RALPH NADER RADIO HOUR EP 472 TRANSCRIPT

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

David Feldman: Hello, Steve.

Steve Skrovan: Hope all's well with you. We have the man of the hour here, Ralph Nader. Hello, Ralph.

Ralph Nader: Hello, everybody.

Steve Skrovan: On the show today, we'll welcome back our friend investigative economist, James Henry. Mr. Henry will join us to make some sense of the Silicon Valley Bank [SVB] failure, the Credit Suisse crisis, and the latest news from the Federal Reserve.

That's first half of the show. Then we've seen no shortage of scandal and controversy on college campuses— parents buying admission for their children, colleges exploiting NCAA athletes for financial gain and free labor, administrations mishandling sexual assault, appalling pay and working conditions for adjuncts, grad students, and teaching assistants, universities closing libraries while investing billions with private equity firms. Our second guest will be Alison Dundes Renteln, Political Science and Anthropology Professor at the University of Southern California [USC] and co-editor of the book, *The Ethical University: Transforming Higher Education*.

As always, somewhere in the middle, we'll check in with our corporate crime reporter, Russell Mokhiber. But first, we've heard a lot about Silicon Valley Bank and Signature Bank and all the banking crises. Let's find out what's really going on. David?

David Feldman: James Henry is a leading economist, attorney, consultant, and investigative journalist who has written and spoken widely on the problems of tax justice and development finance. He's a lecturer and global justice fellow at Yale University. Welcome back to the *Ralph Nader Radio Hour*, James Henry.

James Henry: Good to be with you.

Ralph Nader: Welcome back, Jim. Well, people everywhere have been watching this bank crisis. Although some regulators don't like to call it a bank crisis, a sizable bank in Silicon Valley called the Silicon Valley Bank, went belly up followed by Signature Bank a little while later in New York went up. And all the big banks are benefiting from the withdrawals from these banks, going to banks that are deemed to be too big to fail. Senator Elizabeth Warren is attributing this collapse to the deregulation bill that passed under [Donald] Trump in 2018, with both Republican and Democratic support to overcome any filibuster threat that reduced the level of regulation of banks from $50 billion in assets up to $250 billion in assets. And everybody's wondering what Secretary Treasury [Janet] Yellen's going to do. She calls the banking system remaining sound in testimony before Congress. What do you think of all this?

James Henry: Well, it's a very timely discussion. Chairman [Jerome] Powell of the Federal Reserve is going to announce at two o'clock whether on how much he's going to raise interest rates for the next time. The debate is on. And there's some concern that because of all these banking problems, the Fed will not raise rates a half a point. They might not raise them at all. We'll see. But clearly that's being influenced by this discussion. After the Silicon Valley Bank failure, which was the second largest bank failure in US history, Signature followed shortly after. Talking real time compression here. We have had increasing bank runs at so-called regional banks, which are smaller banks around the country. And people are beginning to shift a lot of their uninsured deposits especially into the larger banks, which they perceive—like JP Morgan and Bank of Americans, so forth—as less risky. And Credit Suisse, although not a bank failure, they merged Credit Suisse, the second largest Swiss bank, into UBS, the largest Swiss bank after it lost all support from its shareholders and from investors and was basically on the brink of collapse. That's a fairly significant story I've been watching for a long time. You and I warned the Department of Labor back in 2015 that the Credit Suisse was a serial corporate criminal and really didn't deserve to be advising US public pension funds. They ignored us and gave them a waiver allowing them to continue that status as a pension fund manager until just this year when they finally caught up and kicked them out of the program. But there are other big banks that are equally engaged in the kind of serial criminal activity and some of them are exposed here as well.

So the last thing I'd say is that we've just found out that the recent estimates that had been made about how underwater US bank portfolios are in their loan and bond portfolios and exposed to interest rate increases of the kind that Powell was considering, there are really hundreds of US banks that are in even worse shape than Silicon Valley Bank, which had about 98% of its deposits uninsured and many of them from so-called whale companies, the whale depositors with billions of dollars of uninsured deposits.

Ralph Nader: Meaning they were over the $250,000.

James Henry: Oh, yeah, absolutely. There are dozens of companies with tens of millions of dollars of uninsured deposits. Circle, a technology company that provides stable coins, had $3.3 billion of uninsured deposits.

Ralph Nader: Let me interject here. Some of our listeners are wondering why these big companies are so stupid as to put in uninsured deposits way, way above the $250,000 guaranteed by the FDIC. Companies like Vanguard and Fidelity distribute their money market funds all over the country to banks, keeping it under 250,000. Now, obviously to anyone in business, putting a billion dollars in one bank is a huge risk. Why did they take that risk? What'd they get in return?

