<u>Ralph Nader Radio Hour</u>

Episode 508

"The True Cost of Billionaire Philanthropy"

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

David Feldman: Good morning.

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

Ralph Nader: Hello, everybody.

Steve Skrovan: On the program today, we welcome back Patriotic Millionaire Chuck Collins, heir to the Oscar Mayer fortune, who has dedicated his life to leveling the economic playing field for those less fortunate than him. Mr. Collins, who heads the Institute for Policy Studies, co-founded the group Patriotic Millionaires, and has produced a new report, *The True Cost of Billionaire Philanthropy*.

Billionaires like Warren Buffett and Bill Gates launder their reputations with grand philanthropic gestures like The Giving Pledge, but are they making these promises in good faith? Where's their money actually going? And would society be better off if they just kept their money and paid their fair share of taxes, rather than writing off massive donations? The short answers are some of them are not in such good faith. Where the money goes is not always clear, and yes, tax the rich. Mr. Collins is going to share the details of this report, including his proposals for how to reform philanthropic giving.

Then we thought we would share with our radio listeners some highlights from the conversation we had four weeks ago with Lara Friedman, who is the president of the Foundation for Middle East Peace. This conversation was available only online, but so much of what Ms. Friedman said is still relevant especially as it relates to US funding for the Israeli military.

Then our very own Francesco DeSantis is coming back to prime time. Every week, Francesco scours the online news to dig out some golden nuggets to share with us in his segment, "In Case You Haven't Heard". And as always, somewhere amidst all of that, we'll check in with our stalwart corporate crime reporter, Russell Mokhiber. But first, how much does it cost us to enable billionaire philanthropy? David?

David Feldman: Chuck Collins directs the Charity Reform Initiative at the Institute for Policy Studies, where he also co-edits Inequality.org. Mr. Collins co-founded The Patriotic Millionaires and United for a Fair Economy. And he is the author of *Born on Third Base* as well as *The Wealth*

Hoarders: How Billionaires Pay Millions to Hide Trillions. Welcome back to the *Ralph Nader Radio Hour*, Chuck Collins.

Chuck Collins: Thanks for having me.

Ralph Nader: Yeah. Welcome back, Chuck. Listeners, there's nobody who knows more about the subject you're about to hear. Hertz had its Avis, but there isn't really number two here. Chuck Collins was an heir in his 20s of the Oscar Mayer meatpacking fortune. And in his 20s, he gave most of it away.

And he's been struggling against and exposing the gross inequality between the few and the many in our country. And he's one of the co-authors of a brand-new report called *The True Cost of Billionaire Philanthropy: How the Ultra-Wealthy Use Charity to Avoid Taxes and Exert Influence – While Taxpayers Foot the Bill*. His co-authors are Helen Flannery and Bella Devon. If you want the whole report, listeners, you can go to Inequality.org. It's a project of the Institute for Policy Studies.

Now, Chuck, give us the summary of this because the ultra-wealthy, try to make a big deal out of their philanthropy, big grants to colleges and to other charities, and they get press. But people don't often understand that as ordinary taxpayers, they're paying part of the bill. Do you want to explain the thrust of this new report?

Chuck Collins: Yeah. You nailed the most important point for our listeners, which is we, the public, subsidize the charitable giving of the ultra-wealthy. And the richer the donor, the bigger the tax subsidy they get.

In our report we looked at the most recent data about giving. One important understanding is most people, when they give money away, give it directly to the working charity—the food bank, the youth organization, whatever the need they see in the community. The ultra-wealthy give to their own intermediaries, their own private foundations, and donor-advised funds [DAF], They get a tax break the year they put it in, and let's hope that money flows out at some point, but they're very minimal obligations. A lot of the donations of the ultra-wealthy end up being warehoused in these intermediaries that they control—private foundations and donor-advised funds.

Ralph Nader: You've used the word they "park" their money. Please explain that.

Chuck Collins: They park it or warehouse it so it's not flowing. There may be a situation where somebody puts money in a donor-advised fund and they give it out within the next year or two, but what we are finding is that a huge amount of this money is just sitting there. Again, the donor has gotten their tax reduction, and now it's sitting there. So 41 cents of every dollar now given by individuals goes to a private foundation and a donor-advised fund, and those are usually the wealthiest donors in the society.

Ralph Nader: People like Gates Jr. or Elon Musk. You want to give those examples?

Chuck Collins: Yeah, they're great examples where they'll make a big public announcement–Bill Gates, in 2022, "I'm going to give away $15 billion," and everybody imagines that money flowing right out to urgent problems, et cetera. It's actually just going to the Gates Foundation, which, as we know, has huge overhead, and it counts toward their payout. A foundation is supposed to pay out 5% a year of their assets, but they can count their overhead and they can count some shell games like giving to a donor-advised fund, which has no payout requirement.

Our analysis is for every dollar that Elon Musk or Bill Gates, some of these billionaires give, the rest of us chip in 74 cents in lost tax revenue. That's at the federal level. If you live in a state like California, you get an additional tax reduction. These are our tax dollars at work and yet they're completely unaccountable in terms of where the money goes. It's not a democratic system. It's a private system.

