David
00:00
So one of the things that I think everyone expects coming out of this historic election and the Democrats taking over Congress is that there's going to be this mountain of oversight. Robert Garcia, who's the head of the House Oversight Committee, his statement after the victory was two words, lawyer up.

Laurel
00:22
And there was another member, I think, that their response was just subpoenas. There was a one-word response after the election.

David
00:27
We're trying to get lower and lower on the press releases. And so clearly there's going to be a major push, a major effort towards investigating what has been going on over the last two years, both inside and maybe even outside of government in the economy, and try to arrive at some understandings and solutions.

Laurel
00:54
There's no shortage of oversight topics. I think we just saw that the CEO of one of the major railroad companies basically raised his hand for asking for oversight by very publicly making threats to anyone who opposed the railroad merger, saying he would increase rates.

Speaker 3
01:11
And if I stick around, which I probably will, I'll probably increase everybody's rates that said they didn't want a seamless railroad by three or four extra percent to teach you a lesson.

Laurel
01:19
So it seems like every week there is now, you know, someone else raising their hand, Jensen Huang with NVIDIA.

David
01:26
It was more than his hand that was raised. But anyway, so yes, it's a target rich environment. You're absolutely right, Laurel. However, I think there is a good way and a bad way to do oversight. I wrote a piece about five years ago called Investigating Oversight that was basically about why oversight hearings suck.

Laurel
01:53

So we need some oversight of oversight? Is that what I'm hearing?

David
01:56
We do need some oversight of oversight. I mean, the traditional oversight hearing that we have today is all the members get up in a hearing. They get five minutes each to do the questions.

02:09
They don't show up until it's time for their moment of their five minutes to be asked. They don't know what's been asked before. They go in and the cameras turn on.

02:19
They try to make a moment that will go move on social media. And then they walk out of the hearing room. And that's sort of the end of the hearing.

02:28
And that has nothing to do with, I think, the traditionally what oversight is supposed to be about.

Laurel
02:35
So oversight takes more than five minutes.

David
02:37
It takes more than five minutes. And it could take as much as a year or more. And the purpose of it is not to gather attention and get an ephemeral hit on Twitter or wherever. The purpose of it is to gather information so that you can write policy in an informed way, that you can identify problems that are happening in the economy or in the country or whatever and come up with solutions for them. Either because you're publicizing the information that you gathered or you're finding out new information and finding out new market failures and finding out new things that need, you know, problems that need to be solved.

Laurel
03:20
So, David, we have a great guest today who actually has personal experience with oversight. So Reed Showalter is an anti-monopoly attorney. He ran for Congress this year in Illinois' 7th District, and he worked for Lena Kahn at the FTC, Jonathan Cantor at the DOJ. And in 2019 and 2020, he worked in Congress for at least 16 months on the House Antitrust Subcommittee's investigation of big tech platforms.

Speaker 4
03:48
It's now my pleasure to introduce today's witnesses. Our first witness is Jeff Bezos, the chief executive officer of Amazon.com. Mr. Bezos founded Amazon in 1994 as an online bookstore.

David
04:25
And, you know, just what the purpose was and what and what lessons we can draw. Yeah.

Laurel
04:31
How we built trust with witnesses, how this was actually, you know, one of the few bipartisan successes of Congress in the last number of years.

David
04:39
Yeah, it's really, really important stuff. And we're excited to bring it to you. I'm David Dayen.

Laurel
04:44
I'm Laurel Kilgour. And this is Organized Money. Money.

Speaker 5
04:50
And we know now that government by organized money is just as dangerous as government by organized mob.

David
05:15
All right, Reed Showalter, thank you for being on Organized Money.

Reed
05:19
Yeah, absolutely. Such a pleasure. Great to see you both.

David
05:22
Awesome. So you briefly ran for Congress's cycle and obviously we're paying attention to the election quite a bit. Did you expect as big a victory as we saw on election day?

Reed
05:39
No. And some of this is probably the experience of being a progressive, being a Democrat and self-flagellating over and over again. and preemptively celebrating and having those hopes dashed. So I was in a place that I think lots of people were, which is cautiously optimistic, but expecting the worst up until basically when they called South Carolina and suddenly we've got ruby red states turning blue.

06:08
One of the things that I think maybe is most surprising to me is how much the change in the underlying economic reality for people has opened a pathway for people to legitimately consider new forms of economic governance too. I think this is a lot of what has undergirded the rise of people like Mamdani and Abdul Al-Sayed and the various populists that we have. It feels as though maybe the first exposure to Trump was constrained enough that people didn't feel the same level of desperation.

06:51
And I think it's almost like we got the final act of the neoliberal governance cycle that was kicked off by Reagan and Carter before him and the several generations after that, where, you know, you watch the wholesale handing over of the economy to not just like corporate raiders, but also to people with an active disdain for democratic power.

Laurel
07:19
So how did that sense of changed economic circumstances show up in the conversations you were having with voters?

Reed
07:26
This is the silver lining I feel a lot of the times about being in anti-monopoly spaces, which is because the entire economy has become concentrated and predatory, you can go up and knock on doors and talk about the fact that healthcare monopolies are ripping you off, talk about the fact that food monopolists are making groceries too expensive. And I think a conversation that maybe people were not willing to have 20 years ago, you knock on doors with a message like that and people say, yeah, absolutely, finally someone's saying something. And I should clarify, obviously I ran for office in this cycle. I didn't run for office 20 years ago. I think a person running for office, and especially those who ran for office for the first time, are on the doors more acutely or more proximately are reflecting that message a lot more than many of the people whose first time running for office was 20, 30 years ago and are sort of stuck in an old economic and democratic model where if they were ever on the doors, which I think there was less of a priority on organizing at that point, they were hearing things that just didn't match this level of economic dissatisfaction.

