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**Intelligence Squared U.S.**

**Eliminate corporate subsidies**

For the Motion: Jack Abramoff, Zephyr Teachout

Against the Motion: Michael Lind, Kate Gordon

Moderator: John Donovan

**AUDIENCE RESULTS**

**Before the debate:**

**34% FOR**

**15% AGAINST**

**51% UNDECIDED**

**After the debate:**

**36% FOR**

**53% AGAINST**

**11% UNDECIDED**

Start Time: (18:45:17)

John Donovan:

As always, we begin our debates by welcoming to the stage the gentleman who really brought Intelligence Squared U.S. to this stage. He comes on and then we have a little bit of a conversation that sets some context for what we're going to be talking about. A little about the relevance and the timing and his insights as somebody, who in this particular case has something really to say firsthand about the topic. So, please welcome to the stage now the Chairman of Intelligence Squared U.S., Bob Rosenkranz.

[applause]

Hi, Bob.

Robert Rosenkranz:

Hi, John.

John Donovan:

Hi. So, welcome and we were chatting a little before. The interesting thing about your relationship to this topic comes from -- you're a businessman, a successful businessman, but you had a career before that in which you had this very insight to the thing we're debating tonight.

Robert Rosenkranz:

Well, it really is -- one aspect I suppose of subsidies is how the tax law is arranged.

18:46:17

And I was a tax lawyer before I went into finance and when I started my career in finance, one of the things I did was look at the Forbes 400 -- which at that point had been published for about 30 or 35 years -- and I went back and I went back and looked at every single issue of the magazine to figure out were there any patterns --

John Donovan:  
Every single issue?

Robert Rosenkranz:  
I mean, every one of the 35 --

John Donovan:  
Still. That's a lot.

Robert Rosenkranz:  
Because I wanted to see what I could learn from it, and see what kind of patterns there were in people who've made major fortunes. And what I found was that there was actually quite a recurring theme, where a lot of major fortunes were made in real estate, in oil and gas, in insurance, and in shipping.

18:47:12

And because I had this tax law background, I realized that all four of those industries had in common that they were exceptionally tax favored -- the oil and gas industry by deducting for drilling, the real estate industry for depreciation and the ability to take mortgage proceeds out tax-free, shipping because it was international, so it could be organized in a place that paid no taxes and insurance -- because a lot of the income was municipal bond income or reserves that management had a lot of discretion in setting. So, it really put me in mind of the relevance of tax incentives in really influencing the flow of capital.

John Donovan:  
And we're going to be including these tax incentives under our broader definition of "subsidies" tonight, because --

Robert Rosenkranz:  
-- yeah, exactly.

John Donovan:

-- some get them, and some don't, which is part of the point. But I'm curious -- when -- was this younger you outraged or kind of thrilled by -- [laughter] -- this discovery?

18:48:17

Robert Rosenkranz:

Well, I was neither outraged nor thrilled. But I was just very pragmatic. I mean, I just sort of felt, "Look, I didn't make these rules. And I've just got to figure out how to live with them."

John Donovan:

Well, honestly, now, since you've made your own fortune in finance, when you look at the tax advantage that today -- that, say, today's hedge funds get, outrage or thrill?

Robert Rosenkranz:

I would say, I think that stuff is pretty outrageous. I don't understand -- frankly, I don't understand why somebody like me -- who is paid for running an insurance company -- should pay a vastly different tax rate than somebody who is paid for running a private equity firm or hedge fund. It just doesn't make sense.

John Donovan:

It -- have you ever seen a subsidy that you like?

Robert Rosenkranz:

Have I ever seen a subsidy that I like? Well, again, putting on my pragmatic hat, I sort of like subsidies that I don't have to pay for.

[laughter]

So, for example, when the good people of Louisiana decide to subsidize a Tom Cruise movie and pay a third of his \$9 million salary, I think that's just fine.

18:49:21

John Donovan:

That's a good thing.

[laughter]

All right. Well, we're going to have a lot of debate about what's a good thing and what's a bad thing when subsidies come to the stage. But thank you very much, Bob Rosenkranz, and let's now invite our four superb debaters to this stage. Thank you, Bob, very much.

[applause]

Robert Rosenkranz:  
Great. Thank you.

