

**EPISODE 445**

[SPONSOR MESSAGE]

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[INTRODUCTION]

[00:01:32.5]

**FT:** Welcome back to So Money everyone. I'm your host, Farnoosh Torabi. Sometimes in life a little voice inside you tells you, "You need to quit your job immediately, effective now and take on a brand new path." Wendell Potter is someone who lived that. Wendell started as an insider in the insurance world. He worked for a big insurance company and really had a moral dilemma about it and I would assume that some people would have a moral dilemma about that.

Depending on what your role is within a big health care company, and he believed that he was very much a part of the systemic problem and he made a personal commitment to change his life and to change the status quo and since then, he's gone on to be a consumer advocate, a journalist, a New York Times bestselling author and now his latest book is called *Nation On the Take: How Big Money Corrupts Our Democracy and What We Can Do About It*.

In that book, he talks about how America has become coin operated. It's a very timely book given the election. Between the combination of wealth and politics, this is creating a corrupt system and we're just not dealing with the most pressing problems. How can we actually move the needle as consumers, as voters? Wendell is also the author of *Deadly Spin* and a regular contributor for Huffington Post and Healthinsurance.org.

Here is Wendell Potter.

[INTERVIEW]

[00:02:55.9]

**FT:** Wendell Potter, welcome to So Money. Congratulations on your new book that you co-authored, *Nation On the Take: How Big Money Corrupts Our Democracy and What We Can Do About It*. This is a very timely book and many say you are the one to write it as a consumer advocate and someone who is deeply educated on the inner workings of big corporations. Welcome to the show.

[00:03:20.6]

**WP:** Farnoosh, thank you so much. I am delighted to be on the show, and I appreciate it.

[00:03:24.8]

**FT:** Why did you want to write this book? It's no secret of course that lobbying is a big part of politics unfortunately and I was watching you on Tava Smiley, last month you were on the show

talking about the book and you actually spoke about how our democracy is almost at a stage four cancer because of this.

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**WP:** You know you're right, people are aware. They know that big money plays such a big role now in our political system. They certainly are aware of all the money that's being spent to influence campaigns and elections but I don't think that people are as aware of the consequences of that. Yeah, I think we're all annoyed by it and I think it's motivating some people to support Donald Trump or Bernie Sanders for example because both of them have talked about this more than other candidates and from different perspectives.

But I think the problem is that people, even though they don't like it, they don't really understand just how it affects their daily lives and that's why we wrote this book, Nick Penniman and I wrote this book because we wanted to help connect the dots so that people can understand why for example we pay more for drugs than people in any other country in the world, why we still have so many unregulated chemicals that are in products that we use every day.

Why we have so much of a difficulty in getting legislation that would really police or regulate better the financial institution and mortgage lenders. So that that's why we wrote the book to help connect the dots and help people to understand how we are adversely affected, often financially disadvantaged, and in our health in many cases suffers as a consequence.

[00:05:18.2]

**FT:** Right, it's a systemic problem. How can voters, you and I we're not in the system, how can we actually make a change or at least fight back in our own way?

[00:05:30.1]

**WP:** Well, we hope this book and other work that we do can be somewhat catalytic in getting people to not only understand the issues and the consequences of money and politics but to understand what they can do and how they can get involved and it does require people to pay

attention and to get out there and do something in addition to voting to make sure that politicians understand that the status quo is not acceptable. That we need some systemic change.

You said systemic, and it really is and part of what we need to do is find out what organizations there are in places that we live that are looking into this and also be inspired by what has been happening in other parts of the country. The media doesn't cover this very widely but there's a lot of activity in the States and we write about an effort in Tallahassee, Florida for example, in which members of the tee party and liberals in that community came together because they shared a common concern about the corruption in local politics.

So these two sides came together to really get involved, form a coalition and push through some significant reforms. This is the one thing Farnoosh that I think can truly bring Americans together because there is this misunderstanding that the corruption is getting so bad so we've got to do something about it.

[00:07:11.9]

**FT:** That's it, I mean I don't think that anybody no matter what your party alignment, no matter whether you're Bernie Sanders, Donald Trump, Hillary Rodham Clinton, I think we can all agree and there's not much we can agree on these days but we can probably all agree that life will be better without the pressures of big companies.

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**WP:** We would.

[00:07:32.0]

**FT:** And better off.

[00:07:33.1]

**WP:** Exactly and we go into some detail that I think surprises a lot of people when they hear it about just how pervasive it has become and how it affects the way our politicians work on their behalf. In fact, they're not working on our behalf as much as they used to because of the very fact of money and politics. For example, right about the members of congress today spend about half of their time that they're in Washington, a good 50% of it, not in their offices, not on the floors of the senate or house of chambers, not in the hearing rooms but they're in offices a few blocks away from the capital dialling for dollars.

