RALPH NADER RADIO HOUR EPISODE 484 TRANSCRIPT

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

David Feldman: Hello, Steve.

Steve Skrovan: Good to have you here, and it's also good to have the man of the hour, as always, Ralph Nader. Hello, Ralph.

Ralph Nader: Hello, everybody.

Steve Skrovan: Following the Great Depression, the American economy and the people living within it rebounded with the help of government intervention. People needed jobs, affordable food and housing, and social services. So the government built systems and institutions to provide them. Workers' rights, environmental protections, health and safety standards, corporate regulation, and redistribution of wealth made the American economy more functional, more equitable, and more valuable.

Then came the economists. Our guest today will be journalist Binyamin Appelbaum to discuss his new book *The Economists' Hour: False Prophets, Free Markets, and the Fracture of Society* about how economists gnawed their way into America's bureaucracy like free market termites, how they hijacked the last 50 years of public policy, and how we reckon with the consequences of their work. We're going to spend the entire hour with Mr. Appelbaum discussing his work.

And as always, we'll check in with our corporate crime reporter, Russell Mokhiber, but first, it's the Chicago School's world, we're all just living in it. David?

David Feldman: Binyamin Appelbaum is the lead business and economics writer on the Editorial Board of the *New York Times*. From 2010 to 2019, he was a Washington correspondent for the *Times*, covering economic policy in the aftermath of the 2008 financial crisis. He previously worked for the *Charlotte Observer*, where his reporting on subprime lending won a George Polk Award and was a finalist for the 2008 Pulitzer Prize. His latest book is *The Economists' Hour: False Prophets, Free Markets, and the Fracture of Society*.

Welcome to the *Ralph Nader Radio Hour*, Binyamin Appelbaum.

Binyamin Appelbaum: Thanks very much for having me.

Ralph Nader: Yeah. Welcome, Binya. You can call me Ralph. And we can proceed. I think a comment on your book frames my first question. It came from Edward Luce of the *Financial Times*. Here's what he said about you. "Economists were treated as little more than backroom statisticians until the late 1960s. Appelbaum argues that their heyday ended on October 13, 2008, when the chief executives of America’s largest banks were marched into the US Treasury for a

crisis meeting. He is surely correct. The mother of all Wall Street bailouts shattered the reputation economists had gained over the previous 40 years. Yet economists' hubris lingers."
What do you mean by shattered the reputation economists had gained over the previous 40 years?

Binyamin Appelbaum: Well, those are his words and not mine. But I think it accurately captures the arc of my book, which argues that in the late 1960s and early 1970s there was a revolution in public policy in which economics and an economic style of thinking became increasingly central to the way that we make public policy decisions in this country and then around much of the rest of the world.

And that that approach to policy-making, which really emphasized the primacy of the markets, the idea that people left to their own devices will produce good outcomes for society, really held sway for the next four decades. And I do think that the financial crisis marks an important inflection point in that story. It ended that era of unquestioning bipartisan confidence in the wisdom of free market economics in the primacy of economic thinking as the approach to policymaking.

It doesn't mean the economists have disappeared. It doesn't mean nobody listens to them anymore. But it does mean that we're now living in a different era, an era of significantly greater confusion, in which both parties are grappling for a new framework for making economic policy no longer confident in old verities like free trade is good or industrial policy is bad. But not quite sure what should take the place of those old truths.

Ralph Nader: What we call market fundamentalism in our circle is easily rebutted. That is, the verdict of accountability for corporations selling things is considered by these conservative market economists, like Milton Friedman, to be disciplined by something known as the invisible hand—the words that are distorted of Adam Smith. In other words, if you don't do well, you sink in the marketplace. And if you respond to the consumer needs and wants, you do well and you rise and expand your sales and expand your business.

But what the market fundamentalist economists fail to take into account is that greed and power, connected to one another, are infinite. There's no discernible boundary. And that leads to a regulation by corporations of the competitive free market. So, monopolies distort markets. Subsidies and bailouts by the government distort market discipline. Political influence of big business over small business distorts market discipline. And consumer fraud, (fraud of consumers) corporate commercial crimes and deceptive advertising distort free market discipline.

Is it fair to say, Binya, that economists like Milton Friedman, Alan Greenspan and Larry Summers, who you discuss in your book, were substantially empirically starved? That is, they were too theoretical and too abstract; they didn't take into account realities on the ground where people work, live, and raise their families.

Binyamin Appelbaum: It's an excellent point. When we think about what went wrong with economics and why they got so much wrong about the way the world works and the way the government should behave. One big problem was that theory went racing way ahead of data during the 20th century, once economists began to gain a little data and knowledge about the way that the economy works. For example, they learned that in the period immediately following the Great Depression that global inequality had declined. I love this example because it illustrates what went on with economic thinking. Economists saw data showing that inequality was declining in advanced nations in the aftermath of the Great Depression, from which they concluded that this was, in fact, a durable pattern, i.e., that as societies evolved economically, inequality would decline on the basis of that brief period of history. And of course, that turned out not to be the case. And as we gained more data and experience, we learned just how painfully wrong they were.