James Henry: Well, this was a club. This was the place that every VC [venture capital] in Silicon Valley banked. If you were a young tech company that just got $2 million in deposits you were subject to the rules about drawing that down and conditions on when you could pay it out to your employees. And the bank, Silicon Valley, came to be the place to be for all of these venture capital companies that were really calling the shots. And so there were a lot of quid pro quos going on. We've already seen that Governor [Gavin] Newsom got three of his Napa Valley wineries funded by Silicon Valley Bank. There are stories about low-interest loans to the founders in exchange for deposits so-called back-to-back loans. To get to the bottom of all that, requires a decent investigation. This is a federally insured bank. This was covered by the FDIC. In fact, the Federal Reserve had its inspectors in there since 2021 talking to them about doing basic things like hedging and having a risk manager. They didn't have a risk manager all last year and they had all this deposit concentration. But the other basic theme about this is that the Federal Reserve chairman, policy people around him, and quite a few people on the libertarian right have been opposed to stricter bank regulation. And since 2017, Silicon Valley Bank and other banks have been lobbying to eliminate the stress tests for banks with deposits less than $250 billion. So, this is a real failure of regulation at the federal level. Anyone could have expected that interest rates would be rising after a period of 12 years with negative or zero real interest rates; financial community is cleaned up. One of the reasons we have all these insured, nearly $8 trillion of uninsured deposits in the US banking system, especially since 2019, is because of all this quantitative easing that was going on by part of the Federal Reserve.

It's pretty simple to understand. They decided during the pandemic they would basically inject a lot of liquidity in the market so they started buying securities from mutual funds and the deposits that were received there bloated up the amount of deposits at the banks. And then a lot of banks, like Silicon Valley, got into the business of grabbing these deposits from their depositors in exchange for loans and then investing them in US treasury bonds. And now a lot of those bonds are not so-called marked to market. They are undervalued on the books. There's at least $610 billion of those book assets that have not been marked to market on the US bank's books these days.

Ralph Nader: You think many of our listeners understand what you're saying?

James Henry: No.

Ralph Nader: Do you think the majority of the American people even begin to understand the machinations of the Federal Reserve and the banking system? Isn't that the most basic problem that they don't understand?

James Henry: It is, absolutely.

Ralph Nader: Therefore, they don't know what to demand. By the way, Silicon Valley Bank is at state-chartered bank even though it's under FDIC.

James Henry: That's right.

Ralph Nader: It's a state-chartered bank. It's not a federally chartered.

James Henry: That's right.

Ralph Nader: Let me just try to clarify cause we're going to be losing the audience on this because it's so, you know, marked to market and all that. Let's assume, Jim Henry, you were formerly chief economist for McKinsey and now you're a major reformer and investigator of the international banking system. You've uncovered all kinds of international banking crimes involving big law firms, Panama and elsewhere. Let's say you were going to rewrite the whole regulatory banking system in this country. What would you do? Let's be very clear about what would you do from the beginning? You're the decider.

James Henry: Well, thanks for that question. The first thing we learn from the history of banking crises in the United States is that banks are really the Achilles heel of capitalism. This keeps happening. And we got used to a period when banking crises we thought had been taken care of and that we could just assume that someone in the Fed or in the US Treasury or the regulators at the global level would understand all this stuff and they would reform the system, raise their capital requirements for banks and a bunch of other things that we tried to do since 2008. But the fact is that this is a political problem. The banking industry has more power per square inch in Washington and in state capitals and in every major capital city in the world than almost any other industry. Maybe not so much as Defense, which might be the comparable one, but they have scores of lawyers and lobbyists that work on these regulations. And basically, since late '80s, they've been on a path to get banks deregulated. Deregulation has been their siren song. And they got people in both parties to go along with a massive amount of deregulation of the banking system. This has resulted in a huge increase in the concentration of the banking markets. But I would say that the first and most fundamental thing that comes to mind here in terms of this, is you can't separate issues like *Citizens United [v FEC]*, and the influence that corporate and financial power have in Washington, from the technical solutions that come up for this system, because the solutions again and again have favored the banking industry.

Ralph Nader: Okay. That's why I asked you to be the decider. Never mind all the influence, which is quite impressive of the banks over Congress. In fact, one senator once blurted out, "the banks own this place." What would you do? What kind of regulatory system would you put forward?

James Henry: First of all, I'd put in place much more proactive examination and much more powerful, proactive regulators of the banking system to prevent this. In the case of Silicon Valley and Signature, it was pretty easy for an examiner to tell that they had all these concentrated uninsured deposits and that they weren't using hedging mechanisms. For a bank to actually be in business, it has a responsibility to be a public citizen by opening its books and to make regulators a part of the team. One of the strong lessons from this episode is that you need much tougher bank regulators. We have a balkanized alphabet suite of regulators at the federal level. There is no single regulator; there are a bunch of different regulators, and the states also get involved, which is quite a serious problem.

A second problem is this question of what to do when the banks fail? Throw more money at them? bail them out? And my solution there is no. You actually put some people in jail, and you investigate, and you may well decide to nationalize some of these banks or to publicize them rather than—as we did in 2008/2009—throw tens of billions, actually more than $500 billion of subsidies and more than $2 trillion of loans at the banking system.

Those are two things. Stop bailouts, more direct intervention, and upfront more prevention is needed. I don't think we're in favor of trying to have government ownership of the entire banking sector. That's not what we're calling for here. But undoubtedly, we need more public action.