Ralph Nader: How do you figure 74 cents? It's a lot out of every dollar that the ordinary taxpayer pays when Elon Musk, for example, gives $1 billion to some foundation that he controls. I thought that these wealthy people… they can deduct up to 50% of their adjusted gross income to a public foundation. It seems a little high, 74%. Can you explain that granularly?

Chuck Collins: Yes. Mostly we're thinking about people who are reducing their income tax. But when you're that wealthy, you're also reducing your future estate tax and capital gains and gift taxes.

If you're Bill Gates and you give $50 billion, say over a couple of years, you're not only reducing your income tax, at the end of your life, your estate tax is substantially reduced by $50 billion. So we add up the things that only ultra-wealthy people are really thinking about– estate and very high capital gains savings that come from that.

Ralph Nader: Do you want to walk us through the rest of this report, which is written very simply, not in abstruse tax code lingo. And give as many examples as you can.

Chuck Collins: Sure. From a listener's point of view, the most important thing to realize is the financial industry, the wealth advisors—I call them the wealth defense industry—the tax attorneys, and accountants have started to capture corners of what we think of as philanthropy with the same kind of worldview—capital preservation, tax minimization, passing on as much wealth to the next generation. Ultra-wealthy people create family foundations. And the most important thing to realize is that this is taxpayer subsidized private power.

Now, even The Giving Pledge. People have heard of The Giving Pledge. This is Bill Gates and Warren Buffett getting together. They're trying to inspire and cajole their fellow billionaires not to warehouse their wealth. So The Giving Pledge includes the people who've already said, look, we're inclined to give away the wealth, so we're going to give half of it away or more in our lifetime.

But we analyzed The Giving Pledge and found their wealth is not diminishing. In fact, since 2010, wealth of the initial 75 donors to The Giving Pledge has doubled. In some–cases, Mark

Zuckerberg's wealth, for example, went up 1382%. Duskin Moskovitz had 1100% increase in wealth. So if their intention is to give away half of it, they're lagging—even among the people who have stated they're going to be generous in their lifetime—their assets are accelerating, not diminishing.

Ralph Nader: How do you break down their charitable giving? My father once took me for a ride around my hometown when I was 9 or 10, and he went up to the Memorial Hospital and he said that was established by two families. Then he went to the high school, and he said that was established as a donation by the leading factory owner who built the Gilbert Clock Company. When he took me to the local library, he said Miss Beardsley started that in memory of her husband in around 1900. My father was pointing out institutional charitable giving. In other words, they created institutions the way so many small colleges were created back in the 19th Century.

And then there is what we might want to call the food kitchen model, which is you give right away to people who are in distress, either medically in distress or you give to the Salvation Army, which in my mind is probably the most pristine and honorable hands-on charity. Have you looked into that at all? Are we seeing less institutions being established? And they could be civic advocacy institutions, for example. They could be different kinds of libraries. They could be a whole range of institutions to strengthen our democracy. Are you finding that lagging compared to the old days when the tax system wasn't so amenable to the accumulation attitudes of rich people? In other words, before there was an income tax, when Mr. Gilbert established the Gilbert School, he really didn't get a tax break because there was no federal income tax. He might have reduced his estate, but even then, there wasn't much of an estate tax. Is there much, what I call food kitchen type more or institutional? Where is it going?

Chuck Collins: Among the ultra-wealthy, there's a lot of interest in legacy, in giving to larger institutions, universities and hospitals. There's still see quite a bit of what they call the edifice complex. You want to have your name on a building.

Ralph Nader: Like a dormitory at a college.

Chuck Collins: That's right. The most important trend is that giving by low- and middle-income people has been steadily going down. So the charities that might have been more like a Salvation Army, those institutions where smaller donors are putting money in a pot, have seen their giving go down. Giving is becoming more top heavy, meaning that nonprofits are more and more dependent on the ultra-wealthy and their giving. And they give differently. They give to legacy gifts, bigger institutions, the arts. Low-income people tend to give to community service organizations, nonprofits in their neighborhoods and communities where you can see the impact.

So that's one trend, but there's still a lot of interest in institution building. Maybe not like what you saw in Winsted where it's very local, like the local benefactor is giving back to the community where they worked and lived and they're building an institutional library or something like that.

Ralph Nader: Well, you're the author of a wonderful book called *The Wealth Hoarders*, which I urge listeners to get because it puts a lot of the experience of Chuck Collins together in a very coherent way that makes you ask yourself, what can be done about all this?

You both disclosed the abuses and evasions and avoidances in order to maximize the wealth of these donors or let them keep more of their wealth, and you also proposed solutions. What do you think should be done about this and who can do it?

Chuck Collins: We need to change the rules, the laws governing philanthropy. The framework that we are living with now is from 1969, which was zenith of relative equality in the United States. We wouldn't have necessarily known that 50 years later we would be living in an oligarchy where billionaires would use their charity as an extension of their influence and power as aggressively as they are.

So we should protect the tax code from the manipulations. We need to make sure if people do give to charity that it flows out and goes to real working charities. We've proposed and there's some interest in Congress in increasing foundation payout requiring that donor-advised funds have a payout. And donor-advised funds are the fastest growing recipient of charitable money. ~~I mean~~ It used to be the…

Ralph Nader: Do you want to define that for us?