David
08:41
Yeah, I think that's true. I think we did see more people running this year on economic populism, you know, against corporate power, things like that. And another thing that I noticed is that Democratic candidates were really able to weave the corruption argument and the affordability argument together. And that's something I think you were calling for and others. How important was that to sort of personalize the whole notion of corruption and bring it home to people and make it tangible?

Reed
09:17
Yeah, I think it's really important. And one sort of twist on that, too, is when you ask people about corruption, people's definition of corruption is, I think, a little different than the sort of narrow beltway definition of corruption. You know, people think of corruption as just Donald Trump and his kids getting rich, and it's absolutely a part of that.

09:36
But there's polling and just in the conversations that you have on the door, when people think about corruption, they think about the warping of government towards private ends generally. And so I think people have been wanting and receptive to this idea that corruption is this widespread abandonment of democratic government's duty to actually serve regular people for a long time. And I think it is, it's frankly lucky and long overdue that the Democratic candidates who are running have finally found a voice and a message for this idea that corruption and affordability and the idea that government can and should serve you are kind of the same message because it is about delivering on the social contract here.

10:23
The social contract is that government should serve you, not private corporate interests. It is that the idea of a government official getting rich off the post shouldn't even come to mind. And it is that making a governing system that makes it possible for the Walmarts and Amazons and Open AIs and healthcare companies of the world to be as fabulously wealthy as they are while people are struggling to make ends meet is also corruption and a failure of the system.

Laurel
11:03
seems like one of the things that people want to see in from this next congress is investigations and you read were part of one of the big investigations of the big tech platforms back in the day which was you know one of the most successful congressional oversight efforts in some time in the sense that it led to actual legislation, you know, and led to a lot of exposure of big practices that were widely covered by the media, maybe changed some perceptions.

Speaker 4
11:30
So my first question, Mr. Pichai, is why does Google steal content from honest businesses?

Speaker 7
11:36
Mr. Chairman, with respect, I disagree with that characterization. Just last week, I met with many small businesses.

Laurel
11:44
How did you get involved in that investigation? And what was your role in that investigation.

Speaker 7
11:49
Yeah,

Reed
11:50
I came into that investigation pretty early on as a legal fellow earlier on. And the work of that investigation, I think, can and should be a template for how we think about investigations and our general oversight priorities going forward. The thing about that investigation that I think not a lot of people credit is the duration and intensity of I think people paid attention to the end stage of that investigation where there were CEOs that were hauled before Congress and a 450 page reports with several hundreds of footnotes and multiple pieces of legislation and referrals that ultimately became cases that the states and the DOJ and the FTC brought.

12:39
But this was an investigation. It was 16 months long. It was longer than a year.

12:44
And it was designed over that duration to do more than just say, like, we've pre-decided what a law is or we've decided what our big primetime news hearing is going to be. It did coalitional work, right? It actually built a durable record.

13:02
It built a big record. We did a field hearing, for example, in Colorado that not only brought members out of D.C., but also was a radicalizing point for some of our Republican coalition members on the subcommittee who went into their own districts and heard from businesses in their space and got the Colorado attorney general to testify as well and brought in the state attorney general apparatus into the investigation. And so all of that, I think, in combination is the type of template for the oversight that we need to see.

Laurel
13:37
So how did you choose Colorado as the site for the field hearing? What was the political calculus with that?

Reed
13:43
One, it was a place where we had a couple members who were important and in some sense, convincible. Right. This is this was where Jonah Goose and Ken Buck both were.

14:00
And on both sides of the aisle, Joe Neguse is a Democrat, but before this investigation, it's not as though he was talking in the language of antitrust and anti-monopoly. And Ken Buck is a

Republican who was sort of flirting with the idea of antitrust, but hadn't been deeply engaged in it. And so you got a chance to say, we're going to bring this home to your district.

14:21
We're going to put businesses you know, constituents you know in front of you, and also just create enough space, like you occupy enough mindshare for some members who maybe are open to it, maybe could be sympathetic, but don't think about it every day, suddenly you create champions. And those two both ended up carrying forward multiple of the eventual bill packages that came out of the investigation. So pay dividends.

David
14:46
Yeah, absolutely. And you mentioned this rhythm to the investigation that was 16 months long. And the hearing, the hearings we remember, at least with the, with the came pretty much at the end. So there was a whole fact-finding process that went on with subpoenas and things like that. You know, when you were at the beginning of this, what did you want to find out and how did you go about trying to secure the information that you needed?

Reed
15:18
Yeah. At the beginning of the investigation, the goal was to understand corporate power in digital markets. It really was as broad as that.

15:29
Actually, interestingly, it was as broad as that and as narrow as that. Those are the two important parts of it, right? You can say, we're not going to talk about healthcare and ag, even though those are very important. We're not going to talk about foreign policy, even though it's very important. We're going to say, pick a lane, but be broad enough in that lane to really consider it.

15:51
And over the that, what emerged was a four company focus, Google, Apple, Amazon, Facebook, Facebook at the time now meta. And the focus of that investigation was, again, we knew that the digital economy was concentrated, but we didn't have a full wrapper of how that actually worked. You know, we would get little things that would pop up, either a data scandal, or it turns out that Facebook had enough saturation in a foreign country to kickstart and add fuel to a genocide.

16:29
And we were hearing that workers were peeing in bottles as they were delivering Amazon orders. And these were like little things that were popping up, but nobody had really mapped the architecture of how that works within these companies. And so the goal was to say, great, can we put something on paper?