Ralph Nader: Let's talk about the rule of law here. There was a head of the Kansas City Federal Reserve Regional Board, [Thomas] Hoenig, his name was. Years ago, he was asked whether any legal limit existed as to what the Federal Reserve could do in terms of buying securities in order to throw more dollars into juicing the stock market and pleasing the banks, and he said, No, there is no limit to the Federal Reserve.

More recently, Secretary of Treasury, Janet Yellen, implied that the federal government may guarantee all deposits in the banking system if it's necessary. They have already guaranteed all the deposits, above the legal limit of $250,000 per account of the Silicon Valley mega millionaires in Silicon Valley Bank and the depositors in Signature Bank. Where does she get that authority? Where does she get the authority that she can announce, without getting a bill through Congress, that the federal government and the taxpayers—the ultimate guarantor here, can in effect guarantee the deposits, not just of the little folk up to $250,000, but all the rich people. For that, I asked Bruce Fein, our resident legal scholar, to comment, and Steve Skrovan is going to read his comment.

Steve Skrovan: Bruce said, “The Fed, Treasury Department, and FDIC had no authority to ensure de jure or de facto deposits at Silicon Valley Bank or Signature Bank exceeding a statutory ceiling of $250,000. Indeed, the federal agencies cited no legal authority in requesting 11 major banks to deposit $30 billion in Republic Bank. Only Congress can raise the $250,000 ceiling and bills have been introduced accordingly. But the federal bank regulators are acting outside the law and suggesting it will guarantee all deposits, no matter the amount, to quell the fears of depositors and a serial run on banks, even if Congress does nothing.”

Ralph Nader: Now, let me take you, Jim, back to Henry Paulson, Secretary of the Treasury under George W. Bush. When the banking system was collapsing on the workers in the economy in 2008 and had to be bailed out, Secretary Paulson and the chairman of the Federal Reserve and a couple other guys in the federal government called down the executives of Citigroup to a private weekend meeting, and they decided then and there to provide hundreds of billions of dollars of loan guarantees and direct subsidies to bail out a collapsing gigantic Citigroup Bank, which was mismanaged in very serious ways in taking on reckless speculations. He was asked by the *Washington Post* about what he did. And here it is, Secretary of Treasury Henry Paulson said, “We didn't have any authorities to do what we did,” namely the bailout. But “somebody had to do it.” Okay, you're a graduate of the Harvard Law School. Where are the lawyers here in Congress, outside of Congress? Where are the bar associations? Who speaks up for a banking industry that is literally above the law and can be saved again and again, therefore, encouraging more risky behavior in order to get more bonuses for more profits for the top dogs of these giant banks that everybody now understands are too big to fail, meaning they're too big to fail, therefore, the government's going to bail them out? As conservative syndicated columnist commentator George Will, once wrote, “If they're too big to fail, they're too big to exist, period.” So what's your view of all this?

James Henry: Carl Kaysen of Princeton [University] once said that computers will never replace bankers or businessmen because they don't know what they're doing. And in this case, a lot of these situations that we get into are the result of prolonged inattention to these issues by not only the congressmen and even presidents, but also ordinary Americans who assume that someone else is watching. And then the banking industry goes in and writes the laws and has its way with regulation and dominates a lot of the appointments. So I don't apologize for the Harvard Law School folks who are suddenly called out to stop all this on legal grounds. When we get into these situations where right now, we have 2,315 banks in this country, nearly half of the banks, with a lot of uninsured deposits and more than $11 trillion of assets that are in jeopardy because of what's going on. A lot of those guys have not marked their books to market because the feds let them get away with it. And it's as simple as that. In that situation, how are we going to deal with the crisis? We shouldn't have faced this crisis to begin with. We should have anticipated it. So, it's easy to say in this situation that we have no authority to do this. We didn't have any authority to be asleep either. We decided not to pay attention to this. And it came to be a very unsolved problem in our political system, which is how do you get…

Ralph Nader: I think you're hitting it the nail on the head. The banking industry has the economy in the United States of America by the throat. They're holding it hostage. They're basically saying to Washington and the media, look, regardless of how we got into this mess — greed, mismanagement, speculation, blaming others, scapegoating—the reality is, you got to bail us out. Because in 2008, when the banking industry collapsed, even after the bailout, there were 8 million jobs lost. The country was thrown into a recession and the taxpayers had to foot the bill in Washington, DC. No executives of any of the banks were prosecuted, convicted, or sent to jail, unlike the savings and loan scandal a decade earlier when 800 of these officials were prosecuted and sent to jail. There's an argument to be made that when an industry has an economy held hostage, it forfeits its right to private enterprise. That's the rationale for nationalizing the banking system, period. What's your answer?

James Henry: Well, that's right. Maybe General [Augusto] Pinochet in Chile is the model here. In 1983, the Chilean banks had gone heavily into lending abroad and then the peso in Chile collapsed, and Pinochet was faced with either bailing out all the Chilean banks, which owned about 90% of the private sector, or nationalizing them. He decided to nationalize the banks. And this is what I said we should have done in 2009, because in March of 2009, the entire shareholder positions of the top four banks in the country for about $150 billion. You could have taken them more…

Ralph Nader: What an incredible bargain.