Chuck Collins: Yeah. Donor-advised fund is like a giving account. They're heavily promoted by Fidelity. Fidelity's charitable fund is the largest. Schwab and Goldman were started by community foundations. If you give money to the Northwest Connecticut Community Foundation, it funds things in the local area.

National commercial financial companies have gotten into the business and actively aggressively promoting them [Donor Advised Fund]. They promote them as you get your tax break immediately, you don't have to give the money out in any timetable, and it's completely secret. And there's additional tax advantages for giving appreciated assets to one of these donor-advised funds.

So the fastest growing sector of the charity space are these donor-advised funds, and they have no payout. We think there should be a payout. They also are conduits for dark money. If I want to give to a donor-advised fund and then let's say I give it to another donor-advised fund, pretty much I am now able to fund hate groups or things that I don't want my name attached to. So it's another way to kind of move money to the shadows.

We think there should be transparency, higher payouts, and we should cap the amount that ultra-wealthy people can deduct from their taxes for charitable giving. You could say, give a half a billion dollars, but beyond that, you are not eliminating all your tax obligations. And those are things that interest members of Congress. There're actually conservative allies on some of these reform proposals.

The problem is you have these associations such as the Council on Foundations and the Philanthropy Roundtable, and there's even an association of community foundations that all lobby against any kind of reform. They're defenders of the status quo. But more and more, we're pushing back against these rules that allow for a certain amount of self-abuse and self-dealing.

Ralph Nader: Have you had any congressional hearings worthy of the name with all kinds of witnesses like you testifying under the glare of the media?

Chuck Collins: About a decade ago, Senator Ron Wyden held a hearing on this. That's exactly one of the things we've been asking folks to do. People are very interested in tax policy and some of the dark money issues, but I think there's a growing appetite for what we're talking about right now, which is abuses of the charity system. Our reports continue to beat the drum to say, lawmakers need to do some minimal fixes on these abuses and take a look at the whole system and how it's being deployed right now.

Ralph Nader: You're talking about beating the drum. One drum you beat completely blocked the George W. Bush Administration and the right-wing lobbyists in Congress to get rid of the estate tax around 2003 or '04.

Tell us how you did that, because I was about to concede the end of the estate tax, that people could keep $20 billion in their estate and give it to the heirs and not pay any federal estate tax until you came along with a lobby of extraordinary people who oftentimes are not described as lobbying for a just tax system. Why don't you describe that?

Chuck Collins: Yeah. You're right. The estate tax was being led to the gallows. Most of us thought it was a goner. The estate tax is our inheritance tax. It's tax that's only paid by the ultra-wealthy. At the end of their life, their estate pays it. Now households with over $22 million are the only ones subject to the estate tax.

What happened was we rallied and organized some very wealthy people who would pay an estate tax, including Bill Gates' dad, Bill Gates, Sr., Warren Buffett, George Soros, Ted Turner. We got a lot of interesting newsworthy wealthy folks to step up and say, "Don't abolish the estate tax. Don't repeal the estate tax." And that put the brakes on it. There's a great novel called *Only the Super-Rich Can Save Us!* This was one of those moments where actually wealthy people stepped up and did the right thing.

And that has been the playbook for a group called the Patriotic Millionaires, which is wealthy people saying, we should pay more taxes. The bad news, Ralph, is that I was talking to some of the people on the other side, the people who were lobbying to get rid of the estate tax 20 years ago, I said, "How come you don't lobby to get rid of it anymore?" They said, "We found a workaround," meaning they figured out how to game it and use trusts and other tax shelters to avoid estate tax. So unfortunately, the amount of revenue the estate tax brings in is kind of a joke, considering how much wealth…

Ralph Nader: How much is it?

Chuck Collins: Well, I think it's like $20 billion a year.

Ralph Nader: And less than 1% of the estates have to pay any estate tax because the exemption level is so high.

Chuck Collins: That's true. But even among the ones that should and would pay it, there's probably like $1 trillion of wealth passed from the ultra-wealthy in the upper canopy of the wealth forest between super-rich families, but most of that's being hidden in dynasty trusts and shell companies and offshore accounts. So that money isn't even reached and taxed through the estate tax. The problem is they have figured out how to game around it, so that the estate tax has become porous and meaningless.

Part of that's charity, back to what we're talking about here. People create legacy foundations where their unborn great-great-great-grandchildren will still be trickling this money out. They get the tax reduction in the year they give, and then the money sits warehoused. So that really doesn't pass the commonsense test for most people. So, if you got a tax break, your part of the deal is that it goes to a qualified charity. Give it to the local library, the friends of the library, the boys and girls club, the food bank, the groups meeting needs in your community. Don't sit and have it warehoused in a private foundation or a donor-advised fund.

Ralph Nader: Let's talk about corporate philanthropy, which I see is a huge potential for expansion, but then it may have its downside in making ordinary taxpayers pay for it. The way the tax laws are now, a corporation can give away up to 10% of its adjusted gross income and deduct it. And there are very few of the top thousand corporations who come close to giving 1%. Apple, for example, which doesn't know what to do with its profits, they're so massive, other than to engage in stock buybacks which don't produce a single job or any research and development, (R&D) or any funding of the pension funds they have adequately. Top corporations give about three-tenths of 1% of their adjusted gross income.