John Donovan:

So, folks, as I said, we turn into a radio broadcast and a podcast. And because of that, and because your role is actually very relevant in the evening tonight, we like the listeners to the podcast and the radio broadcast -- and people who are watching on a live stream -- to know that you are here, that these debaters are trying to appeal for your vote. And for that reason, we do want to say, it's absolutely fine for you to applaud when you hear points that you like. We discourage booing and hissing.

18:50:13

It is not the culture of what we do, but feel free to applaud, and not only that. There will be times when I ask you to applaud spontaneously to --

[laughter]

-- to add a little zest to the evening. You know, now and then I will say, you know, "We'll be right back" and the round of applause, but I won't actually go anywhere. I'll stay here and then we come back with the round of applause. So I'm going to -- I will appreciate your participation in that. Starting with our launch, as we now formally begin the debate with a round of applause.

[applause]

So, you work hard for your money. You pay your taxes. Nobody's doing you any special favors to make ends meet. And then you hear almost every day about some big company getting a handout from the government -- cheap land to build on, maybe, or some sort of huge tax break, or just cash handed over -- like General Motors getting benefits worth \$3-and-a-half billion, Intel getting \$3.8 billion, Nike, \$2 billion -- these are spread across many years, of course.

18:51:21

But what is your reaction to this? Is it outrage? "Where is my handout?" Or could you be persuaded that giving these or other companies special treatment sometimes -- maybe often -- is actually good for innovation and for all of us? Well, that sounds like the makings of a debate, so let's have it. Yes or no to this statement: Eliminate Corporate Subsidies. A debate from Intelligence Squared U.S. I'm John Donovan. We are at the Kaufman Music Center in New York City with four superbly qualified debaters on our stage who will argue for and against the motion Eliminate Corporate Subsidies. As

always, our debate will go in three rounds and then our live audience here in New York votes to choose the winner and only one side wins. The motion, Eliminate Corporate Subsidies, two debaters arguing for the motion starting first with Jack Abramoff. Jack, welcome to Intelligence Squared.

[applause]

Jack Abramoff:  
Thank you.

John Donovan:  
Jack Abramoff, you were once one of the most powerful lobbyists in Washington.

18:52:23

Your career as a lobbyist ended in a national corruption scandal. Eventually you went to federal prison for that and somewhere during that period you changed sides and you wrote a book about your rise and fall. It is called, "Capitol Punishment." And since then you've been working with groups to reform our political system. Is that herculean task even possible?

Jack Abramoff:  
Well, it's possible, it's just extremely difficult because Washington's about grabbing power and grabbing money and grabbing things, and people who grab things don't like to give them up as we'll probably discuss a little bit later tonight. So, it's possible but it's pretty tough.

John Donovan:  
Okay, Jack, and who is your partner in this debate?

Jack Abramoff:  
My partner is the formidable Zephyr Teachout.

John Donovan:  
Zephyr Teachout. Hi. Welcome to Intelligence Squared.

[applause]

Zephyr Teachout:  
Hi.

John Donovan:

So, Zephyr Teachout, you are author of the book, "Corruption in America." You're an associate professor at Fordham Law School. You famously ran for office in 2014 challenging the governor of New York in a primary.

18:53:22

You did not win, but you got a third of the vote as a relative unknown surprising everybody. Now you're running for Congress. So, what are you concluding after this experience? Can you win in politics and stay clean at the same time?

Zephyr Teachout:

It's really, really, really hard and I'm going to do it.

[laughter]

[applause]

John Donovan:

Our motion is Eliminate Corporate Subsidies. We have two debaters arguing against the motion. I first want to bring it to Kate Gordon. Kate, welcome to Intelligence Squared. Hi.

Kate Gordon:

Thank you, John.

[applause]

John Donovan:

So, Kate, you are vice-chair of climate and sustainable urbanization at the Paulsen Institute. You are the former vice president for energy and environment at the Center for American Progress. You have devoted your entire career to studying energy and climate change policy. It all started with cows, not the animal, but the think tank Center on Wisconsin Strategies, C-O-W-S, cows.

18:54:22

What sparked your interest in the field?

Kate Gordon:

Well, you know, John, I was very car sick as a kid and so getting out of cars and getting everyone else out of cars is a lifelong challenge for me, but at COWS I got to work on turning manure into energy and, I mean, who wouldn't want to do that for a living?

John Donovan:

Yes. Yeah. I wonder if we're going to have some of that happening tonight.

[laughter]

Who is your partner, please, Kate Gordon?