James Henry: At that stage, you could have fired all the managers, restructured the banking industry and done what Pinochet did, which is to privatize it and then the Chilean government made out like crazy. I'm not proposing that kind of dictatorship situation, but it's certainly an alternative to tossing hundreds and hundreds of billions of dollars into the pockets of the same executives who got us into this mess and just standing back...

Ralph Nader: Just to show you, listeners, by comparison. What roughly would the price be today if the US government wanted to buy out the top four banks?

James Henry: Well, I just ran the numbers, and the market cap of let's say JP Morgan is more than about $390 billion today. It's probably falling as we speak, but the top 10 would be somewhere on the order of $3-4 trillion or so. And a decade ago, if they had nationalized these institutions and sold them back, they could have done that for $100/$200 billion, bought a significant share of the ownership of the bank. And they could have sold them back to the private sector. We're not interested in having the government run the banking system. But when you get into a crisis, do you toss hundreds and billions of dollars into the same pockets of the people who have just mismanaged the whole situation? Or do you fire them and get another group to come in and restructure the banks and put some of those people who ran them into the ground in jail?

You're absolutely right. There's more than—I added up recently the total number of financial crimes committed by the top 20 banks in the United States between 2000 and 2023. And this is 14 different categories, everything from tax dodging to money laundering and mortgage fraud: it's more than 1,300 crimes by the top 20 banks. Nobody went to jail during this period. None of these institutions lost their licenses. Credit Suisse didn't lose its license. And that was probably one of the worst offenders. But JP Morgan and Bank of America lead the country in financial crime. Bank of America has paid $84 billion of fines in the last two decades. JP Morgan has paid more than $40 billion of fines.

Ralph Nader: Not to mention Wells Fargo.

James Henry: Wells Fargo, yeah, absolutely. Wells Fargo, Citibank, just look at the top 10. There's a great site called violationstracker.com run by Good Jobs Now, which tracks all of this information about the banks. But the point is that all of these penalties that we imposed on them for this chicanery were in the form of fines that came very late, long after the profits had been realized. Nobody went to jail; nobody lost their licenses. And the fines are in many cases just passed on to customers. For Credit Suisse's $2.6 billion fine that was imposed in 2014 when they were caught helping Americans evade taxes, they got a tax deduction for their $2.6 billion fine. So, these fines don't have any impact on the financial institutions. In fact, it's part of the business model.

Ralph Nader: Just to summarize your point. You're saying it might be better—when this cyclical bank crisis occurs, as it seems to have every few years—2008 and now—for the government to take them over, fire the board of directors and the officers, restructure them and then sell them for a profit because they can take them over and buy the stock asset valuation for a very low price, restructure them, and then sell them to reputable bankers and make a profit. That was done with the GM bankruptcy.

James Henry: That was done with NatWest in the UK. They nationalized the bank, took it over, and sold it for a profit. But you won't hear anyone proposing that in the *New York Ti*mes; it's taboo.

Ralph Nader: Jim, I have to correct both of us here. Just in the last few days, a high executive of Wells Fargo had to pay a fine and may go to prison for 16 months. Why? Because she was involved in the Wells Fargo fabrication of millions of bank accounts for depositors without their okay — credit card accounts, auto insurance loans—and the staff of Wells Fargo were put under great pressure. They were also given quotas. And up until just now, nobody was prosecuted and went to jail.

James Henry: Well, the senior vice president and she is going to jail. So that's the exception that proves the rule. It was so exceptional that it got a front-page story. But yeah, in general, all of these other kinds of crimes and many of the ones we're talking about are actually organized crimes. You can't set up a massive department to do mortgage fraud if you don't have tens of people dozens of people involved in it. I think the fundamental point that we have to get back to is to prevent this from happening, tough regulation upfront is needed, which is not bemused by the libertarian ideology that pretends we don't need bank regulation. And after the fact, when you have these crises, you have to actually penalize some of these banks by taking them over, restructuring them, and then cleaning them up. And that's what hasn't been done. That's my twofold solution to your question.

Ralph Nader: Jim, before we conclude, how can people reach you? Tell us briefly about the work you do.

James Henry: Yeah, I'm reachable in a number of different ways. I'm on Twitter @submergingmkt and I have a number of *DC Reports*. I'm a senior editor there. Just send me an email. That would be great. It's jhenry@sagharbor.com.

Ralph Nader: That's jhenry@sagharbor.com. Thank you very much, Jim. As usual, keep up the good work.

James Henry: Pleasure to be with you.

Steve Skrovan: We've been speaking with James Henry. We will link to his work at ralphnaderradiohour.com. Next up, we're going to apply to the Ethical University. No guarantee we'll get in. And I think David has a legacy. But first, let's check in with our corporate crime reporter, Russell Mokhiber.

Russell Mokhiber: From the National Press Building in Washington, DC, this is your *Corporate Crime Reporter* "Morning Minute" for Friday, March 24th, 2023, I'm Russell Mokhiber. New research shows that the decline in local newspapers has led to a subsequent rise in organizational wrongdoing within the community, particularly when there is a lack of community connectedness. The findings are contained in the paper, *The Crisis in Local Newspapers and Organizational Wrongdoing*, which was published in *Organization Science*.

