperville model in Illinois, they have been able to combine physical education for all students, intramurals and successful varsity sports programs all at the same time, so it's possible to do all three.

Ralph Nader: And that's not a big city. That's a small town in Illinois. What caused all this? Was it a parent-teacher insistence? Did they mobilize? I mean why is Naperville the standard for the country?

Ken Reed: Well, it primarily started with one physical education teacher named Phil Lawler who was a traditional PE teacher/coach. And he started to realize that the kids were getting more and more out of shape in his general classes. And he went on a crusade, basically, to get daily physical education back in the schools in Naperville. Once he accomplished that, he joined the organization called PE for Life and took that around the country and pretty soon, Naperville became the model and schools and administrators from across the country came there to see what they had pulled off.

Ralph Nader: See, listeners, it starts with one person. One person makes a difference. How do people connect with the phys ed restoration movement? You mentioned a group, can you give the website?

Ken Reed: Well unfortunately, PE for Life, while they did a lot of great work in terms of getting cardiovascular-based PE back in schools, has basically disappeared due to underfunding. They were being funded by some of the top sporting goods companies and they eventually pulled back from that. And as a result, there hasn't been the funding to keep that effort really going.

Ralph Nader: Well, don't you have some information helping people restore phys ed on the website leagueoffans.org, Ken Reed?

Ken Reed: Yeah. There's stuff up there, many articles that I've written on the topic. Also, there's a chapter in my book, *How We Can Save Sports: A Game Plan* with some recommendations.

Ralph Nader: As a personal privilege, listeners, the greatest books being written today on the dark side of amateur and professional athletics and the bright side of what can be done about it and what has been done in some places in the country are by Ken Reed. And do you ever hear it discussed on the endless prattle on ESPN Radio, which talks about sports players, contracts, who's going to what team, what manager had a burp one day and disrupted the strategy; it's absurd. It's an example of the worst is first and the best is last. So tell people how they can get your books and tell them about your latest book which I found very, very engrossing.

Ken Reed: Well, all my books are available on Amazon, Barnes and Noble, etcetera, and you can order them through your local bookstore if they're not in there. My latest book is called *The Sports Reformers* where I interviewed, I don't know how many--30, 40 sports reformers in various areas of trying to make the world of sports and physical activity better in this country than it is today. And so you can pick and choose. It's an easy book to read, you can pick and choose the topics and interviewees that you find interesting and they are about three or four pages each, so you can go through and see what a lot of great people are doing to make the world of sports a better place today.

Ralph Nader: I remember you had interviews of at least two prominent athletes who are really keen on restoring phys ed in our elementary and high schools as a daily exercise.

Ken Reed: Yeah, and that raises a good point because in this country, we have what I call an inverted pyramid in terms of sports, physical activity and athletics where most countries will have a lot of money at the bottom of the traditional pyramid for grassroots of community activities and physical education. In this country, we kind of turn it on its head; we don't have a lot of money, public money, directed to getting people active whether it's young people or adults. But then we give billions of dollars to NFL, NBA, NHL teams to publicly finance their arenas.

We're giving all this money to the wealthy people so they can make new arenas and stadiums to get even more wealthy, meanwhile, we're sitting here with an obesity crisis in this country and not funding ways to get people moving.

Ralph Nader: And neighborhood sports centers are starving for funding in cities and towns all over the country. Yeah, it is an inverted pyramid. If you want to do some about it, go to leagueoffans.org, which is our sports group, and you'll see how much you can do in your own community. Remember, the best way to become an active citizen is to do things that no one can stop you from doing--nobody can stop you from doing. Thank you very much, Ken Reed, Policy Director of leagueoffans.org. and get a hold of his books. They're very, very motivating. And Ken has been a coach; he's been an athlete. He knows about commercial marketing and rejected it to become our policy director of League of Fans and he's been writing books and articles. And if you don't think the sports pages are paying enough attention in your local city or town, call them up and tell them to interview Ken Reed. Give them your contact numbers, Ken.

Ken Reed: There's information on League of Fans but it's basically info@leagueoffans.org if you want to reach me. Also I do a regular blog on there and weekly columns. My column is now syndicated by Troy Media Group, so they can find it that way. And like I mentioned, all the books are available through national booksellers or your local bookstore.

Ralph Nader: Well, Steve and David, any pulsating questions or comments? I know you're both . . . well, Steve played football for Yale.