16:48
Can we do fact finding at a level of detail here to really lay this out and make it possible for legislators, but also for enforcers to take up the baton? Because remember, when we were doing this investigation, Donald Trump was president for the first time.

David
17:06
Yeah, this was in 2019, 2019, 2020,

Reed
17:09
just to be clear. Yeah. That's right. Yeah. 2019 and 2020.

17:12
And so enforcement against corporate power was not really top of mind. There was, there was the beginnings of, um, the sort of horseshoe touching. And strangely, this was the, the, like, we're going to go after big tech because we feel they are censoring conservatives, but not because necessarily the corporate power itself.

17:31
Um, but there wasn't, there wasn't a meaningful investigation of Apple or of Amazon or Facebook for that matter. And so we were trying to say, what does it actually look like to lay this out in detail? Because that type of record is the thing that makes it possible to do really important work further on.

17:49
And that record can sit for a long time, right? Even if we didn't win, you can make a record like that that state enforcers can pick up, plaintiff's attorneys can pick up.

Laurel
17:57
What were some of the challenges that you faced in building that record? Because these tech platforms, I'm guessing, were not completely willing partners in the investigation. So, you know, tell us a little bit about how they were resisting requests for information. Was Google telling you it was hard to search its own documents? You know, that kind of thing.

Reed
18:15
Yeah, it's the standard thing you'd expect. Everyone says, well, we can't possibly produce that or we don't keep that record. Or when you produce it, it gets produced in PDF files that have been printed and then re-scanned and resubmitted so that they are uh difficult to to machine read one of the things that i think maybe um people don't consider is also trying to keep legitimacy in the wider uh democratic caucus right like this was an investigation that was

authorized but some of the work is like in order to use subpoena power you need backing from leadership you need to be able to credibly say hey, we're asking for this stuff.

18:57
You have to give it to us. They will say no, like in litigation or whatever. And you need to be able to go up to, at the time, Nadler and the committee chairs and say, hey, this still matters.

19:10
And we need to be able to back this with a subpoena threat, which means it needs to be on firm political footing. We need to show that there is a coalition that cares about it, not just in the caucus, but maybe plausibly bipartisan. And so that was one of the things that, you know, we like the subcommittee and the staff there had to go justify their existence pretty regularly over the 16 month period because you're poking at big donors and you are stirring things up.

19:34
It hasn't yet manifested in big political winds. And so while you're fighting the kind of the bullshit tactical stuff of like getting document requests, you're also constantly trying to make sure that you have enough top cover to do the work, which is why things like the Colorado field hearing are important.

David
19:50
So on the one end, you have the tech firms sort of resisting giving the information that you're seeking. In the middle, you have the needing backup from the higher ups in the Judiciary Committee. But on the other end, I imagine because we have the same problem on this show, finding people who are competitors with these platforms, who work, are partners or who are reliant in some way on these platforms to actually speak out. Um, and I know you did that in the hearing the field hearing in colorado and some other places But take us through how difficult that was to find people willing to to go on the record

Reed
20:32
Yeah, it is It is astonishingly difficult especially in antitrust hearings or in antitrust investigations to get people who are willing to speak out for obvious reasons, right? the the people who are the subject of antitrust investigations control the most powerful concentrations of economic might in the world. And so retaliation is a real threat.

20:55
And, you know, Facebook, part of the Facebook case, the original version of the Facebook case was that Facebook didn't like how some of its competitors were acting. And so it turned off API access and, for example, like killed Vine because it, because Vine wouldn't let them buy them. So imagine the mild slate of not letting a company buy you was enough for them to shut you down. Imagine if you went to Congress and spoke out actively against them. There's huge, huge risk, and the companies there knew that.

21:27
A lot of what we were doing was making sure that we kept much of this reporting secret. We said, if you speak to us, we won't disclose unless you want to disclose. and I think

David
21:41
it was secret even to the members when you were briefing them I remember hearing this you didn't have hard copies of the slide deck and they weren't allowed to take anything home

Reed
21:53
that's right, yeah you couldn't take anything home and everything remained on file on subcommittee computers so that anything that got sort of circulated around was very tightly controlled for exactly this reason if you blow your cover for a mid-sized company or a small company, it's life or death for that company, especially in the early stages of the investigation. There's a little bit more coverage when you get to the end of this, when you're like, there's a CEO hearing and we as a congressional body are calling attention to this. Then people get a little bolder.

22:28
They recognize that it's serious. They recognize that there may be some political protection, but starting it up, it's nearly impossible to do that unless you can say, you can trust us to keep your confidences. We're going, we're trying to understand this factually and we're trying to keep it secrets.

22:44
Um, but yeah, this, this is one of those things I think that also, um, sometimes when people reach for a hearing and say, we want to have a quick hearing that demonstrates the need to do something here, they underestimates how difficult that will be in part because you need to build trust and a record and the ecosystem to allow that to happen. If you're trying to spin this up on a one or two month timeline, you're not going to get people who trust you with the life of their business. And you can't really get meaningful oversight then if you don't have that longer cadence and that capacity to build that trust.

One of the things I want to talk about are the hearings. So you eventually get to them after being armed with all this information, having the ability to draw from all these sources.

25:02
And I'm curious about how you prepared lawmakers for that hearing, because one of the things they were kind of burned by just a year or so earlier was this hearing with Mark Zuckerberg where people didn't seem to even know how a phone worked, right?

Speaker 8

25:18
How does that show up on a seven-year-old's iPhone who's playing a kid's game?