"Because local newspapers, through their general watchdog function, play an instrumental role in balancing economic and non-economic values, we investigated whether the significant decline in local newspapers in United States weakened the enforcement mechanism that would normally curb organizational wrongdoing," said one of the authors, Canadian Business Professor Mike Valente. "Our results in fact show that that the decline in local newspapers increases organizational wrongdoing, but this relationship is moderated by community social connectedness." For the *Corporate Crime Reporter*, I'm Russell Mokhiber.

Steve Skrovan: Thank you, Russel. Welcome back to the *Ralph Nader Radio Hour*. I'm Steve Skrovan along with David Feldman, Ralph, and Hannah [Feldman]. What's going on with the commercialization of universities? David?

David Feldman: Alison Dundes Renteln is a professor of Political Science and Anthropology at the University of Southern California, where she teaches law and public policy with an emphasis on international law and human rights. She's co-editor with Wanda Teays of *The Ethical University: Transforming Higher Education*. Welcome to the *Ralph Nader Radio Hour*, Alison Dundes Renteln.

Alison Dundes Renteln: Thank you very much. It's a pleasure to be with you.

Ralph Nader: Welcome indeed, Alison. Listeners should know that Alison many years ago spent a summer at our center and has gone on to become an enormously prolific writer, networker, and academic event producer. I've gone through this book, *The Ethical University*, Alison, subtitled *Transforming Higher Education*. And although there are a lot of alarms in this book documented, from my experience, it's still an understatement as to the level of corporatization and corporate takeover of university missions, sometimes university departments with joint ventures, and the university redefinition increasingly to be vocational education, downgrading the liberal arts, the social sciences, and the humanities.

And you point this out in your introduction, which has a very important paragraph I want to read. "Another cause for concern has been the tendency of universities to invite more individuals from the business world to serve on boards of trustees rather than those with substantial experience in university life. This propensity for university boards to be dominated by those from the corporate world has generated substantial criticism. Despite their expertise in corporate affairs, they often lack sufficient familiarity with the intellectual life at the university. One manifestation of the influence of the business world is the increase in the number of deans, "administrative block". Deans also speak in the jargon of the business world—strategic plans, business models, teams, and so on. Grant proposals are expected to be formulated as business plans."

What I'd like to have you discuss is the extent to which the mission of a university, which is to produce enlightened graduates, people who are going to be engaged in civic activity, as well as to produce skills that they can use in the marketplace or for a government service. You come from USC (University of Southern California) known mostly out east for its football team. And you've witnessed this change over the years that you've been there as a professor of law, professor of political science, and it's a private university, I understand. Tell us a little bit about USC as a paradigm shift here.

Alison Dundes Renteln: Well, I've certainly admired your leadership on so many issues to promote democracy and your book, *Civics for Democracy,* is one that we need to reissue and use in our classes because universities have shifted towards this emphasis on vocational training and to the detriment of critical thinking and reasoning, emphasizing the importance of commitment to democratic institutions and so on. So there's been a shift towards more practical skills and having courses that teach students how to get jobs and in that direction. But I do want to beg to differ on how USC is perceived now. It may have been back in the day that we were known for football, but I do think that there's been a shift towards emphasizing interdisciplinary education. And we had a provost, Lloyd Armstrong, who really played an important role in shifting emphasis towards academic life. And that's why it's been quite sad for me to observe the changes in the recent decade because we've had a backsliding in that regard. We really should be thinking about how to make universities a place for learning and production of knowledge and making the world a better place. And the book is really an attempt to argue for reimagining universities so that we return to the mission of universities, which is not to promote future corporate leaders, although some of them may do that, but to produce people who will contribute to society in many different ways.

And my experience at USC has been mostly positive. I've been supported as someone who's very interdisciplinary. My background is in history and literature, jurisprudence and social policy, human rights. And I was supported all through promotion to tenure and full professor, and I've seen many of my colleagues supported in their interdisciplinary work. So I do have to praise USC for its serious commitment to interdisciplinary and multidisciplinary thinking. But the problem has been that there's become an obsession with fundraising at USC so that people didn't pay attention to some of the problems that we experienced. For example, I'm sure you read about the problems with our student health service, just as one example, that for decades students were complaining about being molested by a doctor, Dr. [George] Tyndall, and the university knew about and didn't do anything. So, it's been heartbreaking to see that at the same time the university paid more attention to interdisciplinary programs that the obsession with fundraising really undermined efforts to pay attention to the wellbeing of students. And so that's why we had a change in our president. The 400-faculty met one day and called for the president to leave. And we had hoped that there would be a change in the leadership, but we still have the same board of trustees mostly. And as you pointed out, the board of trustees control universities, and the board of trustees are mostly people from the business world who don't have experience with academia. And they're very smart people, very successful and they're probably well intentioned for the most part. But they don't meet with faculty. We don't have faculty representation. So as you rightly pointed out, we have one of the most serious problems with USC and many university is the lack of shared governance.