But in area after area, we saw economists reaching broad conclusions about theories, about long-term truths, about how the world works on the basis of very broad and data that aggregated everyone and treated them as if they were a single individual, rather than acknowledging the important differences among actors in the economy—data that took very brief periods of history and extrapolated out to the unforeseeable future. And on that basis, economists reached conclusions that have proven to be empirically wrong as we've learned more about it. I'll give you one more example. It's one I love to tell because it's about my current employer, the *New York Times* editorial board. We editorialized in the mid-1980s that minimum wage laws should be abolished. And what we said at the time was that every economist we could find said that minimum wage laws were counterproductive. They had looked at closely examined it and developed a theory. The theory said basically there's a pot of money that's going to go to the workers, and if you require some workers to be paid a certain amount, other workers will inherently get less. That was the theory.

But it turned out to be empirical nonsense. We have since learned that power plays a really important role in determining wages, and that many workers are paid less than what the market will bear, and that minimum wage laws can have the effect of raising their pay and ensuring that they have a better quality of life. That's what the data show; that's what the facts show. Thus theoretical economics was wrong in a way that immiserated millions of Americans for many decades.

Ralph Nader: Yeah, it points to the axiomatic theme that if you control the yardsticks for measuring economic progress, you control the agenda; you control what's discussed on the table and what's not discussed on the table. You talk quite a bit about Alan Greenspan, the former chairman of the Federal Reserve, Larry Summers, Milton Friedman, the economist from University of Chicago, and they were wrong again and again over the years. Friedman was disastrous in his advice to the Chilean dictatorship of Pinochet and to the Icelandic leadership. He would basically say free everything, deregulate everything, it's all monetary policy. And it was disastrous as you point out in your book. Yet these guys are still available and desired for high paid speeches and book advances. They are still given high credibility they don't deserve. Even in retirement, Greenspan continues to maintain some credibility. He didn't predict the 2008 Wall Street crash and he thought the principal goal of the Federal Reserve, as you point out in your book, is forecasting. Why do they continue to have status, credibility and be economically rewarded?

Binyamin Appelbaum: That's a wonderful question. First is it's important to understand, and it sometimes get lost in these discussions, that the rise of free market fundamentalism or neoliberalism, or whatever you call it, was in response to real problems in economic policy. Take regulation as an example, one deeply familiar to you. It was the case that regulation in the midcentury was often captured by the corporations who were supposed to be subject to that regulation. The way that the government was regulating these industries was not actually producing good outcomes. So when people said the regulatory system is broken, whether it was you critiquing it in one way or the neoliberals critiquing it in another, they were right about the malady. The regulatory system *was* broken. And that gave them a degree of credibility then to say "Okay, and here are our solutions." So, what's sometimes lost, is that number one - they were responding to real problems.

Second, perhaps the bigger point, is that the central attraction of neoliberalism and market fundamentalism, is that it tells rich and powerful people that they are right and good. It underscores for them, it affirms them, it tells them that their priorities and their interests are the right ones, and that if society just does what it can to enrich them and empower them, then everyone will be better off. That's an enormously attractive message. Those are the people who pay the speakers who appear at the kinds of events you're talking about. And I suspect that until the end of time there will still be an audience for that message because it's a kind of prosperity gospel for the wealthy. It has an enormous inherent appeal to them.

When thinking about neoliberalism, the question comes down to how you define it. You can define it as the thirst for power. You can define it as the protection of property. You can define it as the protection of a racist or hierarchical system. I think there's truth to all of those definitions. They overlap substantially. But one thing they all have in common is that there is an entrenched set of interests for whom this language is affirming and protective, and they continue to find it useful, so that's why you continue to hear it.

Ralph Nader: Elaborating your point, over the years the argument for tax cuts for the wealthy and the corporate were explained by a phrase—you have to cut their taxes because they are the job creators. But when you cut taxes of the wealthy to the lowest it's been in generations, they say, government claims those cuts are essential because they're the job creators, which is utter nonsense of course. What they do hoard their money. They pour it into dead investments. And if they go into more creative dynamism, it's usually speculation rather than investment, which is what the stock market is doing more and more since John Maynard Keynes warned about that trend towards speculation and not investment in the stock market back in the 1930s.

Isn't one reason that this nonsense, this empirical starvation, this non-database persists is because the progressive economists don't get enough media. They don't get enough access to Congress. In your book, you indicated George Stigler, and his sense of humor. During a presentation at the University of Chicago, he gave the back of the hand to John Kenneth Galbraith. However, if you read John Kenneth Galbraith's books and articles, he was far more accurate and far more reflective of the importance of economic systems, not just to increase production, but to distribute it equitably, than the right-wing Chicago School of Economics represented by Milton Friedman and George Stigler. Don't you think part of the persistence of this market fundamentalism in defiance of bad results comes because the progressive economists don't have the stage?

Binyamin Appelbaum: I'll say a couple of things about that. I don't disagree with that basic point, but for much of the period we're talking about, it becomes a question of who you want to define as a progressive economist. For much of this period, economists who were identified with the Democratic Party, who were selected by Democratic politicians as their advisors and trusted and relied upon for guidance, were extremely sympathetic to this agenda. They agreed with much of it. So what really happened in this period is not conservatives winning battles against progressives, but conservatives and progressives agreeing across a wide range of issues, like free trade is going to be good, or the minimum wage is useless, or regulation is impeding innovation, and the cost/benefit analysis of regulation. You had a real finding of common ground between progressives and conservatives. And without that, the conservative agenda would never have made the progress that it did, would never have achieved the successes that it did.