What do you think of a movement by shareholders next spring filing resolutions to demand that their company give 1%, 2%, 5%, whatever, to charities and then establish some standards, so they can't just park it or warehouse it, as you've written about? What do you think of that as a shareholder’s movement, including institutional shareholders like Vanguard Teachers' Retirement Fund, worker pension funds, because it would amount to hundreds of billions of dollars over a 10-year period going into charities.

Chuck Collins: Yeah. Right now, corporate philanthropy is… there was even recently an article in *The Chronicle of Philanthropy*, like, what happened to it? Where is it? —as you say, it's not really showing up. Companies used to understand that they had a social obligation to pay back the society and the communities that made their wealth possible, not just through paying taxes, but by supporting the civic infrastructure.

So yeah, calling on corporations to do it in a way that's not just an extension of their brand and their self-promotion, but as a real part of being a corporate in our community. That's what corporations should do.

Ralph Nader: Do you see yourself in the inequality project of the Institute for Policy Studies launching a few of these well-chosen shareholder resolutions to highlight it against companies like Microsoft, Intel, Cisco, Goldman Sachs, JPMorgan Chase, and above all, Apple, the stingiest company of them all?

Chuck Collins: It's funny, most of our shareholder resolutions activity has been trying to get them to pay their taxes and disclose how much they're and abusing private jets. But I think your point around saying, look, some of this corporate wealth should be returned to the community in addition to paying your fair share of taxes through this charity system. So yeah, I could imagine As You Sow and IPS and other groups sponsoring shareholder actions to encourage that behavior. It's part of being in business.

Ralph Nader: It could be very well-publicized. It's not that expensive. The shareholder resolutions are pretty easy to draft. They can vary. For example, you can focus on Silicon Valley mega corporations to give money to alleviate the housing surge and to alleviate the high price of housing in the whole larger San Francisco Bay Area. So it could be targeted like that. And it would make them look good.

It would be very, very hard for them to block it, other than using the business judgment rule saying it's up to us to decide. It's not up to our owners, the shareholders. You might be able to get some worker pension funds, and maybe even larger institutional shareholders to support it. And it's a good way to shine some light on the murky, narcissistic, self-enriching practices of these executives who often do so at the expense of their own companies in a conflict of interest. It would be good if this discussion sparked something like that and we'd like to participate in that and help get that done.

I was thinking it's not structural reform of our political economy, to be sure, but it does alleviate some of the poverty, some of the healthcare necessities, the housing necessities in the areas where these corporations operate and where they can be viewed by the local media of, "Hey, we're making ton of money. Why don't you give more to charity, and you can deduct it." Does it bother you that if they do give more money, it will generate this ordinary taxpayer burden that you talk about in your new report, *The True Cost of Billionaire Philanthropy*?

Chuck Collins: I do worry that whenever billionaires opt out of paying taxes, whether it's a corporation or an individual, that they shift the tax obligations onto everyone else. But I do think there's something to… I like what you're saying about a lot of these companies having disrupted local housing markets and they've driven up the cost of land and housing. ~~And so~~ One of the ways they should give back is supporting nonprofit housing organizations in those communities, thereby addressing a problem that they've helped cause. That's a compelling pitch. And as you say, as long as they're not just parking it in the Silicon Valley Community Foundation, or a private foundation run by their company where they're going to sit on the funds for decades. If the money is flowing out to address real problems, that should be part of their obligation as a corporation.

Ralph Nader: Two additional points. There are a lot of food deserts in areas where these companies operate. Namely, there aren't any supermarkets. There are 7-Elevens and junk drink and sugar food. That's one thing they can pay attention to easily. And also, there are other deprivations. Hospitals and clinics are closing in rural areas, some of them in urban areas. They could support building hospitals. We're talking big money, listeners. This is like water off a duck's back. They wouldn't even feel it. For example, Apple in recent years has bought back $90 billion of its stock in one year, 90 billion with a B, instead of putting it to more productive or charitable purposes.

The other is more interesting, Chuck Collins. A lot of these corporations pay almost no federal income tax. So there's less of a burden on the taxpayer because some of them are paying zero federal income tax. Some of the banks are paying 3%, 4%. Some of the others and IPS, your group, Institute for Policy Studies, has documented this to a T. They make billions of dollars in US-based profits, and they've so rigged the system with tax havens, overseas transfer pricing techniques and so on, they'd end up paying no taxes at all. So that reduces the burden, doesn't it, on ordinary taxpayers if they give more to charity?

Chuck Collins: Yeah. There's something to be said for a company that's paying zero, at least giving a half a billion dollars to address some of the local needs you're talking about. Since not much of our federal dollars are going to affordable housing these days, this could be a way to boost the flow. I still would love to get at the underlying tax avoidance. These corporations should be paying 25% of their corporate income in taxes, and they should be giving away 1% to 2% to the civic charities in their communities.

Ralph Nader: Or up to 5%, which was the yardstick that some more enlightened corporations years ago in Minneapolis–Saint Paul set for themselves.

Chuck Collins: That's right.

Ralph Nader: Up to 5%. So tell us a little bit about that wonderful book you wrote with William Gates, Sr., who is a really upstanding lawyer. I always thought he was a little different than his son, Bill Gates, Jr. Tell us a little bit about that book, which basically had the theme that people who became rich in this country didn't do it all by themselves and they shouldn't get rid of the estate tax.