In many cases, they're going into these cubicles. They're essentially telemarketers calling people up and begging for money and they had to do this because campaigns have gotten so expensive. We have a kind of arms race that the parties are engaged in. They don't want the other party to outdo them. So it's just gotten so out of hand that to get elected and to be re-elected, that's what our elected officials had to do these days. They have to devote half of their time, if not more, doing nothing more than raising money for the re-election and it starts the very day that they're elected.

They don't get a break, and this is not what they really signed up for but they realize, in fact, we have a chart in the book, or at least it's kind of a reproduction of a memo that the democratic congressional campaign committee gave to incoming freshmen a couple of years ago describing for them what an ideal day for them should be like and that ideal day included spending about four to five hours every single day raising money for re-election.

[00:09:32.2]

**FT:** Who/what institutions or organizations, what industries are most influential right now in politics?

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**WP:** You could almost have that name any, but among the most influential are the pharmaceutical industries. I worked for the insurance industry for many years, the insurance companies are extraordinarily influential and I know that from personal experience. One of the

things that I used to do when I was in the insurance industry was handle the communications for the companies that I work for.

Financial communications to the Wall Street Journal and New York Time, but I also worked in Washington with my counterparts, other companies and with our trade association to help influence public policy and to spend money to influence public opinion in ways that would benefit the industries. So I know how it's done and I know why we have a health care system the way we do, that is largely controlled by a few industries.

The insurance industry being one of them, the pharmaceutical industry being another and the pharmaceutical industry is probably the most influential industry on Capitol Hill and also in the State Capital. They spend enormous sums of money. In fact, during the health care reform debate, it wasn't the insurers that spent the most money. It was the pharmaceutical industry. They set a record in terms of the amount of money that they spent lobbying during the health care reform debate.

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**FT:** And you yourself, your personal journey, how you became a consumer advocate started with you feeling as though you were a part of the problem and you write about this on your blog as you mentioned, working within the pharmaceutical industry. Was it the pharmaceutical industry or the insurance companies?

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**WP:** It was the insurance companies.

[00:11:22.5]

**FT:** Insurance, right.

[00:11:23.0]

**WP:** But I was obviously very familiar with the pharmaceutical industry's power as well.

[00:11:28.3]

**FT:** What specifically about your role and your exposure there made you decide to switch gears? And I'm sure your experience was not unique so why was it that you were the one who left and others remained?

[00:11:40.9]

**WP:** You know I think there are two or three reasons. One is because of what I did in my first career. I was a journalist, a newspaper reporter, in my first career starting in my home state of Tennessee and then ultimately, in Washington I covered congress and the White House for a few years and while I was a reporter, I always try to be objective and fair and truthful, never to mislead people, certainly not knowingly.

I came to realize that toward the end of my career in the insurance industry that often what I was expected to do was to mislead people. It was to provide information on a very selective basis. I don't think that I purposely lied to people, but you can mislead people by the kind and nature of the information and also what you try to get people to believe. We tried to get people to believe that we had the best health care system in the world. That no other country could possibly do better than we do and got people to fear change.

We got people to believe that if we did any significant reform that Americans might lose something that's valuable to them. So our campaigns were built on fear and I knew, I ultimately came to realize that what I was doing was the exact opposite of what I tried to do as a reporter and I had a hard time dealing with that. I had a crisis of conscience when I came to terms with that. But I also, as I said, I grew up in Tennessee and I flew back to visit family a few years ago and I read in the newspaper about something called "the health care expedition" that was being held closer to where I grew up.

And I went to check it out, out of curiosity and I felt something that I would never expected to see in this country. People were standing in incredibly long lines on a rainy day, it was outside at

the county fair grounds and they were soaking wet but they still needed care so much they were willing to endure that, that in dignity and that discomfort and I noticed that those lines led to barns of animal stalls, which are being cleaned up as much as one can clean up the barn and animal stalls for doctors and nurses and dentist to provide care to people.

I was just shaken to my core when I saw that because I realized that if I had not been fortunate, if my parents hadn't for example saved enough money for me to be able to go to college, I might have been one of those people standing in those lines. I had a very good job in the industry, I was paid quite well, but I realized as you noted and as I have written, I realized at that moment that I was part of the problem. Those people having to get care that way partly because I was being paid to perpetuate a system that was badly, badly broken.

[SPONSOR BREAK]

[00:14:47.0]

**FT:** I'd like to introduce you to one of our newest sponsors, Igloo, modern cloud based intranet software that's designed for the way your individual business works. What Igloo does really well is connect three things; people, information, and processes. Everyone in your company has access to all the information they need, using tools they already know, all in one place. Dropbox, Cloud Storage, Google apps, Sales Force, Calendars, and more.