Ralph Nader: One of your recommendations was to have half of the board of trustees be faculty and also have some student representation. Do you know any university or college that actually approximates that representational ethic?

Alison Dundes Renteln: I can't think of an example. There are some universities where faculty governance is better. I think the University of Pennsylvania had a really strong academic senate. But there are certainly somewhere some faculty on the board, where we have not had that. So I would rather have a board that's mostly comprised of faculty, students, and staff and maybe have two representatives from the business world, so that the decision-making about the future of universities is governed by people who are involved in the actual work of the university. And obviously, we need funding to have the university continue. But if we had state funding of universities and we didn't have tuition… basically, we need to just restructure the university in fundamental ways so that we could avoid this problem or quagmire of having corporate control of universities, which is basically what we have.

Ralph Nader: Not only that, but these large public universities, as you know so well, are very top down. And the people who have the greatest stake—the faculty, the students, and the alumni—don't have much governance say. Some alumni have a say on sports, of course, big-time sports. But it's really quite remarkable in institution that's supposed to be devoted to democratic deliberation, intellectual life, justice, opportunity broadly defined, that the decisions are made by the administrators and the board trustees largely in secret. That's what's at stake in removing the anthropology library at the University of California, Berkeley, your alma mater.

Alison Dundes Renteln: Yes.

Ralph Nader: At one of the great anthropological libraries in the world, the decision was made by the administrators to save $400,000 when they're paying the football coach millions of dollars and when the chancellor is making twice as much as the highest paid governor in the United States, the governor of California. So you point this out. Readers should know this book, *The Ethical University: Transforming Higher Education*, is a series of chapters contributed by different people who know the subject that they're writing about. And in that way, there's a lot of ground covered. And I want to focus—you had a course for a while where you taught civic skills, and you were kind enough to use our book, *Civics for Democracy*. At the time, we thought, “Wow, if that course is taught at USC, it may spread to other universities.” One community college in in Ohio had a civics skill seminar and the students loved it. And in neither case was there any discernible diffusion of this idea; it's one thing if universities ignore an idea, but you showed it was a success. Can you tell us a little bit about what happened?

Alison Dundes Renteln: We developed a course in applied politics that was basically an attempt to do what you and I had discussed. And you were brilliant when you came and spoke at the university. The room was packed; it was standing room only. Luckily, the fire marshal didn't come. And so now there are multiple sections of that course being taught by different people in politics and the students love these courses, but I'm not sure if the university appreciates the student demand for these kinds of courses in civic education. And one version of it was taught by somebody, Dr. Míchel Angela Martinez, who taught a course on organizing, had worked with the National Lawyers Guild, and we have people who are former legislators and so on. So the course is very well established in the department and every semester there are usually two or three versions of it. But I think it needs to be incorporated in high schools because it's shocking to get students at the college level who don't know about the three branches of government. I even get students in law school who don't know how judges are selected. I really think that the high schools need to have some kind of civics class and that the model needs to be part of what's required to graduate from high school. There should be an exit exam from high schools. I know you've worked with Congressman Jamie Raskin on his democracy camp. Maybe all students should take that, which is offered around the country, along with your book, and then have further training in high schools. We need something that's nationwide. It can't just wait for diffusion. Our democracy is in too much jeopardy to wait to have the USC’s course spread around.

I was also going to mention that a classmate of mine, Leslie Cornfeld, has an imaginative idea. She set up a national equity lab that has professors like me—I hope that USC is going to join this consortium of 13 universities—where we teach courses online that go to students in areas where they don't have access to prep schools and so on, and then they're mentored so they can get into really good colleges. That's also geared more towards high school students.

One of the reasons that some of us came together to do this book was not just that we were distraught by the failure of the leadership at our universities and the failure to protect students and libraries and our own wellbeing, it was also that we thought the discussion of the role of universities has been pretty much controlled by people and schools of education. And while they do good work, all of us have a stake in the future of universities in the 21st century. And so the book has people from many different disciplines writing about topics such as the treatment of athletes, whether older faculty have a duty to retire, discrimination against international students. There's a wide range of topics about problems basically at universities where we try to identify solutions to these problems and bring in people from all different fields to get universities back on track thinking about their mission.

Ralph Nader: Right. You make a good point. It should start in high school, even middle school. Formal education in our country is averse to studying about abuses of power, especially corporate power. And I've got to give you an example from my time at Princeton long ago because this has been going on for a long time. There was a course in the Department of Political Science by professor HH Wilson, *Power in America*, which is pretty well within the rubric of political science, right? *Power in America*. He was ostracized by the department. It took him the longest time—even though he was well published—to move from associate professor to full professor. Because instead of just teaching about [Georg Wilhelm Friedrich] Hegel or John Locke or others, he was teaching about corporate power. He would have a powerful corporate lawyer come. He would show that companies sold flammable fabrics. And he actually had a demonstration of the weak regulation over flammable fabrics. And he never was recognized for that. And he wasn't an outlier. That's been the story for decades.