Chuck Collins: Yeah, Bill Gates and I wrote a book called *Wealth and Our Commonwealth: Why America Should Tax Accumulated Fortunes.* And it was really Bill Gates, Sr. He got the GI Bill. And that's what made it possible for him to go to college. He understood this whole idea that if you're wealthy in this society, you should pay back the society that made your wealth possible. No one does it alone. He challenged that mythology of the Great Man Theory of wealth creation, and he put himself out there. He became a very vocal advocate for defending the estate tax, and in Washington State, pushing foreign income tax in that state, which they still don't have.

His whole perspective was an estate tax is an economic opportunity recycling program. If you got that level of wealth, you should pay the tax. And it should go to help other people who are not rich have a decent life in this society. So, yeah, he was kind of a breath of fresh air. He did pass to the other side about a year and a half, two years ago, but I have happy memories of going out on the road and talking to people about this.

And just on this point of charity, he said a very interesting thing. He said, "Don't you think it's a little odd that my son can give $100 billion of Microsoft wealth to his own foundation, that he will control where the money goes and never have to pay a nickel of taxes? Maybe there should be a cap, a ceiling on how much you can deduct from your taxes." And that's where I mentioned that idea.

And actually, I recommend Tim Schwab's new book, *The Bill Gates Problem*. He interviewed me and recounts that story of Bill Gates, Sr. talking about, maybe you don't get to take $100 billion and pay no taxes on it at all. That's a really important idea. Maybe there should be a limit on how much you get to deduct for giving to charity. A lot of people will still give to charity, but it's not going to take away from the treasury.

Ralph Nader: Well, Sol Price was all over Capitol Hill at one time, fostering a wealth tax. He was very rich. He started the Price Club, which sparked Costco being formed by one of his colleagues. And he once told me he couldn't believe the lack of interest on Capitol Hill of the wealth tax. He wanted a 1% wealth tax, including on him, of course.

So there are these wealthy people who surprise you once in a while. And listeners, if you know a corporation that's doing very well in your area and is giving virtually nothing to charity or could give much more to charity, contact Chuck Collins at the Inequality.org website

Chuck Collins: That's a good way to find me. You can also find me at chuckcollinswrites.com. And you can send a message to me there and see some of the books that we’ve been talking about. We have a weekly newsletter. It's inspiring, so definitely sign up at Inequality.org, and see the campaigns that we're all involved in.

Ralph Nader: And it's all free.

Chuck Collins: It's all free. Yup. And I'm glad you mentioned Sol Price, another one of the super-rich who could have saved us.

Ralph Nader: Oh, yeah. It's lucky that Jeff Bezos of Amazon came around after Sol Price passed away, because Sol Price adjusted, he rethought things, and he would have been a formidable challenger of the Amazon model, people close to him say.

By the way, if a listener is thinking, now, how do I know how much this large corporation in my community is giving, tell them how to find the actual percentages and figures.

Chuck Collins: Yeah. Thanks to ProPublica, ProPublica publishes what are called the 990s, which are the charity tax reforms that all charities file. And you can look up a company at ProPublica's nonprofit 990 website and you can actually see the tax return, where they're giving, if they're giving. So that's one way. And yeah, check out at Inequality.org. We're mostly looking at the individuals, less on the corporate side, but we're starting to pay more attention to the corporate philanthropy side as well.

Ralph Nader: Why don't you name some of the senators and representatives that are on your side here?

Chuck Collins: Senator Sheldon Whitehouse, Senator Sanders, Senator Ron Wyden from Oregon—they've all been interested and at times introduced legislation or supported legislation to reform the laws governing charity. Senator Angus King, the independent senator from Maine, and a number of progressive House representatives. So those are senators that are connected to Senate finance and Senate budget who have done hearings.

Senator Whitehouse did a whole hearing on dark money and the role of the fossil fuel industry. And again, some of these folks are looking at the money that's flowed to Supreme Court Justice Clarence Thomas that came through nonprofit organizations and charities to provide perks and benefits. So people are waking up to this secretive world of charitable giving and how it's being abused.

Of course, there's a lot of places where it's not being abused, where low and middle-income people give to organizations, and it makes a difference. So we don't want to become entirely cynical about everything happening, but the abuses by the ultra-wealthy are alarming.

Ralph Nader: It is amazing how few of these ultra-wealthy are giving to the denomination of their choice in the religious area. The Methodist Church is around the country starving. They're closing down their own churches. And that used to have members of the church come from fairly wealthy backgrounds. So something's happening in so many ways in our country that we take a long time to figure out.

What do you think needs to be done for your causes to really prevail in Congress and to change this whole tax system? Tell us very forthrightly, how many people have to get involved in congressional districts? What's it going to take in terms of time, resources, determination out there? Because it seems like year after year you document this, you get on the media and talk to people about this. The case is almost irrefutable that you put forward, at least it would have a large number of people polled in our country behind it because of the benefits that flow to their communities as a result. What if somebody asked you, Chuck, what is it going to take to get a critical mass on Congress or state legislatures to prevail here, to win?