Kate Gordon:

My partner is the wise and worldly Mike Lind.

John Donovan:

Mike Lind. Welcome to your second Intelligence Squared debate.

[applause]

Michael, you are at -- you're co-founder of New America and policy director of its economic growth program. You've written a lot of books, including "Land of Promise: An Economic History of the United States." That emphasizes a Hamiltonian style of governance and for those of us who need to brush up on our history, what is Hamiltonianism?

Michael Lind:

Well, in addition to having his own Broadway show, Alexander Hamilton, the first treasury secretary of the United States, founded a tradition of constructive business and government collaboration to further economic growth.

18:55:25

John Donovan:

Okay. Our team arguing against the motion. And again, that motion is Eliminate Corporate Subsidies. Now, this is a debate. It's a contest of ideas and logic and persuasion and you, our live audience here in New York, will be deciding who our winner is. And the way we do that is we have you vote twice, once before you hear the arguments and once again after the arguments and the team whose numbers have changed the most between those two votes will be declared our winner. So let's go to the first vote. If you go to the keypad at your seat, take a look at the motion, Eliminate Corporate Subsidies, if you vote for number one that means you support the motion. If you vote for number two, it means that you are disagreeing with this motion. If you vote for number three it means you're undecided. You can ignore the other keys. They're not live. And we will lock that out in about 15 seconds.

18:56:18

And I just wanted to ask our producers in the back, I'm getting a lot of feedback through my earpiece. I think there's an open mic and I'm hearing constant conversation, which is fascinating.

[laughter]

And everything that you said about me is really fascinating.

[laughter]

But if you can shut it that would be great. Thank you. Okay. Looks like everybody has voted. So, again, I just want to be clear about this. You're going to vote again after you've heard the debate arguments close through three rounds. And after that, you vote the second time. And it's the difference in percentage point terms that the team -- the winning team has moved up the most that will declare -- determine our winner. So, our motion is this -- onto Round 1. The motion is this -- Eliminate Corporate Subsidies. And speaking first in support of the motion, Jack Abramoff, former lobbyist and host of the television program "Our Nation." Jack, you can make your way to the lectern. That program is available through Amazon, at Our Nation TV. Ladies and gentlemen, arguing for the motion, Eliminate Corporate Subsidies, Jack Abramoff.

18:57:20

[applause]

Jack Abramoff:

Thank you. Thank you. Good evening. I have to tell you, if somebody told me 10 years ago that I'd be standing on stage in Manhattan, partnered with a progressive liberal Democrat Congressional candidate, arguing against corporate subsidies --

[laughter]

-- I would have thought that as likely as seeing a panda perform brain surgery, or even more unlikely, seeing Donald Trump within 500 delegates of being nominated by the Republican Party.

[laughter]

So, it's an odd evening in some ways, for me. Particularly, we're kind of an odd couple, Zephyr and I. Zephyr, of course, is from the left. I'm from the right. And yet, we approach this issue together, we come to the same conclusion. Not always do we agree on everything -- in fact, this evening, we may wind up disagreeing on some things. But I think, to some degree, that gives us strength that builds our team in a certain interesting way, because we both represent major segments of the country.

18:58:25

And the approaches of these segments of the country -- which many of you may share one or the other, or somewhere in the middle -- offer a consensus that something's out of control in Washington, that subsidies, unfortunately -- and the other activities that go on down in Washington, some of which I participated in in my former career -- are really driving the nation in a direction that's very troubling. Now, we could actually have a debate tonight of what does it mean to be a subsidy, because obviously, that's a very interesting discussion. Some of the things that I would support -- constitutional expenditures of the government -- some others would look at subsidies. Other things that Zephyr might support, that I would not support, I might look at as a subsidy. So, finding out what is a subsidy is very difficult to figure out. So, I'd like to take kind of the Potter Stewart approach, if you remember the justice talking about obscenity -- which, a subsidy is an obscenity, and some discussions are easily conflated -- which is, basically, you can recognize it when you see it.

18:59:30

And most of the discussion of subsidies really needs to center on the vast amount of money that is purveyed to corporations and to others in this country, either through giving out money or through tax breaks. And we sort of know it when we see it. Zephyr is going to come up and she's going to make an argument that these things -- these subsidies aren't fair, and they distort the economy. I am going to argue tonight, and right now, that we can't afford subsidies. We can't afford them economically. We can't afford them constitutionally. We can't afford them ethically. And we cannot afford them socially and politically any longer. Sure, it would be great if we had unlimited money in our country and we can give away anything to anybody who wants anything. That would be wonderful. But we don't live in that world. We live in a world of \$20 trillion debt. \$20 trillion.