Speaker 7
25:22
Congressman, iPhone is made by a different company, and so, you know, I mean...

David
25:26
You know, how did you get people up to speed, members up to speed? Because it was one of the more effective hearings of CEOs where they really seemed to have a command of the material.

Reed
25:37
Yeah. Yeah, this is one of the things that I think is maybe the highlight of this investigation was that the hearing, like the big flashy hearing is, there's a reason why it was so late in the investigation. Like the hearing is not the starting gun.

25:55
It is not the closing gun. It's like the fin that pokes above the water on the swimming body of an investigation. And so the earlier work that we were doing, both the staff briefings to members for months previously, the field hearing, the topical hearings that happened before this, all of those were not just about fact gathering on our side and coalition building on the staff side and doing the sort of legislative work.

26:21
But it left you in a place where when you saw the big primetime hearing, the hearing that everyone paid attention to, there had already been several hearings where members had seen these issues before. They had engaged with small businesses who had been complaining. They had seen background briefings.

26:38
And so the repetition of that, the number of times that you've had exposure to it, just makes a member better at it, necessarily. It's a practice situation. And I think it is it's uh oversight malpractice to have your big important hearing happen with your members before they have had like many touch points that engage with that beforehand so i i think like on the senate side when you had members asking facebook how they make money and how the internet works it's a reflection of the fact that this is a hearing that was a hearing that was put together I think rather quickly to respond to, um, to, to a news cycle rather than saying, here is something that we have, you remember the hearing that you were a part of two months ago.

27:26

Do you remember the briefing that you got six weeks ago? Do you remember when you went to this event to talk to small businesses in your district? All of those things sort of create the Christmas tree to hang the knowledge on so that when you show up in front of a CEO, that's, you know, one of the fortune 10 companies, you know what the heck you're talking about. And you don't need the briefing materials as much. Like, obviously, the briefing materials help. The staffing is critically important.

27:52
But a lot of those members could have done it themselves at that point.

David
27:55
They internalized it. Yeah, that's interesting.

Laurel
27:59
Yeah. And did you have lots of mock questions?

Reed
28:02
Yeah, yeah. Yes. The other half of this is like, we got good at asking questions at that point.

28:09
We had spent many months reviewing the millions of pages of disclosures. We did the work on the back end of getting the actual disclosures, not just asking a question and saying they didn't respond, but we had read their emails. We had gone through the chat messages and read the corporate strategy docs and done basically functionally a DOJ or FTC scale law enforcement investigation and then said, hey, here are the hot docs, here are the corporate strategy that we understand.

28:42
And so it makes it easier from a staff side to say, like, you know, you can't teach anything you don't understand yourself. It's the same thing for staffing up your principles for this. You know, the members aren't able to ask questions if they haven't had exposure to it.

28:55
But like as a staffer, as a subcommittee staff, you can't really prepare your members if you don't have a deep understanding too. And that also requires doing the deep work for it.

Laurel
29:05
And let's talk a little bit about what came out of this. So there was a final report that you came out with that was not just here are all the facts, you know, great facts. We've discovered the hot

quotes and whatever, but also legislative options to fix the problems that you uncovered, which is, you know, one of the things that oversight is supposed to be about.

29:22
Right. Like not to just, you know, create viral social media clips or catharsis of yelling at people. Right.

Reed
29:29
Right. Right. Yeah.

29:30
I think there's a few things that came out of this that I'm really proud of and should be a template. Obviously, there's the several bills that came out of it, a couple of which passed. For example, we passed both the largest change to merger funding and reporting that had happened in 35 years, as well as pretty substantial changes to the ability of states' attorneys general to bring cases against antitrust targets.

30:01
There are still bills that are out there that are non-discrimination bills and things to go after the monopoly taxes that the platforms levy against apps and other people. But it wasn't just the bills. We also laid the groundwork for a good deal of federal enforcement and state enforcement.

30:22
The Amazon case at the FTC is built in large part on a lot of the investigative materials there, or at least we handed off a lot of that, and it seemed to show up in a lot of that work. Future cases against Google for ad tech and against Apple for their monopolization was at the very least informed by that work. And then to your point, David, earlier, this type of work is a real power-building opportunity for governing moments.

30:51
this investigation was a place for Lena Kahn before she was like big fancy Lena Kahn, right? She spent 16 months working very deeply, cutting her teeth on the process of a government investigation of big tech companies before she led the FTC. And it allowed her to, one, build that skill set, but also continue to deepen connections and build a profile.

31:16
And the other people on that subcommittee, like Slade Bond went on to become a deputy assistant attorney general at DOJ. And Phil Barenbroich went on to a position in the Senate. And several of the people from that ecosystem went on to continue to move that work forward in more senior seats elsewhere in government.

David
31:40

I would just add one more thing that that investigation accomplished. And it's the reputational impact on big tech. You know, one of the things we would hear around that time is, hey, why are you going after these companies?

31:54
People love these companies. This is a suicide mission. Everybody loves Amazon.

31:58
Everybody loves Facebook.

Laurel
31:59
Yeah, they still had the Obama ear aglow.

David
32:01
Exactly. And that's just not true anymore. That's really flipped. And I really feel like, I don't know about you, Ray, but I really feel like the investigation played a major role in that.

Reed
32:11
Yeah, I agree. And, Laurel, you said something really important there, that the tech companies had the Obama era glow. I think people, in government especially, forget how important government's relation to the economy is like, it creates the ways that people feel about it, right?

32:32
Like, that mood about tech or big corporate power is essentially contestable. And part of the reason why everyone said people love these companies, not the whole reason, but a decent part is that these companies were never challenged on the reputation they had built. For example, like senior Google leadership was formerly a part of the Obama White House.