Chuck Collins: It's not as huge as we sometimes think. Our political system is captured and the groups and industry associations that lobby for the status quo are powerful. But we've done some polling that shows people are overwhelmingly supportive, when they understand how, for instance, the charity system works and the abuses there. 70%, 80% say double the payouts for foundations, require donor-advised funds to have payouts, protect the integrity of the tax system so that the rest of us don't have to pick up all the slack when the billionaires opt out. And getting 20 and 30 people in each congressional district working and pushing back and being a countervailing force at the local level can make a huge difference in this political system that's so captured by industry groups and big money.

Specifically, on this whole issue of charity reform, we still have a lot of people who don't understand how the system works. They believe that there are things that are obviously more important and often there are. But this is our tax dollars at work in a completely unaccountable way. There's a lot of recognition. We estimate some $200 billion a year is spent subsidizing the charity system. If this was a program of the Pentagon, well, maybe that's not the best example but if it was any other government program, there'd be a lot of scrutiny and hearings and oversight. And here's a whole area of essentially government spending that has no oversight.

Ralph Nader: You could build a whole network of potential beneficiaries in one congressional district after another. The community college would like more charitable contributions, the healthcare institutions, the libraries, on and on.

That'd be a formidable lobby, especially if it gets together and summons the two senators and representative to town meetings to talk about the agenda, reversing the dynamic where the members choreograph town meetings, actually have town meetings on this and say, look, you want to poll this? Do you want to see a left/right alliance on this? Why are you letting these giant companies around the country who make these enormous profits park their profits overseas, pay virtually no federal income tax, and here we are starving to keep the doors open. It seems to me a big winner and can be a major movement fast.

You can actually shame CEOs on this. They're difficult to shame, but on this you can shame them in terms of where they live and who they have to meet from time to time and face up to their minimal responsibilities to the community. David, champing at the bit.

David Feldman: Yes. Do we know how dangerous inherited wealth is for the recipients? If you were to take 100 random children who all received enough money, so they never had to work, worry about paying their bills, what percentage do you think ended up living rich and fulfilled lives because, not in spite, but because of that inherited money? Have we ever measured the net plus of inherited wealth as opposed to how dangerous it is?

Chuck Collins: I don't think there's good quantitative data, but there's a lot of understanding that passing on substantial inherited wealth is very debilitating. People don't really form their own identity. Work is part of how we find meaning in our lives. And if you never have to work, that can be debilitating, and you don't learn the kind of resourcefulness that comes from having to figure out how to get a job and keep a budget.

So, as Andrew Carnegie said, giving an inheritance is a curse/can be a curse on the next generation. And wealthy families are more and more saying, "No, no, we're not going to give any money to the kids or we'll help them pay for college," but that's their head start, then you're off and running.

And it also buffers people, disconnects them from real society and real communities. So you have a lot of very isolated folks who are struggling. So I can anecdotally tell you that is really true, having grown up in the 1% and having won the lottery at birth and seeing how that affects my peers. It can be very debilitating.

David Feldman: Is there an example of somebody who inherited a vast amount of money and went, wow, I'm lucky and lived happily ever after?

Chuck Collins: I'm sure there are, but I can't think of too many.

Ralph Nader: There's an old phrase, "shirtsleeves to shirtsleeves in three generations".

Chuck Collins: What's interesting about that is that's the idea that the first generation makes the money, the second generation spends it, the third generation has to go back to work. But what we found is that wealthy people engage in wealth defense. They don't pay tax. It doesn't disperse, it concentrates. And the dynamic of the last 30 years has been one of concentration. So the third and the fourth and the fifth generation are not back to work. They're continuing to live off inheritances.

Ralph Nader: That's why that phrase is a 19th Century phrase, Chuck. Hannah?

Hannah Feldman: First, I just want to say I'm so glad you brought up the 990-search tool from *ProPublica*. I worked for many years in nonprofits, and I've had many meetings with management where they claimed poverty. And then one of my favorite pastimes became looking up the tax returns of the organizations I used to work for and looking at how much they paid the CEOs that year. So anyone who wants to fuel their rage and let it boost them a little bit, it's a real fun time and a real enraging read.

Chuck Collins: I was just going to interject before your question that at Institute for Policy Studies, we have a little data portal, we call Area 990. We have all that data aggregated. So if you say, tell me which foundations with assets over 50 million pay their trustees—boom, we can generate a report and show you, oh, 28% of them pay their trustees.

The Conrad Hilton Foundation pays eight family members each $35,000 to go to a couple of hours of meetings. Like, really? Is this a good use of our tax dollars? I don't think so. So, yeah, there's a lot of data there, and we've created a tool to analyze it more easily.

Hannah Feldman: That's a great filter. I wasn't aware of that, and I'm very excited to look that up once we conclude.

A lot of the discussion around reducing overhead, I think, conflates private foundations with operating organizations, and Ralph touched on this, that we think about charity as this big kind of monolith, but in practice, there are different types of tax-exempt, a.k.a. charitable organizations, some of which are actually doing the work in communities, some of which are primarily staging grounds for money to change hands again.

And could you speak to the different types of organizations just to clarify the differences, and what overhead in a private foundation looks like versus overhead in an actual working organization that has staff who do work in the community?