The Reagan administration, an example I know is near and dear to you, basically ended antitrust enforcement in the United States. You touched on competition policy before, and we used to have fairly robust enforcement of antitrust laws. The Reagan administration arrived and said, we're done with this; we trust corporations to do the right thing, to do what's good for the economy. So we're not going to prevent nearly anything anymore.

That didn't really stick until the Clinton administration basically adopted it as its policy. It's Disraeli's old observation about how when the liberals adopt the conservative measures is when these things really got entrenched. And we saw again and again through this period that the people who you might expect to be asking the progressive economists for advice or caring about the advice they offer, embraced a consensus around these issues. And that's what really entrenched that consensus. So then comes the question, were they the people they should have been listening to during this period? Were they ignoring reasonable voices? I think the answer is a little bit yes. But until fairly recently, I think there was a real absence of a coherent left critique of a lot of what we're talking about. And Democrats who went looking for it had trouble finding it. And so it wasn't just on them for listening to the wrong people or on the media for failing to elevate those voices, so I think those voices fell pretty silent. There was a real absence of progressive economic thinking that really differentiated itself from this mainstream market fundamentalism.

Ralph Nader: Well, it's interesting you mentioned Clinton, because Clinton really was a major factor in what you're saying, in blending so-called liberal economists into the neoliberal or the globalization dogmas that led to these NAFTA and (WTO) World Trade Organization, corporate managed trade agreements, as we call them.

But let me extend your point here. There was one area that did develop a progressive economic theory, but it didn't do it with abstractions. It did it with action, with reports, regulation, judicial decisions. And I'm talking about the consumer environmental worker safety movements that I have been identified with over the years. And what happened is that in the '60s and early '70s, the mass media, including your newspaper, *Washington Post*, *Associated Press* and others, gave a voice to these consumer environmental and worker safety groups. And when they were appearing in the press, that caught the attention of members of Congress who then paid attention to them because they were in the media, they were in the *New York Times*. It was a cycle; when issues get mainstream media coverage, U.S. senators and representatives hold hearings and introduce bills to get legislation. And the members of Congress were pleased because they got covered for what they did in the mainstream media. But that began to decline during the Carter years for many of these groups that really changed our country. People now eat more nutritious food because of the work of the Center for Science in the Public Interest, which got on Phil Donahue, Mike Douglas, Merv Griffin, and the *New York Times*. The same was true for other groups around the country—Common Cause, Public Citizen, the Pension Rights Center, for example But then these groups started slipping out of visibility for a variety of reasons, one of them being Abe Rosenthal's redirection of the *Times* toward advertisers and suburban editions, which resulted in cessation of that kind of coverage.

We're talking with Binyamin Appelbaum, who's the author of *The Economists' Hour: False Prophets, Free Markets, and the Fracture of Society*. What's interesting, and this should interest you, Binyamin is that when you look at the academic literature of what might be called liberal economists from Harvard to Berkeley, they hardly ever mention the reports, the studies, and the activities of these groups. It's almost like it's not on the screen when you have hundreds of pharmaceuticals removed from the marketplace because the efforts of Public Citizen's Health Research Group and Dr. Sidney Wolfe over the years. Those efforts and results should be cranked in to what you're trying to point out. That is real information about what progressive consumer theory and practice should be all about, because when drugs are neither effective nor safe, they should be removed from the market under the federal drug safety laws and the United States Food and Drug Administration (FDA), charged with consumer safety and protection.

So the point I'm making is that there's a whole range of empirical activities going on in this country at the state, local, and national level trying to change things and in the process making economic arguments. For example, the attack on regulation by the right-wing and the corporatists was that it stifled and stunted innovation. But Nick Ashford and his colleagues at MIT proved time and time again as cited in their books and testimony before Congress that regulation stimulates innovation. For example, regulation stimulated the refinements of seatbelts, airbags, and other kinds of more systemic automobile safety features, and the same is true in many other areas. Fire retardant innovation exists because of regulation. Smokestack control of pollution innovation exists because of regulation.

Without belaboring the point, does it interest you that this whole area of activity is under the radar, and if it was given more visibility, it would invigorate the profession of economists and bring more empirical economists to the forefront of American visibility?

Binyamin Appelbaum: It certainly does. One of the stories I tell in my book is about the founding of the Rand Institute as a think tank for the Air Force. And the first assignment they were given was to figure out how to destroy the Soviet Union. So Rand did an economic analysis of the best way to do the job, then recommended to the Air Force what to do—–get a lot of cheap planes loaded with pilots and bombs, and fly them into the teeth of the Soviet air defenses. Rand advised that although a lot of them would get shot down, enough would make it through to destroy the Soviet Union.

The Air Force generals looked at Rand Institute scientists, these economists, and they say, “What about the pilots? Have you taken into account the lives of the pilots?” And the response of the economists was, “No, we don't know how to put a price on that.” That story is really important because what it underscores is that economic analysis tends to exclude things that don’t fit neatly into its formulas—that can’t be easily counted or tabulated, that don’t count as data in the view of economists. And you’ve just pointed out the ways in which that really matters, because we can have very good real-world experience of the effects of drug regulation regimes or of corporate behavior in monopolistic contexts, and if it doesn’t tally on the data sheet it gets excluded from the analysis so it doesn’t become part of our policy-making conversation.