32:55
They were part of his campaign and they were senior advisors in the White House.

David
33:00
I wrote a story at the end of the Obama administration that Google executives met with Obama administration officials at least once a week on average. Yes.

Reed
33:12
Yeah. And that, I think, continues to happen. But the one-sidedness of that is part of why, you know, people even in the Democratic Party are like, Google is cool. And it's, it is cool to be a progressive and think that big tech is an unmitigated good.

33:33
David, you're exactly right. I think having an investigation to say, we as wielders of democratic power are going to show you also that there are harms here, that we recognize that there are harms.

David
33:45
Not as opinion, not as opinion, but like here's a list of facts. Right. We're going to lay out exactly what these companies are doing and let you draw your conclusions from that.

Reed
33:55
That's right. That's right. And so doing that, yeah, doing that work, like using government for that end is, I think, the response every time when someone says, you can't go after these companies, they are beloved, or you can't go after this issue because people don't understand it, or you can't go after this because it's not sexy, that is not actually like a diagnosis of whether you'll be effective. It's just a recognition of the current state, and all of that is mutable and contestable, and doing it through something like government investigations is exactly how you change that.

David
34:31
Right.

Laurel
34:31
Right. So what do you think are some of the lessons from your experience for what the new Democratic Congress will face when they come in? And what do you think are the highest priority oversight topics?

Reed
34:41
Yeah. Yeah. I think, one, if I could ask for one thing from any of the people who are coming in to do oversight, it's that they have the duration and attention span of this type of investigation.

34:56
Because there's going to be such a push to show immediately that you have a shiny to show. There is a mandate for oversight. There is a mandate for investigations.

35:06
And that's good. That's important. We should do that.

35:09

But also, we need to do it right. If we show up with embarrassing investigations that don't have anything behind them, then we're going to squander the mandate that progressives got elected in on. And so doing that right looks like, you know, it doesn't need to be done exactly like the antitrust investigation was, the digital markets

Laurel
35:30
investigation. They may not all be 16 months, but it is interesting to think that like, if, you know, 16 months from, you know, January 2027, if they get started right out the gate of something big like that, then that starts to run up to the, you know, 2020 presidential election. So, you know, how should that impact the way that people are thinking about oversight?

Reed
35:50
Yeah, I mean, I think people, people should engage a little bit in the marshmallow game here, right? Like, don't eat the marshmallow today, you get two tomorrow. Because this is the type of work that not only will deliver on the mandate, but it'll deliver on the mandate at the time you need it to. There isn't, I don't actually think there is a way to do it right quickly. You have to,

David
36:15
you have to pick either quality or sign. I think this is such a huge problem. Like, there's a real tension here.

36:22
I was on a panel yesterday, and this came up. And one of the that some of the people said on it is that, oh no, the public attention span is only a few months. We really have to capitalize soon.

36:36
And I'm like, you're just gonna get bad investigations then. You're just gonna get bad hearings then.

Reed
36:42
That's right. Yeah, and I think there's a twin worry for me, which is people are gonna wanna say, not only do we need a quick investigation, but it needs to be of everything, right? ~~37:16~~

So I'm curious about what sort of cautionary tales, other cautionary tales you might have in mind where oversight didn't live up to what it could have.

Reed
38:05

Yeah, like I think many of the other investigations that you see are one hearing at a time. Or they pop up as maybe helpful reports. Like there are several times where, you know, you get an alert over Politico or there's somebody in a group chat sending you, look, this member did a 40-page report on this one issue, which is cool.

38:32
And I'm not going to call out anybody's individual report. Those are all great. But they are a reflection of, I think, missing one or both of these essential elements, which is like a duration and scale of focus and then a specificity.

38:48
Either you get somebody popping in and saying, I want to do this and I'll give my staff a couple months to work on it and we'll come up with a report at the end. Or somebody saying, I want to be the person who has the answer on, you know, all of like price gouging or whatever it is. And so in either case, the investigation like structurally fails.

39:14
I think running through and saying, as we did, we're going to identify an industry and then very quickly within that say, here are a few things within that industry that we can narrow our focus to. Even if you were to say tomorrow, like, we're going to investigate health care. Too big.

39:31
You can't do a health care investigation.

Laurel
39:32
How early on in the big tech investigation were you narrowing what you were going to do?

Reed
39:37
I think, I mean, the whole process is a process of narrowing.

Laurel
39:40
Sure.

Reed
39:41
Right. I think we were narrowing very early. And so it started with big tech and you sort of start casting around your questions.

39:51

But within a few months, you know, here are the major actors or at the very least, here are the actors that we can get our arms around. You know, obviously there are other parts here. Like we could have investigated Microsoft.

40:02
We could have investigated chips. We could have investigated lots of parts of this. And they are all deserving of investigation.

40:12
But in order to do it right, you have to say, OK, cool, we're going to combine this to like the digital platform economy. And these are the four companies which have sort of outsized both power and harm that we can tell have like synergistic bad practices. So we can we can learn across the two or across the four, I suppose.

40:33
Doing the same thing in a given industry is really important. And so like pick your industry, pick your targets quickly. And I think it is okay to miss things.

40:44
Like we knew that we were not going to get into the obvious harms that a Spotify or a Microsoft does to the digital economy, right? That's an okay thing to recognize. You are not going to be able to solve all of it.

41:00
Like my call, if there are lessons to learn for incoming members and incoming committees and subcommittee staffs is picking something is actually a virtue. Missing out on something is a virtue there because other people can do that work. And if you can do the work better, it's better to have good, high quality, long duration, meaningful work than it is to have a bunch of slap shot stuff that fails to stick.