And the point you make in this book, internal conduct of a university and the external pressures and servitudes of the university to corporate power are interconnected. Tell us about the millions of adjunct teachers in some schools, the bulk of the courses, and what they're paid.

Alison Dundes Renteln: You raised so many important issues that it's challenging to respond effectively to all of these because there's so many issues here. But one of the issues is that people who do imaginative work that threatens institutions may be punished. They may not be denied tenure, but there may be delays in their promotion and so forth. The issue of political bias at universities is one of great concern. In recent years, now with the internet, if faculty, even tenured faculty, say something, make a mistake, they can be attacked and maybe put on leave and so on. So academic freedom is under attack now as well. And that's related to the point that you're making about the increase in the number of adjuncts who are paid a few thousand dollars or several thousand dollars a course. They can barely make ends meet. They don't have the kind of health benefits and other protections that universities offer. So the fact is that the percent of faculty who are tenured or on tenure track has been reduced greatly. And universities are instead hiring adjuncts. First of all, it's a cost savings mechanism, but it also means that they have greater control over faculty because basically they can be dismissed at will. So that really threatens the ability for people to deal with controversial topics, to challenge institutions and so forth. So those two issues are very much related.

Ralph Nader: With adjunct teachers numbering in the millions, by the way listeners, we can say that there's a new form of sweatshop that has been developing at universities around the country in recent decades, and there have been some efforts among these adjunct teachers to form a union, but it doesn't seem to have succeeded and the media hasn't paid enough attention to it. I heard one figure, Alison, where there are many as 7 million of them, many of them at community colleges, not only four-year colleges. Do you know anything about the union movement in this area?

Alison Dundes Renteln: I don't know the number of unions that have been formed, but I know there are movements not only for the adjuncts, but also for graduate students who are paid a pittance. That's another form of sweatshop. The graduate students can barely survive on what they're given to complete their PhDs. But it even goes further than that. Another manifestation of this problem of imbalance of power is the fact that within a department, we now have people on the tenure track, professors of teaching and professors of the practice. And that creates even more sibling rivalry within departments, which divides the faculty when they need to work together against the administration that continues to pause retirement benefits and so forth. All of these strategies that have been employed at the suggestion of consultants from McKinsey and other firms, basically undermine efforts to bring people together, whether in unions or in other kind of collectives, to challenge the abuse of power at universities, which has made universities less hospitable because faculty are pitted against each other.

Ralph Nader: The book is *The Ethical University: Transforming Higher Education*. We've been talking with Professor Alison Dundes Renteln, whose book is extremely important. If you can get students to read again, the chapter by Steve Sanders on *Secrecy in the University* shows that it's worse than I thought. Why are non-disclosure agreements needed at universities?

Alison Dundes Renteln: It's outrageous. If you ask what solutions I have, one is that there should not be non-disclosure agreements and there shouldn't be secret severance packages that they paid to people like Dr. Tyndall that basically reward people for wrongdoing. Decisions made in secrecy about leadership is very disturbing. I completely agree with you. It is much worse than we realized. Universities are being guided by these search firms like McKinsey consultants. We thought the reason they were hiring all these deans was that to have people to develop strategic plans. But then the deans turn around and hire consultants. So the whole thing is complete siphoning off of funding that should be going to libraries, to student scholarships, and so forth. These kinds of searches should not be conducted in secrecy. The last chapter of *Secrecy in the University* that describes his subjection to abuse and threats, is not only scary but horrifying.

Ralph Nader: He has a section about paying an ex-president in secret at the University of Indiana. It's pretty startling. It's like the way the corporations operate; they even have retention bonuses to this ex-president.

Alison Dundes Renteln: Yeah, totally. But they do that with faculty who are favored. There's a lot of cronyism behind the scenes where people pretend they have offers and then they get anticipatory retention funding. A lot of abuse goes on. If we are talking about issues of misuse of money, there are issues of compression of salaries and gender pay equity. There are so many problems at universities, but we can't get them rectified because the administration doesn't listen to us. We don't have any power. People have abandoned academic senate because it has no power. I favor a university model without presidents because they're manly for fundraising. The top officials should be co-leaders. The provost should be the chief academic officer and should be chosen largely by the faculty in conjunction with the president of the academic senate. And if the academic senate were a co-leader with the provost, everybody would want to join the academic senate because we would believe that we would have some influence. Most tenured faculty don't join it because they think it's a waste of time. So we lack any real shared governance. We have a system that's designed to fail, that's designed not to make changes. And part of what was so disappointing after our president was removed was that we were told they were going to restructure the USC leadership. We were told we were going to be given reports about what had happened, which we were never given. We were told that the trustees were going to have listening sessions. So, we would go and speak before them, but they wouldn't respond to us. And so, there was no exchange. So, we told people that we had listening sessions during which they listened but didn’t really hear us. We need to fundamentally change the way universities are structured so that the stakeholders, faculty and students, the people for whom universities exist, are at the center of decision-making.