And so when I talk about what needs to change for us to make better use of economics, because I don't think we're ever going to get rid of it completely, is that we need a way for policymakers to evaluate other kinds of evidence, other kinds of information in the context of making these decisions. And I agree with you that the media also needs to do a better job incorporating that type of evidence and information into our narratives and our presentations of these issues.

But I want to touch on one other aspect of this. One thing that has happened, an aspect of this that doesn't get talked about enough is that the consumer movement you helped to build and that you just spoke about relied heavily on the courts as referees, as validators, as interveners to come in and say, this is wrong, this needs to change. This violates the law. And we had more than a generation in which the courts were willing to play that role and did so effectively.

And people have not yet fully appreciated the consequences of the shift in who is on the federal bench and their willingness to entertain these types of claims and suits. They are increasingly hostile to it. The place where the neoliberal movement or the free market movement - whatever you want to call it - remains the most entrenched is in the federal judiciary. And it's an area in which, frankly, Democratic politicians haven't even started the project of beginning to install judges who would think differently about economic policy issues or regulatory issues.

And as a consequence, our ability to engage these arguments productively, to make change in the way that you made change historically is severely attenuated right now because the go to place to make those arguments is no longer as receptive to them.

Ralph Nader: And to extend your remarks, Binya, take the issue of corporate welfare. Corporate welfare is a lot of what Washington does, shoveling out subsidies, handouts, giveaways, guarantees, quotas, bailouts. It's remarkable how many civil servants are engaged in that activity in various departments, The U.S. Departments of Commerce, Agriculture, Interior, Defense… you name it.

And in this recent discussion about the debt limit being raised, there was very little discussion of restoring the Trump tax cuts because McCarthy took it off the table and there was zero discussion of corporate welfare. It's amazing that the exposé of the free marketeers, which is they're relying on government guaranteed capitalism, is not widely reported, hardly subjected to any congressional hearings. There's no database on all the subsidies and handouts. You have to search for them. The Congress through the General Accounting Office never required a composite database including tax expenditures, which is great for industries like the drug companies. So that's completely off the table.

And I was amazed that there wasn't any Progressive on Capitol Hill, and there are a few dozen of them, who said hey, you're talking about deficits, you're talking about revenues, why don't we get rid of hundreds of billions of dollars of reckless corporate welfare which nobody on the right ever says reduces the incentive to work by corporate officials the way they do for the poor? And it comes right down to the language. The word entitlements relates to Medicare and Medicaid and Social Security much of which is already paid for as an insurance system by the future beneficiaries.

But they talk about corporate welfare giveaways as incentives when they are really the ultimate entitlements because Wall Street for its bailout didn't pay for any of its entitlements. It was a one way trek from the U.S. Treasury. In a few days, Public Citizen is coming out with a major report on corporate welfare by Robert Weissman and Joan Claybrook called *The Corporate Sabotage of America*. And judging by Public Citizen’s past reports, it's not going to get any attention. It's not going to get calls from senators calling for a congressional hearing.

So I think the analysis that you engaged in in this book stumbles again and again inadvertently on the blackouts, the censorship, the sidelining of huge areas of American economic life that would enrich economic thinking. Your reaction?

Binyamin Appelbaum: I think it's an interesting critique and I think there is absolutely something to it. In general, I think that we have a huge societal problem with our conception of spending on corporations as investment and spending on people as just spending. When we talk about education, it’s an expense. When we talk about semiconductors, it’s an investment into the future. That’s insane. Spending on education is the most productive investment we can make. Spending on semiconductors may or may not be as well. We can talk about it separately. But our tendency to treat investment in people as an expense and spending on corporations as an investment I think is at the root of a lot of our problems.

And I absolutely agree that we need to be more careful and comprehensive in our analysis of the government's relationship with corporations and the way that it invests in them. And I'm entirely open to the point that I didn't do enough of that in my book.

Ralph Nader: Well the traditional economists you talk about in your book, the establishment economists, business economists, whatever appellation to be applied to them, don't really have options for revision as part of their intellectual framework. Although on page 306 of your book, you cite Ben Bernanke, who did have an option for revision. And in his memoir, after he left the chairmanship of the Federal Reserve, he said, and I'm quoting you, "He finally reached a conclusion at odds with his intellectual upbringing." And now we're quoting Bernanke. "We found it was almost impossible to write sufficiently clear disclosures for some financial products," he wrote. "Like flammable fabrics, some products should just be kept out of the marketplace." Inferring a regulatory prohibition. And he said that he regrets that.

That's pretty rare that they confess error. And basically what they're confessing is they weren't aware of data or empirical phenomena that was in plain sight, which is one of the Achilles heels of rigid ideologues, wouldn't you say? Didn't that strike you as amazing how rarely they expressed regret for their disastrous policies and recommendations?

Binyamin Appelbaum: It strikes me as entirely lamentable. And the fact that Bernanke did it, is part of what I mean when I say that that era had ended. You had people like Bernanke, who in a previous era would have found it inconceivable to concede that that was a mistake, now willing to do so and to say, listen, there's something broken in the intellectual theories that we have brought to this.