David
41:24
That's great. And it's really important. You know, the other thing here is that I think a lot of members and certainly a lot of people in the rank and file see the corruption coming from the trump administration and want to go after the administration directly and you know they're almost certainly going to resist any kind of oversight in fact just this week they they said the justice department would view investigations of the executive branch as criminal so uh you know in that sense it seems like it makes more sense to go after the companies on the outside doing business with the Trump administration, the ones getting the favors, because they're going to have to be around after Trump leaves office, right? So, you know, if you're thinking about this from, you know, inside as a staffer, how do you get at the things that I think a lot of people want to deal with, which is Trump administration corruption, without falling into that trap of the subpoena goes in the trash can?

Reed
42:27
Yeah, I think that's, you put your finger right on it, David. You need to find places where people are actually going to be responsive. And not only do you have companies that will be a little bit more afraid and afraid of the duration of congressional investigations.

42:45
So you can say, we're going to subpoena X or Y big company and their nexus to Trump corruption. And so we're not going to be stonewalled by the white house or the doj or whatever it is but the other really important thing is doing investigations that have some sort of private sector nexus is like there are allies you know you yeah you can talk to third parties who for example uh got jilted out of a defense contract um and are upset about it and saw some of the inside work you can talk to companies who were kicked off of boards or were former investors or whatever it is. That type of work.

David
43:23
The whistleblowers can come from the outside. They don't just have to be from within government.

Reed
43:28
Yeah, and having a nexus there where you can say, we're investigating this industry and we're sending some friendly subpoenas to other parts of the economy so that it is protected and that there is some top-level cover with their legal departments. It allows you to actually get at facts. and I think politically it also guarantees that a lot of the work you're doing matters to regular people right there's a lot of Trump corruption that is deeply problematic and is an affront to norms but like there's a difference between corruption that is like Donald Trump picking offensive paint colors for his new ballroom and corruption that like costs Medicaid billions of dollars and increases the outlay of funds to like Kazakh mining companies to the tune of $100 billion of taxpayer dollars over 10 years. Like those are things that actually cost people a lot in their day-to-day life. And it just so happens that the Venn diagram of those two is like things that touch the real economy with Trump corruption are those types of investigations.

Laurel
44:39
So when you're holding hearings, how do you, I guess one way of phrasing it is how do you make sure that the lawmakers who are coming in and out of these are not just grandstanding and getting their clips, but making sure that the hearing questions build on one another and there's some kind of progression to the questions between different members?

Reed
44:58
Yeah. I mean, I think I kind of reject the frame.

Laurel
45:02
Okay. Right.

Reed
45:03
Like this is the way to do that right is to understand that the members want to grandstand and get their clips. That is what the system rewards. The thing is, the way to get your clip is to have a series of questions that builds towards something.

45:19
You have five or six minutes of questioning time, depending on how whatever that is structured. All five or six minutes of those are not the clip. They never are.

45:28
And so if you can bring something to a member and say, hey, we've got a dozen of you who are all going to ask questions. Each one of you is going to get a cool gotcha at the end, but it requires you to walk through, like, let me, you know, for, for, for Amazon or for Google or something, let me talk about how, how is search pre-installed on your phone? Whatever.

45:50
Take, take your thing and like walk through several questions so that you can arrive at something that is interesting and exciting. That's actually just like, that's good staffing, um, or both elements of it. You get your issues covered.

46:02
And it's better to have a member with a topic focus that delivers the thing that is like a continued thread. So you can actually investigate something in a hearing and something that arrives somewhere. Like you should structure questions that are not for questions that are like different topics. You should structure it as like, Hey, if you follow this thread, you'll get a cool clip and that matters.

46:24
Um,

David
46:25
it's not everybody. It's like the pellet for a guinea pig at the end of the, At the end of the maze, you're going to get something good at the end, but you need to go through this maze first. Hey, it's Dave. On the show, we have learned that billionaires don't think your pain is real. Thank you, Corey Doctorow.

Speaker 7

46:44
You can't inflict the pain needed to make a billion dollars without not truly believing that other people's pain is as real as your pain.

David
46:52
That AI has roughly the discipline of an unleashed golden retriever. Thank you, Gary Marcus.

Speaker 8
46:58
The level of comprehension here is, I mean, like you could tell your dog, you know, don't chase after the other dog, but it's not going to chase after the other dog.

David
47:06
And that there's actually a way to fix all of it, courtesy of Minnesota State Representative Emma Greenman.

Laurel
47:13
It turns out unrigging our democracy and unrigging our economy is the same project.

Speaker 4
47:17
The truth is you can get lies for free. The whole media is organized that way.

Speaker 8
47:23
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David
47:50
All right, well, we have a few minutes left. I want to get into your current work. You are the director of reimagining government at the Roosevelt Institute.

48:01
I didn't know one person could do that. You reimagined the entire government. Tell me about that work.

48:06

Tell me what you're thinking about.

Reed
48:09
Yeah, that's right. Well, one person can't do it. That is, I should clarify.

48:15
That is why we are all doing it together. But yes, a lot of the work I think that many people across the ecosystem are doing is trying to learn from the lessons of the past several transition moments and crisis points where we came in at various levels of governments at transition moments and just didn't have plans or we had values but we hadn't done the mapping. You know, this is even to a certain extent in the anti-monopoly side, like we, we kind of caught the car and suddenly, um, Lena Khan was at the FTC and Jonathan Cantor at DOJ and Timu in the White House and everybody's got positions and we're like, what's the, what's the plan?