Steve Skrovan: Yeah, it wasn't the intramural thing, but Ken, Ralph talked about prattling sports commentators. We've had Dave Zirin on the show and I believe you've probably been on his show, is there anyone out there that you listen to, maybe aside from Dave that kind of gets to these same issues or is all what Ralph is talking about?

Ken Reed: No, there's a few of us fighting the battle out there. There's another guy named Patrick Hruby, H-R-U-B-Y, who writes a lot of good stuff on these PE and sports topics. The Aspen Institute has a building and location out here in Aspen, Colorado and in Washington, D.C., has a project that's focused on physical education and sports and getting people moving. And they've had a lot of stuff you can look up on their website and they've also held conferences on this topic, so they're doing good work on the subject.

Steve Skrovan: Good. It's good to know that there are a few out there who've taken this holistic approach.

Ken Reed: It's amazing, to tell you the truth, that it hasn't taken off because not only are kids getting healthier in these cases like Naperville. For example, Naperville nationally 30% like Ralph mentioned that U.S. school children are overweight. In Naperville it's only five to 10 percent. They also are one of the highest-ranked academic schools in the country. They have some of the lowest behavioral and emotional problems of any school in the country. And it's an upper-middle-class area, so that's part of the reason that they can do some of the things they do. But we've also found an inner-city, Kansas City School that's implemented the same type PE for Life program and had similar results. One of the great things about exercise is you don't need a ton of equipment. You can climb the stairs in the school up and down. You can run around the school. You don't need fancy cardiovascular health club machines to make it work.

Steve Skrovan: Well I know in my own life when I'm writing and I've got . . . I've come up against an obstacle and I just can't figure out this problem, sometimes I'd go to the Y and do a workout. And even though I'm not thinking necessarily about the problem specifically, as I'm focusing on whatever I'm doing there--lifting weights or running or whatever--answers come to me. So, what really resonates with me is when you were saying that before a test, have the kids jog for half an hour then come in and take the test. That I can personally attest to how that kind of frees you up.

Ken Reed: Yeah. Well, as a writer, I do the exact same thing. If I'm bogged down, not thinking well or something's just missing, I'll go out for a jog or a walk or ride a bike. It's an interesting stat that I always like to throw out. And this is good for people who work in offices a lot; you're 8% smarter just when you stand up.

Steve Skrovan: That's why I have a standing desk and I've noticed that 8%.

Ken Reed: That's right. So, if you have an important phone call, or a meeting coming up, or a lot of companies have conferences now in their conference room. Instead of the traditional table and chairs, they have exercise machines where they can either walk on a conveyor-type treadmill or ride a bike while they're having the meeting because they think that they're all smarter because of that and science backs it up.

Ralph Nader: This whole phys ed evolution and the Naperville, Illinois example should be a great program for "60 Minutes." I'm going to recommend that they do a program on this. It's right up their alley.

Ken Reed: Yeah, that's perfect. Also "Outside the Lines" on ESPN.

David Feldman: I have a question, if you don't mind, so you got your kid into college, all the kids get into college. They're racking up debt. The price of college is astronomical because they're building all these sports complexes. Do we know anything about college-student obesity?

Ken Reed: Well, it's on the same trend as elementary and high-school obesity. I mean kids in high school are less active than ever before as well. Video game craze especially with males in colleges is huge.

David Feldman: Because most of that debt that they're racking up, the reason colleges can charge so much and outpace inflation, is all these sports complexes they're building. They're building country clubs for college kids.

Ken Reed: Yeah. Well for the athletes on the varsity teams or the basketball and football teams live-in training, they are kind of like country clubs, but you don't get a typical student being able to go in there and even use those facilities. One of my favorite examples is Spelman College, a little college in Atlanta. They took it a step further in terms of focusing on PE. They completely dropped their varsity athletic program and put the money they were spending on that to establish a campus-wide wellness program, which emphasized PE, intramural sports, and lifelong physical activity for all students on campus.

Ralph Nader: Another marvelous example that doesn't get enough attention. Talk it up, listeners. Get some information. Do it in your own community. I asked some cynic the other day who'd been listening to our program and he said, "You know, it's not just big business, it's not

just bad government, it's people doing it to themselves." And I said what do you mean? He said, "Well we should stop calling ourselves "land of the free, home of the brave" and call ourselves "land of the immolators, home of the cop-outs."