Chuck Collins: It's a great question, and I think we should understand there are what I call working charities. That's not a legal definition, but there are nonprofit organizations that are qualified and they're tax-exempt 501(c)(3) nonprofits, doing a mission. And then there are public and private foundations whose role is as intermediaries. They don't necessarily… they'll tell you they have some mission and program work. But their primary is to move the money onto the working charities.

And the law says if you're a foundation, you have to pay out 5% of your assets a year, but you can count your overhead toward that. So if you actually go on to those 990s that Hannah likes to look at, you can see how much of the foundation's annual distributions are chewed up by their own overhead, by offices, expensive meetings, salaries, trustee compensation, and on and on. And it starts to diminish the amount of money that's flowing out to charities.

I had a kind of personal crash course in this when I was invited to speak to a family foundation, and they flew me out to this kind-of-like dude ranch in Colorado. There were probably 30 people at this meeting. Ten of them were going to the actual foundation meeting, which is about two hours on a morning. The rest of the time, they were off golfing, and going on wildflower walks or whatever. And I realized the foundation is basically subsidizing a family reunion at a resort and counting that towards its overhead.

There's unfortunately no real guidelines, guidance, or laws that would discourage that. And that's not the kind of thing you would see in a typical nonprofit where you have a governing board, and you have oversight saying that that would not be allowed. So there's less accountability. There's a little more of a void when it comes to overseeing charities on the foundation side.

Ralph Nader: We're out of time. We've been talking with Chuck Collins, author of numerous books on charitable giving. The one I recommend to you is *The Wealth Hoarders*", which came out recently, and his new report with colleagues at the Institute for Policy Studies project on inequality called *The True Cost of Billionaire Philanthropy: How the Ultra-Wealthy Use Charity to Avoid Taxes and Exert Influence –While Ordinary Taxpayers Foot the Bill*. You can get a copy of this free by going to Inequality.org. Thank you very much, Chuck Collins.

Chuck Collins: Thank you all. Good being with you.

Steve Skrovan: We've been speaking with Chuck Collins. We will link to his report, *The True Cost of Billionaire Philanthropy* on ralphnaderradiohour.com.

Next up, we visit once again with Lara Friedman, president of the Foundation for Middle East Peace. 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, December 1, 2023. I'm Russell Mokhiber.

Purchasing a used car may be cheaper than buying a new set of wheels, but it can end up costing you your life. Without a state or federal law requiring used car sellers to fix safety recalls, buyers may never be cognizant, until it's too late, of the potential dangers lurking every time they go for a spin. That's according to an editorial in the *Chicago Sun-Times*. Defects that lead to safety recalls but go unrepaired could result in a fire or collision causing serious injuries or, worse, death. Even when drivers aren't hurt, they are likely to end up paying higher car insurance premiums after such wrecks. State and federal lawmakers should enact new legislation that would mandate used car sellers to fix the cars.

For the *Corporate Crime Reporter*, I'm Russell Mokhiber.

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

Before we get to this week's news items with Francesco DeSantis, let's revisit some of our online interview you may have missed with Lara Friedman, president of the Foundation for Middle East Peace.

Lara Friedman: When it comes to aid for Israel, it is bipartisan and consensus. And until that changes, whether something changes at the grassroots, which really compels members of Congress to listen, or different members elected who are willing to stand up, the bottom line is there isn't any controversy about aid to Israel.

The only controversy is which party can claim to be more pro-Israel by giving more. In this package, the controversy around this $14.3 billion, and there is controversy, this is not going to move quickly, there's political challenges for moving this forward. But those challenges are completely unrelated to giving money to Israel. Basically, everybody agrees we want to give this money to Israel, and we want to give it as fast as we can, just move it right through.

The challenges here are that Biden wants to attach to it Ukraine money and some other things, and the Republicans want to cut those off because they don't want to fund them. And the new speaker says that it has to be offset. And normally with emergency spending for things like natural disasters or wars, you don't offset it. That basically says that for us to pay for this, we're not going to spend this unless we can pay for it by cutting something else.

I don't know if there's any precedent for that under either party to basically say emergency spending has to be offset by cuts to regular spending when regular spending has already been cut to the bone. And that is going to slow this down.

There's an interesting side story playing out, which is Speaker Johnson, by requiring this to be offset by cuts somewhere, is actually imposing for the first time ever, a condition on aid to Israel. And Democrats are going to have a field day with that.

The number of times I've been in meetings over the years, and I've had a member of Congress say to me, Land without a people for a people without a land, or they've quoted back to me something like, Listen, Israel can't make peace so long as the Palestinians hate Jews more than they love their children. This basic language, at a fundamental level, dehumanizes Palestinians in such a way that you don't have to question whether what Israel is doing is right or wrong. The answer is whatever it is, it’s right, because the other side is a monstrous anti-Semitic terrorist entity.

Steve Skrovan: That was Lara Friedman from the Foundation for Middle East Peace.

David Feldman: Time now for "In Case You Haven't Heard" with Francesco DeSantis.

Francesco DeSantis: The Associated Press reports Hamas has released a third group of hostages, including 14 Israelis and the first American hostage, as part of a four-day truce with Israel. In return, Israel has released 39 Palestinian prisoners.

The Biden Administration has expressed that their goal is to extend the ceasefire as long as possible. This about-face in administration policy is a testament to the power of the sustained protest and public pressure campaigns in favor of a ceasefire. However, this truce is scheduled to expire at the end of this week.