48:59
Um, and so this work, uh, as one person in a constellation of many great people who are doing this everywhere, there are people at, um, at the Columbia center, there's people, um, at, you know, groundwork is doing great work. AELP is doing great work. You know, there's like, there's a million and a half institutions, the Federation of American scientists, everyone's sort of like picking up parts of this.

49:22
Roosevelt is doing a decent element of that work as well saying, Hey, we're going to have not just a transitionary governing moment, but we're going to have to like, um, rebuild out of the ashes of a crisis of government that we haven't had in a long time. So like, how do we hire a hundred thousand people quickly? Um, how do we build digital infrastructure that allows you to deliver benefits?

49:47
How do you, um, do like meaningful public engagements? How do you have engagement with Congress that is effective? How do you have agency teams that are being stood up and doing good work. And all of that is the stuff that gets kicked to a transition usually, but a transition for a president is, you know, a couple months long and not nearly enough time to really meaningfully do that work. And so along with the many other people who are very smart on this, I am part of a team at Roosevelt who are doing some of this pre-thinking to say, like, we're going to have a governing moment.

50:23
Knock on wood. I tactically have to believe for my own sanity that we are going to have a governing moment in a couple years.

Laurel
50:31

Right.

Reed
50:31
And I think if we don't do it right, we're not going to deserve to have another moment again.

Laurel
50:37
Right.

Reed
50:38
So that work means like setting up plans, policy plans to deliver on many of the things we've been saying before. How do you get healthcare affordably to people? How do you break up corporate power?

50:51
How do you make sure that farmers and ranchers are protected and that grocery costs are lowering? But also, how do you have a government that is like operationally capable of doing that thing, especially after it has been hollowed out by the Trump administration and people have lost faith in it? So that is, it is a huge swath of work.

51:11
A lot of the stuff that we're specifically doing right now is like the ticky tacks of like what are the legal authorities to get people in the door and get these machineries moving again and get authorities going and get rulemaking quickly and have legislative proposals that actually are ready to go on day one. And it is the type of work that I think if you are in the like democratic nonprofit ecosystem, Like this is the vital work because the whole point of being in the wilderness is that you actually refine a plan.

Laurel
51:43
So what are some of the government authorities that you're looking at specifically? Like what's top of mind for you?

Reed
51:49
Yeah, there's a huge set here.

Probably right now the federal government has the authority to march in on overly high drug prices. And not just drug prices, you could probably use that to march in on other IP, like fertilizer and chemical inputs for, yeah, for farmers. There are a bunch of places that are laws on the books that have just fallen out of favor that require the sort of like I dotting T crossing to actually mobilize, but you could do a tremendous amount of good in the same way that Trump

came in and on day one levied multiple double-digit tariffs on every single trading partner in the world, you could do a lot of that for good.

53:51
You can do a lot with executive or agency power.

David
53:54
It sounds like a day one agenda almost. And you appear to be super interested in, if not low-key obsessed, in the Tennessee Valley Authority. That's another one that is along these lines where it's existing and it can be leveraged to make a lot of real progress.

Reed
54:15
Yeah, I have been obsessed with the Tennessee Valley Authority since I found out that it existed. And it's such a perfect example in my mind. Forgive me for nerding out for a little bit.

54:26
But in the last major wartime mobilization, post-World War I and II, we had built these huge public manifestations of economic power. The federal government used to intervene in markets in a way that is normal. We used to have public factories.

54:45
We turned all of the public factories that were wartime factories into things that served the economy. The Tennessee Valley Authority not only electrified huge parts of the American South and redeveloped huge parts of those local economies, But also, it was physically producing fertilizer and then was the leading producer of, like, fertilizer technology for many decades forward. The United States was a fertilizer exporter and was the leader in fertilizer innovation for many decades, specifically on the work that the Tennessee Valley Authority did.

55:17
And we just stopped one day in large part because the fertilizer companies were pissed that their tech was being put out of business every few years by the really smart government side.

Laurel
55:25
Because the government was so innovative for the private sector.

Reed
55:29
Yeah, which is like, what a slap in the face of the usual narrative.

David
55:34

Right.

Reed
55:34
And, you know, you think today, right, like, it is the case that every dollar that you reduce the cost of fertilizer, you reduce the total cost of all food by up to 30 cents. So, like, you want to make groceries affordable, let's do some fertilizer policy.

David
59:02
So just to wrap up then, we've talked a lot about oversight. We've talked a lot about this moment of moving into sort of a governing mode. In a year, how will we know whether Democrats are succeeding on this front?

59:21
What are your benchmarks for success? Maybe a year is too soon, as we just talked about. But what are your benchmarks that they're moving in the direction that you kind of want to see them moving in?

Reed
59:33
Yeah, I think a year from now is when you should start seeing the first marks of it. And this is one of those things that like, it's still going to be a little quiet. I think if they're doing it right, a year from now, you will not have seen dozens and dozens of hearings that sort of flash in the pan and go away.

59:56
You will have seen some fact gathering, some serious fact gathering. you will see subcommittees that have hearings and inquiries and requests that sound like they're part of a thread. You should be able to look back at a hearing schedule for a subcommittee for a year and say, oh, I think I get what they're going for.

01:00:22
And if you instead look at a hearing thread and see basically, Like, here is hearings that look like the headlines from your Google alerts for the last year. Democrats are failing. If you have something that looks like it is following threads, following real agendas, that is successful.

01:00:41
And I think we shouldn't put the pressure that we need to have the big, splashy thing yet. We don't need to have the big bill yet. We don't need to have the CEO hauled before Congress.