Ken Reed: Yeah, there's a lot of griping but not a lot of action. One of the examples that I really like of just a parent who was fed up with the lack of activity at the school and lack of physical education, just went to the school and offered to do a before-school intramural program where kids

could just come and play sports and do a running program and exercise various activities. And she called it the Learning Readiness Program, because she thought, and science backs it up, that physical activity prepares you to learn. And so, it was called a zero hour class because it was 45 minutes before actual school started and it started out slow and became one of the most popular programs they've ever had there. So there are things and that didn't cost the parents or anyone any money. It was just an extra offering that the school gave to get their kids moving.

David Feldman: Don't you think organized sports especially in high school and college makes us fatter because if we're not going to get it a football scholarship, what's the point of exercising?

Ken Reed: Well, part of the problem is, in this elite society of athletics, we used to just have pickup games on the local sandlot for baseball or pickup basketball games everyone could play. And then Little League came on and that was okay. It was based in the community. And pretty soon, we're at a stage now where we have these travel teams and competitive teams that are very expensive and only for elite athletes and there's a couple of problems with that. Kids start thinking, "Well if I can't make this elite travel team, what's the reason to even play."

David Feldman: And that's what happened to me. I played freshman basketball in high school. And once I realized it was not a path forward to the Knicks, I stopped playing pickup games.

Ken Reed: Well, yeah, and the other option used to be that you could play intramurals at the school or go down to the local rec center and those things have dried up especially intramurals. But with this situation we're in now with club teams and travel teams, it's mostly middle class to upper-middle-class suburban kids that are getting these opportunities because the inner-city kids are priced out of it. So, the problem in the inner cities is even worse because they're falling behind because they can't afford to take part in all these elite youth-sports programs anymore.

Ralph Nader: While billions go to the stadiums, ballparks, arenas on the backs of taxpayers. Okay, I think we've made our point, right, Ken? Thank you very much. Go to leagueoffans.org to really get involved in the citizen movement, to make sports fairer, safer, more participatory, more healthy right down to the neighborhoods of the USA. And if you find another group like the League of Fans, let me know about it because I have never heard of one--leagueoffans.org.

Steve Skrovan: We have been speaking with Ken Reed, Sports Policy Director for League of Fans. We will link to his work at ralphnaderradiohour.com. Looks like we've got some time for some listener questions. David, why don't you kick it off?

David Feldman: This first question comes from Jose Espinoza. He writes "Ralph, two things, how can I boycott the Boeing 737 MAX?" And B, what is the legal argument to refusing to fly in

one. My experience is that airlines try to take advantage of people since the law is very complex."

Ralph Nader: Well, we're in the process of forming a more organized consumer boycott of the 737 Boeing MAX, but in the time being, go to flyersrights.org. That's flyersrights.org or nader.org. to buy a button that will start a discussion, when you wear it, with your friends, coworkers, and neighbors, and the button is titled "Ax the Max." And then when you're booking a flight, if MAX

is ever ungrounded--right now you don't have to worry because all the MAX's in the world are grounded. When booking a flight, if the MAX ever gets ungrounded, which I hope it doesn't, ask the airline--Delta, Southwest, United, American--what type of plane the flight is on. If it's a 737 MAX, request a different flight. Once you purchase a ticket, it's difficult to change flights or request a refund. But Southwest Airlines has already said they'll try to accommodate you. I don't think the airlines really want to assess you a couple hundred bucks. Southwest doesn't assess you anything for reservation change, but the others do. I don't think they want to hassle, because the stigma on the 737 MAX, whether it's grounded or ungrounded, is going to remain. So, I think they might accommodate you--if possible, put you on a different flight.

Steve Skrovan: Very good. Thank you for that question, Jose. Well, thank you, everybody, for your questions. And I urge you to go to the *Ralph Nader Radio Hour* website and submit a question. And last week's show "Can American Capitalism Survive?" with Steven Pearlstein, there's a very lively debate going on the webpage and commentary going on the webpage there, so you might want to join that debate over that show. Keep those questions coming on the website. I want to thank our guests again today, Walt McRee of Public Banking Associates, and Dr. Ken Reed of League of Fans. 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. We've got some great extra stuff with both Ken Reed and Walt McRee.

David Feldman: Join us next week on the *Ralph Nader Radio Hour* when we speak to David Barash and Judith Eve Lipton, authors of *Strength Through Peace*. Thank you, Ralph.

Ralph Nader: It's about Costa Rica as an example that we should pay attention to. Thank you, everyone. Spread the word, listeners. If there's a radio station, community station or otherwise that you think should carry the *Ralph Nader Radio Hour*, give them a call.