And part of what is broken we've talked about it a little bit already, but again, is this insistence that the only facts that matter are the ones that can be analyzed in an economic framework and that other forms of evidence are irrelevant. And that was one of my favorite stories about this, because I lived through it, was the subprime mortgage crisis. There was this era during which the Fed would regularly receive visits from consumer advocates and other people who were aware of what was happening with predatory lending. And they would even bring victims of predatory lending to the Fed (U. S. Financial Protection Bureau (CFPB). And they would have these meetings with Fed officials where these people would sit there and say, I've lost my home. I've lost my savings, I've lost my life. I was cheated out of them by these financial institutions. This is terrible. And the Fed would literally sit there and take notes. And afterwards, they would discard that evidence as anecdotal.

They would say basically, it doesn't matter to us how many people we hear this story from. Until we see it in the lending data, we're not going to take it seriously. And that is a key part of how the Fed missed the mortgage crisis. They were unwilling to listen to the kinds of evidence that were available and that were screaming, flashing red lights and warning them that something terrible was happening.

And so I think economics still hasn't grappled fully with those kinds of failings. There are economists now who are taking other kinds of evidence more seriously and trying to incorporate it into their analyses. But at the end of the day, economics by its nature is never going to do that completely. It's really on policymakers and on all of us to insist that economics makes room for other forms of analysis and other forms of evidence. Ultimately, it’s on all of us to make sure that the Fed isn't solely staffed by economists who are, at the end of the day, trained not to hear that kind of evidence, and that there are other people in positions of power who are able to hear the cries of people who need help even if the data aren’t there yet. Until we get there, we'll keep on repeating the same mistakes.

Ralph Nader: Well, to elaborate your point, the owners of the greatest wealth in this country are the people, and the private wealth is skewed to the 1%. But the commons, the public wealth, is owned by the people—the public lands, public airwaves, and the trillions of dollars of government R&D which built so many of the industries, not just Silicon Valley, but they built the biotech, nanotech, a lot of the pharmaceutical, progress, aerospace, containerization—all of this came from government R&D because corporations are not very good at investing in basic research.

And here we go again. There's almost no hearings over the years in Congress on the commons, which is owned by the people but controlled by corporations, the way there are hearings on public lands with minerals and timber. And furthermore, there's a form of commons in terms of trillions of dollars of pension funds and mutual funds that are owned by the people but they're controlled by corporations who decide where they're going to be invested and strip beneficial shareholders of any power over the companies that they own. My economic text at Princeton was written by Paul Samuelson, the famous economist from MIT who you mentioned in your book. One day he wrote me and said he had another edition coming up and was going to add a couple of pages on the consumer movement and consumer issues. I wrote him back and I said, “Only a couple of pages professor?” We read this book in the early '50s, Binya, and there was almost nothing on the consumer side of the economy. It was all supply-demand curves.

So I want to ask you, why don't economic writers spend more time on the commons? There is a beneath the radar movement around the world of people who advocate greater benefits to the people of the commons. Of course it includes rivers and air and public lands and all that and also part of the internet, why do you think that doesn't attract the analytic and reporting attention of your profession?

Binyamin Appelbaum: For a long time what you say is unquestionably true; that is the way that it was. I think we’re starting to see some change there. You are starting to see–an increased awareness of the need for public policy to be more considered around the value and the use of what you're calling "the commons." You see it especially in environmental policy where there's an acute awareness that we have this shared resource, a planet on which we live, that is being rapidly exhausted, and that we need to address that in different ways than we have in the past, and that simply allowing corporations to do what they want is not going to produce good outcomes for the rest of us.

I think you're seeing it in some of the Biden administration's policies right now around the research necessary to build a new generation of renewable energy resources, and a little more consideration about how we preserve public value and public benefit for all of us from these investments, and ensure that it's not just about enriching private corporations. In essence, I think that discourse is starting to shift in meaningful ways.

But I'll say big picture. You've asked about the media a couple of times and I'll give you, for what it's worth, my short summary of this, which is that I think people ask a lot of the media and that's fine. We should all be held to very high standards and strive to do better. But realistically, the media is a creature of the environment in which it operates. And if you don't have voices developing ideas in these areas, if you don't have strong voices speaking out on behalf of the need to, for example, pay more attention to the commons or to the interests of consumers, The media is going to communicate that, but the media is not going to initiate or amplify that..

And so if you are speaking, then you have the best chance of being heard and reaching other people through the media. And your life story illustrates this as well as anything. The success of your movement was in speaking and insisting in creating documents, creating reports that the media could then amplify and say listen, there is a group of people making this case and we're going to present it to you and allow you to consider it. And it resonated with the public and it resonated as a consequence with politicians. And you were able to make progress. But the media was never going to do the work that you did. That initiation needs to come from advocates. That's the role that partisans play is in making that case and the role that the media plays is in communicating it and amplifying it.

Ralph Nader: I wish that were true as much as you say it is because we have records over the years of putting out all kinds of reports. David Bollier of Amherst, who is probably the leading writer on the commons, puts out reports, videos, he's put out a book called *Think Like a Commoner*, and he gets zero attention in the media. I think part of it is the use of words. Wind power is the commons; solar energy is the commons. But they're never referred to as the commons. And you're right, there should be more insistence beyond just just trying once or twice.