One thing we haven't talked about is the lack of any kind of real accountability. All the grievance mechanisms at universities where we do identify problems, are all institutions, all mechanisms or units within the university where the university is paying their salaries. These people have a vested interest in protecting the university. They're basically trying to avoid negative publicity, litigation and so forth. If we really want to fix universities and have public discussion of problems, we would have something like an inspector general or some kind of commission on higher education where people could have complaints reviewed. Because having it done by a university and by people whose careers depend on pleasing the university makes no sense whatsoever.

Ralph Nader: That was one of your recommendations at the end to have some sort of independent commission, with the emphasis on independent… There's so many other things we're not going to have time to discuss like tuition compared to Western Europe, except for England in recent years. They don't pay much tuition at all for higher education in France, Germany, Italy, Australia, New Zealand. But in our country, we introduce young Americans who go to college/university to years of debt, years of debt servitude. There are some people paying off student loans who are under 60s and 70s now as these loans get rolled over and rolled over with high interest rates. And we didn't discuss the commercialization overall of the university as we might someday in another program. But the commercialization of big-time sports is a true scandal, and it keeps becoming a worse scandal as the years go by.

One of my concerns, and I'd like your comment on this, the Bayh-Dole [Act] legislation, which was signed in the last days of the [Jimmy] Carter administration, allowed billions and billions of dollars of government research and development that go to the universities. And the researchers at the universities to work on these grants and allows the transfer for very inexpensive royalties to corporations. So what was funded by the taxpayer goes to tax-supported universities and ends up in the hands of profit-seeking private big corporations. I begged Carter not to sign it. It's one of the few times I got through on a phone call. But the argument was made that too many of these grants were not developed into commercial products, and therefore, the taxpayer wasn't getting an adequate return. There was just basic research parked at universities. Do you have any views on that?

Alison Dundes Renteln: Yes, I think this is so important. Education should be free for people who don't have income. There should be a sliding scale. If people come from very wealthy families, they should pay tuition, but it should not be charged to families that don't have the means. Textbooks should be open access. I know you've worked hard to try to get the price of textbooks reduced. I think they should be open access and students should get them through the libraries as eBooks. In terms of the public-private partnerships, from the professors’ point of view, they lose their intellectual property rights. I've had colleagues leave because they've invented things in the medical field and they wouldn't get any credit for it.

So it's problematic not just that corporations get the royalties, but the universities get them. And the faculty who are the ones who are creative lose any kind of success financially from that. When my colleagues get grants, they have to pay sometimes as much as 60% to 80% overhead, which creates a disincentive even to get grants if the university is going to claim that they need more than half of it for “overhead”.

So there are two other things about the commercialization of education. You go to the bookstore, books used to be on the main floor. Now you walk in, and you can buy sweatshirts and other various products, but the books are in the basement. The bookstore isn't a bookstore anymore. That's one more manifestation of the commercialization of universities. Another thing is that teaching evaluations are no longer done with pen and paper; they're done online by a company. So as Professor [Laura] Nader has pointed out, teaching evaluations were supposedly developed to democratize universities, but have been mainly used by administrators to punish faculty. They're sent to all the students, whether they've come to class or not. We are essentially sent evaluations and evaluated by these companies. It's all outsourced. It’s fine for people to be critical of faculty to help improve our teaching, but they ought to be written by students who've actually been to class. In the past, evaluation forms were given out in class for students to fill out. There are blackboards where we have to post our syllabi and our exams, and our intellectual property is owned by a company.

There are endless examples of exactly what you said about the problematic nature of the commercialization of universities. We really ought to look at how universities function in other countries that don’t charge tuition. Our post-secondary education cost is so overwhelming for some people that they can't choose careers in public interest, which is truly very sad. I want to note what you said at Class Day when I graduated from college, which was that even if you have to go into the corporate world, you can devote one day a week to doing public interest work. Ralph, you telling us that we should still, even if we have to take a corporate job, do some good in the world. I'll never forget that.

Ralph Nader: We've been speaking with Alison Dundes Renteln, a co-editor with Wanda Teays of the new book, *The Ethical University: Transforming Higher Education*. Thank you very much, Alison.

Alison Dundes Renteln: Thank you very much for having me. It's an honor to speak to you as you're one of the great leaders of our country.

Ralph Nader: Thank you.

Steve Skrovan: We've been speaking with Alison Dundes Renteln. We will link to *The Ethical University* at ralphnaderradiohour.com. I want to thank our guests again, James Henry and Alison Dundes Renteln. For those of you listening on the radio, that's our show. For you, podcast listeners, stay tuned for some bonus material we call “The Wrap Up”, which features a lot more from our interviews and also our new segment, *In Ca\se You Haven't Heard,* with Francesco DeSantis. A transcript of this program will appear on the *Ralph Nader Radio Hour* Substack site soon after the episode's 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.

Steve Skrovan: The American Museum of Tort Law has gone virtual. Go to tortmuseum.org to explore the exhibits, take a virtual tour, and learn about iconic tort cases from history.

David Feldman: We have a new issue of the *Capitol Hill Citizen* 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 of ralphnaderradiohour.com and post a comment or question on this week's episode. We'll pick some standout comments. Be sure to tune in next week. You may hear Ralph's response.

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. Be active. Focus on Congress.