Going further, Vermont Senator Peter Welch has called for an "indefinite" ceasefire following the horrific shooting of three Palestinian-American students in Burlington, Vermont. Senator Welch writes, "The ceasefire must be extended to stop the bombing and prevent further loss of civilian life. The United States cannot condone a resumption of the bombing when it causes death and injury to so many civilians." It is noteworthy that the other senator from Vermont, Bernie Sanders, still refuses to call for a ceasefire.

The Nation has published a piece on the genocide in Gaza that was pulled from the *Harvard Law Review* at the last moment. The opening lines of this article read, "Genocide is a crime. It is a legal framework. It is unfolding in Gaza, and yet the inertia of legal academia, especially in the United States, has been chilling. Clearly, it is much easier to dissect the case law rather than navigate the reality of death. It is much easier to consider genocide in the past tense rather than contend with it in the present. Legal scholars tend to sharpen their pens after the smell of death has dissipated and moral clarity is no longer urgent."

Ryan Grim of *The Intercept* has shared an excerpt from his new book, *The Squad: AOC and the Hope of a Political Revolution*, in which he seeks to explain Pennsylvania Senator John Fetterman's intransigent stance in favor of Israel. Essentially, Grim argues that Fetterman made a deal with AIPAC [American Israel Public Affairs Committee] and the Democratic Majority for Israel, with Fetterman pledging opposition to the BDS [Boycott, Divestment, Sanctions] movement and support for unconditional military aid to Israel. And in exchange, "DMFI [Democratic Majority for Israel] and AIPAC stayed out of his race."

Independent journalist Séamus Malekafzali reports, "A member of Germany's ruling coalition from the Greens wants all German media to sign a pledge to support Israel and its right to exist, similar to how Axel Springer's media organizations like Politico do." To learn more about Politico's new ultra-Zionist German ownership, check out the first issue (July/August?) of the *Capitol Hill Citizen*.

The Prospect is out with a blockbuster article on the first major antitrust case in 25 years, U.S. v. Google. This piece traces how what was once billed as the trial of the century, became the secret trial and stresses the testimony of Al-Amyn Sumar, legal counsel for the *New York Times*, who, "Listed the factors that separated this case from any other his legal team had seen before, including numerous closed-door proceedings, withholding of public evidence and extensive confidentiality claims by companies, not just Google, but secondary parties to the case, like Microsoft and Apple, that were granted all too liberally by the judge. Sumar noted, even access to trial transcripts were scant, trickling out weeks after examinations."

Sumar capped this off by saying, "This simply can't be the best way to go about the legal process." *The Prospect* also reports the Biden-appointed chair of the Commodity Futures Trading Commission, Rostin Behnam, is attempting to implement a Trump-era rule that would, "Roll back Dodd-Frank protections for swap trades, a major class of derivatives that led directly to the 2008 financial crisis, by relaxing margin requirements for certain categories of investment funds." Several Democrats are coming out in opposition to this move. A letter from Senator Sherrod Brown decries this as, "a step in the wrong direction, which would undermine the goals of Dodd-Frank."

A third story from *The Prospect* focuses on deceptive Medicare Advantage plans and specifically how they have been able to legally circumvent Affordable Care Act (ACA) protections covering preexisting conditions. Put simply, if one enrolls in a Medicare Advantage program before age 65, then wishes to transition to traditional Medicare, they can be forced to undergo underwriting or medical health screening. As of now, only four states–New York, Massachusetts, Connecticut, and Maine prevent Medigap, the Medicare supplemental insurance that covers the 20% of medical expenses not covered by Medicare, from underwriting Medicare Advantage patients attempting to switch back to traditional Medicare. As the article explains, "The millions of Americans not living in those states are trapped in Medicare Advantage because Medigap plans are legally able to deny them insurance coverage." Yet another instance of the pernicious influence of Medicare Advantage on the health of American seniors.

The *Tucson Sentinel* has published a story, which exemplifies the folly of the so-called school choice movement. Last year, Arizona became the first state to offer all families in the state public dollars to spend at private educational institutions. In response, nearly all private schools raised their tuition rates. As the article notes, "Critics cite the tuition increases as evidence of what they've warned about for years– universal school choice, rather than giving students living in poverty an opportunity to attend higher-quality schools, would largely serve as a subsidy for the affluent."

Finally, radical and cartoonish right-wing libertarian Javier Milei has won the presidential election in Argentina. According to the AP, Milei has vowed to implement his signature chainsaw plan for, "Wholesale reform of the state to slash public spending, scrap half the government's ministries, sell state-owned companies, and eliminate the central bank." It remains to be seen how far Milei will go with this program, but signs point to turbulent times ahead in Argentina.

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

Steve Skrovan: Thank you, Francesco. I want to thank our guests again, Chuck Collins and Lara Friedman. The transcript of this program will appear on the *Ralph Nader Radio Hour* Substack site soon after the episode is posted.

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

Steve Skrovan: Our theme music "Stand Up, Rise Up" was written and performed by Kemp Harris. Our proofreader is Elisabeth Solomon. Our associate producer is Hannah Feldman. Our social media manager is Steven Wendt.

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

Ralph Nader: Thank you, everybody.