Here's my last question, which I think would fascinate you, and it's this: When someone said to me, let's say you're debating somebody from *Reason* magazine, which is a very libertarian magazine; rigid, free marketeers cover its pages, what arguments would you make? I said, I'd be very brief. I'd just make one argument, which is, if we've lost our freedom of contract, there's no such thing as a free market. You can forget about all other variables. And with fine-print contracts it's worse than ever before, far worse than 20, 40, 60 years ago, because they force you into compulsory arbitration. They have clauses that say unilateral modification, which means that they say, you've agreed on page 30 in fine-print paragraph to allow the vendor to change the terms of the contract. You've agreed in advance, which is absurd because it completely destroys the meeting of the minds that we are taught in contracts.

One at law school, everybody signs these fine-print contracts. It's almost a leveler, whether you're rich, poor, or middle class, you're signing credit card, mortgage, auto purchases, airlines, you name it; we all have to sign or we have to click on, including 10-year-old kids who now click on and give up their rights to Facebook, Instagram, TikTok, and so on.

I consider this one of the great freedoms that we inherited from England, along with the law of torts, and it's being wiped out. If you try to do anything about it, you can never get through the press 1, press 2 automated systems of exclusions that corporations have imposed on us. What are your views? Would you be interested in writing more about this phenomena?

Binyamin Appelbaum: So I actually did in New York last fall, in an Oxford style debate sponsored by the Reason Foundation. When we started the night, I think 7% of the audience agreed with me, and at the end of the night, 15% said they did, and that was enough to win. But the core of what we talked about that night was that I disagree with libertarians about the role that government should play in our lives. I think government has a big and productive role to play. But there is an area in which we should be able to agree, and that is that markets are useful institutions and can play a productive role. And right now, in a variety of ways, we have limited their ability to do that. We have broken the market. We have limited the ability of individuals to engage on the terms that you're describing, to enter into contracts on the basis of full informed consent. We have allowed monopoly and concentration to limit the ability of people to find good paying jobs, of companies to choose who they'll sell their products to, of consumers to buy things at the lowest prices. We have allowed companies to impose non-compete clauses on their workers that prevent them from going to another employer.

In all of these ways, we've allowed airlines to dominate the market. Our markets are broken. And we ought to be able to agree across the political spectrum at a minimum on the need to have the free markets that we all say we value in those spaces. And so, I absolutely agree that what you're describing is a problem that ought to be the subject of greater political focus. And my optimism is that it's the kind of thing where we even ought to be able to overcome the differences between parties and work to improve the functioning of markets in the areas where they do work.

Ralph Nader: You know it's interesting. I've connected quite a bit over the years discussing matters with libertarians and people like Grover Norquist, the Cato Institute and Heritage (Foundation). And they talk a good game about cutting government spending but they don't lift a finger about the burgeoning bloated military budget, which now takes over 50% of the federal government's operating expenditures. Yet they talk a good game. Grover Norquist (Americans for Tax Reform) and I have shared platforms against corporate welfare, which is big government using taxpayer dollars, to coddle corporations that are mismanaged, corrupt or just greedy and want a handout from Washington. But they don't lift a finger.

I've debated Milton Friedman, and once I asked him about pollution, I said, "You can't have a marketplace deciding pollution." And he agreed, actually. That was one of his rare exceptions from free market theology. But then he launched into one of his favorite gambits. He said, I want to get rid of the American Medical Association. I want to get rid of licensing of physicians completely. I said, wait a minute. There are problems with licensing of physicians and lack of discipline against bad physicians, but without licensing, anybody can put a shingle out and say, Come in/we got a sale on open heart surgery. They could be butchers. And his response was, "Nothing could be worse than the AMA cartel. And besides, as far as your example of putting out a sign, sooner or later people will realize that they don't get good treatment from that store." I said, sooner or later? It could be too late for quite a number of people. So, this gets to be laughable, Binya, that these people have credibility. And one of the biggest laughable economists is Arthur Laffer himself who at a lunch regaled me with his back-of-the-napkin theory of taxation and went on to honorifics and access to powerful politicians, big speech fees. You mention Laffer. Tell our listeners about Arthur Laffer and how far he got with his laughable ideology.

Binyamin Appelbaum: Arty Laffer had a huge role in American history. He's really the godfather of supply-side economics, the idea that if you cut taxes, it will increase government revenue and spur private sector growth and be wonderful for everyone; it's a theory that he famously first illustrated by drawing it on a cocktail napkin in a Washington restaurant across the street from the Treasury Department. And Laffer was, for the reasons we've talked about, enormously successful in marketing this theory.

The backdrop was that our tax code really was enormously broken in the 1970s. It had very high stated tax rates and huge numbers of loopholes that reduced effective tax rates well below that level. It really was ripe for changes. And Laffer came in and said, listen, if we just load up and reduce tax rates, we'll all be better off. And the people paying the high rates were enthusiastic about that approach, and eventually Ronald Reagan was too. And the rest is history.