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[INTERVIEW CONTINUED]

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**FT:** How has your work fulfilled you in ways that you've never even thought possible? Because when I think about what you do and I am so inspired, you are taking on huge systems and you are taking on big threatening organizations and then trying to distill all of that confusion and helping consumers and also, you left what might have been a very cushy lifestyle, right? You probably could have made a lot of money on the track that you were. That's why many people stay, they're sort of beholden to the perks. How were you perhaps delightfully surprised in ways that you never even knew?

[00:16:28.8]

**WP:** Oh there were, but I couldn't see them at the time that I made the decision to do this, to quit my job. I was very much afraid, but I just couldn't sleep at night and I just knew I had to make a change. I didn't know exactly what I would do for a living after I left my job and I didn't have one lined up and to your earlier question, most people don't make these big changes or to do what I have done because of fear, because of fear of the unknown.

Of getting into your head that if you do something like this, it's not going to be good and that's what I was thinking. I thought the industry will come after me. They will try to discredit me, try to make it very difficult for me to get another job, try to ruin my reputation in a way that could also have a negative impact on my family. I talked myself out of doing this at least a dozen times but I finally told my wife and my family, "You know, this is something that I cannot do. I've got to do this because I think it's the right thing to do and we'll just have to see what happens after that."

And I've been very pleasantly I guess you would say surprised. My first time out by the way, I testified before congress and I think one of the — it was so important because it gave me obviously very credible forum and an influential one that I also got a lot of request for interviews after that. I did a number of interviews that led to requests to write a book. So I was able to do some things that I would never imagined. Never in my mind, in my life that I would think that I would ever write a book. I think many others think, "One of these days I'm going to write a

book.” But I actually have done that and I never enjoyed speaking in front of an audience, but I do that routinely now.

I do interviews all the time and that was something that I never thought I would enjoy doing. I enjoy doing it now because I think I’m doing what I’m supposed to be doing for the rest of my life, which is to try and advocate for changes in our system to help improve the lives of others and to help people do better financially quite frankly because so much of the status quo is the special interests seek to preserve it because it is profitable for a few but in many cases, it is to the financial disadvantage of the many.

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**FT:** Speaking of finance, you are a consumer advocate. In your own life, how do you live your financial life? If you have a money mantra of sorts, what would it be?

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**WP:** To realize that you don’t need a lot of stuff and to live more simply and I couldn’t be happier. I make less money probably in the whole scheme of things than I did when I was a corporate executive, but I am so much happier and I’m doing well. I mean I am financially successful, but I don’t feel compelled to buy everything, to spend a lot of money.

I find that I guess I had just have been in the habit as most, I guess, many Americans are of feeling that I needed to have, replace something or buy something or just consume more than what was really necessary and I realized that was not bringing me a lot of joy and maybe also as a function of getting older, and as I mentioned to you earlier, I’ll be a grandfather. My wife and I will be grandparents hopefully later this fall and I’m wanting to get rid of stuff over the years that we have accumulated. I don’t want to leave a bunch of stuff that most people now, I guess, would find a burden. So live simply I guess is my mantra.

[00:20:46.9]

**FT:** It seems like no one can argue with that. I wouldn't argue. I would love for you to have a conversation with my parents and let them see the rewards of downsizing because I think there is, I don't know, how would you characterize it? Why are people so attached to things and we feel that more is more when it comes to consumer goods and what is it? Is it for lack of security and other aspects of our lives that we try to fill it up with stuff? I don't know, what do you think?

[00:21:15.6]

**WP:** I think that's part of it. I think it's feeling a need to fill up our lives with stuff, that's one thing. Another is we're constantly bombarded with advertising, and not that I am oppose to that but I think we need to become more aware of the fact that the advertising is to try to get us to part with our money and often to get stuff that we really don't need and in many cases, often we regret having to use that money for.

But we are just drawn into it because it seems like it is the thing that we need to do as Americans, I don't know? But one of the things that I have been thinking of doing as another book at some point is something along the lines of living with the end in mind and by that I mean what can we do to live a life that might make it more likely that are final years are years of quality but also that we're leaving a legacy to our children and grandchildren, others who come after us, that's positive.

Downsizing is important for my wife and me now. We don't want to leave with — I had to clean up my parent's house in Tennessee not long ago and it was no joy to do that. So I think that we need to step back and take a look at what kind of a legacy do we want to leave and that ultimately Farnoosh was what led me to make this decision to leave my job and to start my advocacy on behalf of consumers was, I didn't want to be on my death bed and think back on a life that could have been.