01:00:53

Because if we do the work right, that type of sort of thematic channel will enable you to do that in 28 in a way that people really care about.

David
01:01:06
Well, great. Reed, this was a fascinating conversation. Thank you so much for being with us.

Reed
01:01:12
Yeah, absolutely. Thank you all for making the time and for consistently doing this great work.

Laurel
01:01:25
so that was a fascinating conversation with someone who has a lot of deep expertise that I think members could benefit from but at the same time all of those members are going to have a lot of different pressures on them from a lot of different directions you know and people who you know, maybe they get some experienced staff, like, you know, there's a ton of, you know, new interest, I think, resurging interest in coming back into Congress, and maybe there's some returning expertise. But a lot of these members are new, and will have a lot of staff are new and don't have this experience of patiently building investigations over many months. And at the same time, you know, their constituents are kind of yelling at them for burning down the system, immediate change. At the same time, you know, the pressures we've seen over the last number of years of always, you know, wanting social media virality and kind of instant gratification. So, you know, can these very new members who, you know, are justly, you know, feeling pressure for immediate change, you know, pass the marshmallow test of oversight?

David
01:02:26
Yeah, I think there are good points and bad points to this crop of new members. I mean, I think it's good that they don't come from, you know, the ranks of legislatures or don't have the same mindset, maybe, as some of the other folks that we have who've been in Congress 10, 15, 20 years. And it's kind of, you know, they kind of know the rhythms of this. I think these, you know, wanting to shake up the system is a positive thing. The system needs shaking up.

Laurel
01:03:00
Right. And they might be able to better resist the marshmallow test of like, don't let lobbyists write all of your legislation and drive your entire strategy for you than some existing members, right?

David
01:03:12
Absolutely. But at the same time, I think there is a point to be made that, you know, just understanding what oversight is supposed to be about and understanding that this is an

investigation and that investigations aren't instant and that they shouldn't be outsourced to the media. I'm arguing against interest here.

01:03:30
They shouldn't be outsourced to media reports like, oh, I found something really juicy in an article and now I'm going to do an oversight investigation on it. I mean, that usually only goes so far, right? And chasing headlines is not necessarily the best way to get success.

01:03:50
It really requires the kind of approach that I think Reid and his colleagues at the House Antitrust Subcommittee back in 2019 and 2020, how they engaged in it, how they really tried to break down what was happening in these markets. It really is just a market defining and understanding that they were doing, and that was really important.

01:04:34
So I think it's going to be there is a lot of tension here. I mean, that thirst for justice and accountability is real because we haven't had it for like a quarter century. Yeah, absolutely.

01:04:48
There's going to be a real push to like get something done. Like we are sharks and you need to throw us some chum like right now. Right.

01:04:58
And that's not how oversight works and not how the best oversight works anyway.

Laurel
01:05:04
Right. Yeah. And there's something to square with the way that I think a lot of kind of incumbent staff are thinking in terms of, you know, they do have some patience, but in terms of their legislative agenda, it's very much like small, small wins, kitchen table, like, but but not getting to the root of the problem. And, you know, you do need the complementary oversight to actually get to root causes that lead to solutions that match the scale of the problems that we're facing.

David
01:05:31
Yeah. And to be to be clear, there are pluses and minuses there with with, you know, we kind of got in a habit on the Democratic side of creating big omnibus bills that sought to change everything about everything, like H.R.1, which was the the money in politics, but also gerrymandering, but also more things about election administration. It was like 500 things.

01:05:57
You couldn't explain what was in this bill. Inflation Reduction Act and Build Back Better, same kind of thing. And try to throw everything and agglomerate it together and just pass one thing.

01:06:06
I think there's value in small board. Just as Reid was saying, there's value in narrowing yourself. Right.

01:06:12
Yeah,

Laurel
01:06:12
that was a really interesting point he raised about looking at TNEC as sort of a failure. Like it turned up a ton of interesting information and thoughts about different aspects of the economy. There was, I think, a really interesting report on patent reform that came out of it, but I think never led to anything. So I think that there is something there about, you know, at some point you do have to do some ruthless prioritization of what are you going to focus on.

David
01:06:37
Yeah, it's super important. And so, but at the same time, it may not satiate the hunger that's out there if you're doing, you know, we want to fix this little thing in this operation of this particular corner of an industry. So, yeah, it's going to be it's going to be messy. It's going to be fascinating. And I do hope that like members and staffers in particular, like like find this episode because that was a whole lot of great insight about what it takes to do.

Laurel
01:07:10
Like Reed, and there are many people beyond Reed as well who have that kind of expertise of how you do oversight rate. As much as we lament rightly how Congress has been a little bit of a shadow of its former self in terms of no longer having the Office of Technology Assessment, which would have been really helpful for setting up a big tech investigation. That was basically like a... The investigation that Reed was a part of shows that you can do this if there is a will.

01:07:38
It's maybe, you know, not what it what it used to be, you know, the core level hearing, but like we can still make really important major changes based on these oversight investigations. And I do actually after this, you know, unexpected scale of the wave election and, you know, challenges to leadership and all of that. I, you know, I do have hope that there there is some actual real appetite to do this, that the, you know, the members who are capable and interested of doing this will will emerge and take leadership roles.

01:08:07
And if you and if you do oversight, right, like hopefully that creates a virtuous cycle where Congress convinces itself, oh, wait, I should be investing more in this because this is what we got out in terms of doing something for the voters and something that the voters see and

understand really impacts their everyday lives. And, you know, I think that that can build back up the consensus in Congress that they do need to build back up this institutional capability.

David
01:08:34
Yep, definitely. OK, great. We will be back next week with another episode of Organized Money.