But as you say, what happens in the following decades, is that we have several experiments with Laffer style tax policy, each of which fails to increase government revenue or to produce an economic boom. So we see empirically that this theory doesn't work, and yet it keeps getting tried in defiance of the empirical evidence, and Laffer keeps getting honored, consulted, and venerated. I think Trump may have given him the Presidential Medal of Freedom, if memory serves. So this man, who was as consequentially wrong as anyone in economic history, remains a venerated sage in conservative circles because of the convenience and the benefits for them, of what he preaches. And this goes to the core of a problem we haven't talked about much today, which is economics has a credentialing problem. So Laffer was a PhD economist, tenured professor at USC. He was a guy who had all the marks of being a credible person. Peter Navarro, President Trump's trade advisor, who seemed incapable of understanding basic issues of trade imbalances, another PhD economist with a tenured position at a major American university. Regarding, the quality control and the economics profession, I don't know if the AMA is successfully preventing quacks from practicing, but I can tell you that the economics profession is not, and that's a problem.

Ralph Nader: Well, you know, in the discussion on Capitol Hill, Binyamin, on tax cuts for corporations, the argument that the corporate lobbyists make is we need it for investment and productivity increases in jobs. And very rarely does a senator or representative at a hearing say, really, if you need that much money, why are you spending $7 trillion in the last 10 years on stock buybacks? That means you don't have any better use for your money, whether it's productive investment, bolstering up your pensions, increasing worker wages, putting more money in recycling of products like Apple.

Apple just announced another 90 billion with the B, listeners, in stock buybacks this year. Ninety billion is more by far than all the regulatory budgets of all the federal agencies from the EPA to FDA on and on. What's your view of the validity of these… really they're unrestrained. Until 1982, the SEC frowned on stock buybacks until Reagan scuttled it and repealed the regulation. They frowned on it as a form of stock manipulation, not all stock buybacks but a bulk of them. And since then trillions of dollars of consumer money, because that's where it comes from, has been put into stock buybacks. What's your view of the importance in our economy of stock buybacks or attempts to restrain them? They never ask the shareholder whether they want it in the form of dividends or stock buybacks, by the way.

Binyamin Appelbaum: Yeah, I think it's symptomatic of a broader problem which is the primacy of short-term returns to investors in the conduct of corporations. If you go back to the 1950s and even into the '60s, the corporate reports of a company like General Electric, what you'll see is that they talked about their obligations to shareholders, to the communities in which they operated, to the United States as a polity and to shareholders and to their executives. But all of those things were on their minds and were seen as important corporate objectives.

And by the '80s under Jack Welch at GE and in his image at other American corporations, the only thing they were talking about, the only thing they cared about was shareholder returns and how much money you'd made in that quarter. And buybacks, as you said, were licensed by the Reagan administration in the early 1980s as another way to shovel money as quickly as possible to shareholders. And we've seen them explode over time and become a dominant feature of corporate management.

And something I've been thinking a lot about lately is how you change that corporate culture. I don't have easy answers to this question but I think it's an enormously important one because corporations can be restrained and regulated and overseen to some extent. But we'd get to a much better place if we could also figure out how to have corporations that wanted to achieve some of those goals like benefiting the communities in which they operate, raising their workers up into prosperity, and protecting the environment. If we could, again, imbue, not that things were perfect back in the '50s, not that corporations necessarily honored all these objectives as fully as we'd like, but if we could shift things in that direction, I think it would be potentially enormously beneficial.

Ralph Nader: We've been speaking with Binyamin Appelbaum, economist writer for the *New York Times*. His book is *The Economists' Hour: False Prophets, Free Markets, and the Fracture of Society*. It's a very good contribution to looking inside at economists. They don't seem to be very introspective profession but you've given them an opportunity to introspect. And before we conclude, Binyamin, we give Steve Skrovan and David Feldman an opportunity to ask you a question or make a comment. Steve?

Steve Skrovan: Binyamin, it seems like this free market ideology is a triumph of mythmaking, and it's very hard to pierce myths with facts. Is the tide turning at all in that direction or how does that happen? How do you break these myths that are so enduring, like Santa Claus?

Binyamin Appelbaum: I think that mythmaking is an enormously important part of politics, and you combat it with better stories. Frankly, I think you don't combat myths with facts. You combat myths with myths that tell stories that have the morals that you care about and the goals that you think are important. And I frankly think one of the failures of the left in recent decades has been offering an alternative, a compelling, coherent alternative narrative about the United States and what it should be and how we get there. And that is an area in which I would like to see a lot more effort and interest is in telling coherent stories about the America that we'd like to see and the America that we'd like to be.

Because the power of, as you say, the free market fundamentalism has been substantially in the grip that this story has on the public imagination. And so we need other, better stories to take its place.

Ralph Nader: Yes, David?

David Feldman: Circling back to the stubborn persistence of the myth of supply side economics, how do universities defend chairs in economics funded by hedge fund managers?

Binyamin Appelbaum: I don't want to speak for universities. I don't want to do the work of defending something I don't think is defensible. But one of the phenomena that you see when you start reading economics—there's this famous paper by an economist named Armen Alchian, who was a professor at UCLA. In the mid-1970s, he wrote this paper about how the corporation is the epitome of social organization. It's the best structure you could possibly create for organizing people into collective effort. And then you get down to the bottom of the first page and it says, this paper was funded by Eli Lilly, the pharmaceutical company.