That I didn't take advantage of an opportunity or listen to my conscience at some point back some years earlier, that would have helped me to lead a more meaningful life and to me that's very, very important and I feel like I am doing that now and I feel like that was somewhat of a vision of me at the end of my life looking back and I wanted to make sure that I was making a positive difference hopefully.

[00:23:35.3]

**FT:** Right, that it's not just about you but it's about the memories of how your children remember you, your grandchildren, I mean that's pretty moving and I think that could motivate a lot of us to think and act differently. You mentioned growing up in Tennessee, I'd love to hear a story maybe one or two that really stands out that represents how you became acquainted with money.

[00:23:57.5]

**WP:** I was picking strawberries and green beans. I grew up on a small farm in Eastern Tennessee and the first memory I have of earning any money, I was probably six or seven years old and I went out with family. My parents owned a little farm and back then, people made some money on food crops like green beans and strawberries and I can remember going out early in the morning into these big strawberry patches and picking a couple of strawberries.

I guess it was a pint of strawberries and getting five cents for it and I thought I was getting rich. It was wonderful to be paid for doing some work. I mean that was the first time I can remember actually earning some money and it was fun. I really enjoyed being out and doing that and being with family and friends and kind of hard work. Certainly picking beans is not an easy way to make money.

My parents really sacrificed. They were frugal and I learned a lot from them. I was the first person in my family to go to college and they didn't have that advantage, that possibility and dad didn't make a lot of money as a factory worker but they saved money to set up a few bucks aside every paycheck, so that someday I could get a college education. That has stuck with me.

[00:25:26.5]

**FT:** Could you write a book about college education and the cost of that and I feel like that is a force to be reckoned with. How do we reckon that?

[00:25:35.5]

**WP:** You're exactly right. I was able to leave college debt free. I didn't owe a penny. Today and I read this recently that the average debt of a student who has a college loan is \$3,000 now and it can be much, much, much higher than that. I have talked to medical students and dental students who talk about debt in the hundreds of thousands of dollars which is just outrageous and I had been looking into why that is and what we can do about it.

I will be writing about that overtime because it is unconscionable that we are saddling our young people with that kind of debt and there's so many consequences with that not only for the individuals but for our society. If you are having to pay so much to pay off your college loans, you're not able to spend money in other ways that could be more beneficial.

[00:26:38.3]

**FT:** Right, you can't invest in yourself, you're really behind the financial eight ball. You also wrote a book — so in *Deadly Spin*, which is your previous book from *Nation On the Take*, you talk about your personal experience working inside the insurance world. I would love for you to share just a couple of tips, consumer advocacy tips for those of us who are battling with paying high prices for medical care and pharmaceuticals.

[00:27:06.3]

**WP:** I would encourage people to become better educated, better informed about how the system operates and I know that is awful in a sense because I've often said trying to understand the American health care system makes your hair hurt because it's so complicated but it is important to understand what your policies cover. If you are buying insurance on the exchange, the Obama Care market place for example, really compare.

Take the time to make sure you know what your obligation is going to be, how much your deductibles and co-payments are going to be if you get sick. Too many people, I think look at coverage and just consider the premiums but that's not your only expenses, it's not the only cost of getting access to care. In many cases, the deductibles are very, very high and a lot of

Americans are in these policies and they have such high deductibles, they don't get the care they need because they can't afford to meet the deductibles before their insurance kicks in.

So that is one piece of advice I have to folks, is to really pay attention to the health policies that are available to you to make sure that you are making some prudent financial decision there. People are still going bankrupt in this country even with insurance because of the high out of pocket obligations that many people have. So that's number one. The other is take care of yourself. Try not to be on maintenance medications or leading a lifestyle that's going to put you in a hospital.

Again, that's easier said than done but I think it's important for people to understand that we do have individual responsibilities and we can do things, as I said earlier, to increase the chances that we have a high quality of life as we get older. I read not long ago, and I'm a baby boomer, that baby boomers are going to be less healthy than the preceding generation as we age into medicare eligibility and the last parts of our lives and that's because we really haven't been paying attention to what we have been eating, we haven't been exercising nearly enough, so we've got to do better.

[00:29:36.4]

**FT:** Which is so ironic because now that more than ever there's all these education about how to stay healthy and what really impacts our health and long term health and that's a sobering fact.

[00:29:47.8]

**WP:** It is.

[00:29:49.1]

**FT:** Oh my goodness, Wendell thank you so much for joining us on the show and I can't believe you said you're going to write another book. I feel like I really need to get my act together and start making plans. You're motivating me.

[00:30:02.9]

**WP:** You can do it.

[00:30:04.5]

**FT:** Yeah, listen you are changing lives in more ways than you think just by being you and of course your books are making an impact as well and we look forward to seeing your next steps and wishing you continued success.

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**WP:** Thank you so much. Thank you and to you too.

[END]