And it's like, what do you even do with that? How is that possible, permissible, legitimate in public discourse? It's incredibly frustrating. And it persists to this day, the ethics of funding for pharmaceutical research or, at least, it's a highly imperfect area, to be sure, but it's at least something where there's an explicit recognition that we ought to care about who's funding the work. Somehow that hasn't permeated economics, and it is a problem.

Ralph Nader: Well, we're out of time. We're talking with Binyamin Appelbaum, the author of *The Economists' Hour*. And one commentary on it was, "A novel perspective on the conservative revolution that dominated the past half-century of American political history." Is there anything else you'd like to say? We could have talked about your portrait of Alfred Kahn, who was an unorthodox economist from Cornell and became the head of the Civil Aeronautics Board and presided over the deregulation of the airlines.

Readers should know that there are a lot of little biographical inserts in Binyamin's book that make it very easy reading. It's not dry reading about economics and economists. Anything else you'd like to say before we close?

Binyamin Appelbaum: I'm sure we could fill another hour just talking about the regulatory history, and that would be a fascinating conversation to have with you, so perhaps another time. But thank you so much for having me. I've enjoyed this conversation.

Ralph Nader: Well, thank you. Very welcome, Binyamin Appelbaum, author of *The Economists' Hour*, a very important read if you're worried about our political economy. Thank you.

Steve Skrovan: We've been speaking with Binyamin Appelbaum. We will link to his book, *The Economists' Hour*, at ralphnaderradiohour.com.

Now 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 9, 2023. I'm Russell Mokhiber.

A Texas family has filed a lawsuit against Arby's and the store's franchise owner following the recent death of a woman who was locked inside a freezer in a Louisiana Arby's. That’s according to a report from Houston TV station WOAI.

The woman, identified as Nguyet Le, 63, was found dead by her son inside the freezer around 10 a.m. on May 11th at the Arby's in New Iberia, Louisiana.

The lawsuit alleges that a latch on the freezer door had been broken since August 2022 and the store franchise owner and regional manager knew about it and didn't fix it.

For the corporate crime reporter, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russell. Welcome back to *Ralph Nader Radio Hour*. I'm Steve Skrovan, along with David Feldman and Ralph.

David Feldman: And now it's time for “In Case You Haven't Heard” with Francesco DeSantis.

Francesco DeSantis: In a non-binding vote, Netflix shareholders declined to support the increased mammoth pay packages for senior executives in 2023, *Deadline* reports. The "say-on-pay" vote won't ultimately prevent executives from getting paid, but it is a rare public repudiation of runaway compensation for media executives. The Writers Guild had urged shareholders to vote no, describing the pay hike as "inappropriate" amid the ongoing strike.

As has been widely reported, one of the concessions in the debt limit deal is approval for the environmentally horrific Mountain Valley Pipeline in West Virginia. However, many Senate Democrats balked at this concession, leading Senator Tim Kaine of Virginia, one of the state's pipeline would pass through to introduce an amendment striking the pipeline approval from the bill.

A coalition of over 170 environmental groups signed a letter calling on the Senate to pass Kaine's amendment. In the end, 30 Democrats and independents voted for the amendment falling short of a majority.

The Hill reports that Brantley Starr, a federal judge in Texas, has banned legal filings primarily drafted by Generative AI in his court. The article goes on to note that Starr made this decision after a lawyer utilized ChatGPT to draft a filing in a lawsuit and the program "made up court cases that did not exist and referenced them in its argument." Starr did include a caveat that AI filings may be used if they are reviewed for accuracy first.

Contrary to Elon Musk's rosy predictions, the *New York Times* reports that advertising on Twitter has declined precipitously since he took the reins. According to an internal presentation obtained by the *Times,* Twitter's U.S. advertising revenue for the weeks between April 1st and the first week of May was down 59% compared to the same period in 2022. Moreover, the company has "regularly fallen short of its U.S. weekly sales projections, sometimes by as much as 30%."

From ABC News: The Federal Trade Commission has alleged that Amazon, through its Ring cameras, "gave every employee ... full access to every customer video" prior to 2017. The civil complaint filed by the agency goes on to say, "Not only could every Ring employee and Ukraine-based third-party contractor access every customer's videos... they could also readily download any customer's videos and then view, share, or disclose those videos at will." The agency also highlighted that the evidence suggests employees were abusing this power to spy on women in a sexual context.

This has been "In Case You Haven't Heard."

Steve Skrovan: And that's our show. I want to thank our guest again, Binyamin Appelbaum. For those of you listening on the radio, we're going to cut out now. For you podcast listeners, stay tuned for some bonus material we call "The Wrap Up." A transcript of this program will appear on the *Ralph Nader Radio Hour* Substack site soon after the episode is posted.

David Feldman: Subscribe to us on our *Ralph Nader Radio Hour* YouTube channel. And for Ralph's weekly column, it's free. Go to nader.org. For more from Russell Mokhiber, go to corporatecrimereporter.com. We have a new issue of the *Capitol Hill Citizen*. It's out now. To order your copy of the *Capitol Hill Citizen* "Democracy Dies in Broad Daylight," go to capitolhillcitizen.com

Steve Skrovan: And remember to continue the conversation after each show. Go to the comments section at ralphnaderradiohour.com and post a comment or question on this week's episode.

David Feldman: Join us next week on the *Ralph Nader Radio Hour*. Thank you, Ralph.

Ralph Nader: Thank you, everybody.