19:00:22

It's unfortunately something people have gotten so used to that they ignore it. But in a world where you have \$20 trillion in debt, and you have a half a trillion dollars in a budget deficit, the fact that the Congress is appropriating, and the administration is giving out, \$100 billion a year plus to corporate subsidies, and a \$100 billion a year plus to tax breaks for corporations and others -- special interests -- that is a big chunk of the annual deficit that we run. And in fact, we can't afford this. So, we can't afford subsidies economically. We can't afford them constitutionally. And this is more of an argument, certainly, that comes from the right. But we have a constitution. And based on some of the recent political candidates, it's a good thing we do have a constitution, even if some of them aren't necessarily interested in all their provisions. But we as Americans have to protect our constitution. And one of the things the Constitution does is limit the scope

of our federal government. Well, people in Washington -- and these are people -- Republicans and Democrats -- don't really care about that.

19:01:25

They expand the scope of our government. And unfortunately, this scope has expanded so much that the government is basically in everybody's lives and in every activity. And, as a consequence, lots of money flows out. And we shouldn't mistake the fact that when there's one dollar available, there is at least 10 lobbyists who are chasing that dollar. And those dollars, unfortunately, their subsidies and tax breaks are made by public servants. And unfortunately, these public servants are pilloried by these lobbyists, are set upon by the lobbyists. I know this very well, and I may know it better than anyone in the room because I was one of those lobbyists. And I'm telling you that every program has, attended to it, tons of lobbyists. And that gets to the ethics question. We can't afford it ethically. It is bred -- the subsidy culture has bred a culture of corruption in Washington, where the special interests have tilted the playing field in a way that Americans are very sick of this, which brings us to the "we can't afford this socially and politically."

19:02:25

I think anyone who looks fairly at what's been going on politically in our country has noticed something, that there's a rebellion out there, whether it's the Bernie Sanders on the left or it's the Donald Trump, wherever he is on the right, or -- among Trumps, Trumpians, or Ted Cruz. People are dissatisfied. Congress' ratings are so bad, their approval ratings are so low that people would actually rather have a colonoscopy than be in favor of Congress. That cockroaches are more favorable to people than congressmen, that, in fact -- and this is my favorite -- replacement referees in the National Football League are more popular than Congress. And a lot of it has to do, unfortunately, with the fact we have a culture in Washington about taking our money and giving it out to those who can lobby the best.

19:03:18

And even good ideas, altruistic ideas, things that people say, "Well, the government should be involved in," the truth is, unfortunately, we now live in a culture where companies go first to the government to get their advantage, and that's our money. And shouldn't that -- the bureaucrats in Washington be making decisions that for -- with our money, that people in the private sector perhaps might go into those activities and spend a lot more time and a lot more of their life being expert in? That is the question. I'd say the answer to that is no, that, in fact, our subsidy culture, our corporate subsidies are out of control. And while, again, I wouldn't eliminate everything, and certainly there are good things the government is doing, that they need to be doing, and I'm not an anarchist. The culture itself is pervasive and unfortunately is

corrosive. And it has affected the nation in a dramatic way, and it needs to stop. So I hope you will support us with the resolution to eliminate corporate subsidies. Thank you.

19:04:15

[applause]

John Donovan:

Thank you, Jack Abramoff. And that's the motion, eliminate corporate subsidies.

[applause]

And our next debater will be speaking against the motion. I'd like to welcome to the lectern, Michael Lind. He is policy director of the Economic Growth Program at New America, and author of "Land of Promise and Economic History of the United States." Ladies and gentlemen, Michael Lind.

[applause]

Michael Lind:

Bonus depreciation for horses. If you own a racehorse in the United States, you can treat it as a depreciating asset over a three-year period. That's insane. It's corrupt. It's nuts to treat a pony as a depreciating asset for business purposes, and yet that's part of our tax code. Our tax code, our subsidy code, it's full of crazy, stupid, horrible subsidies. So now you're thinking, didn't he get the memo he's supposed to be arguing against this corporate subsidies, you know, "Eliminate corporate subsidies."

19:05:21

Well, my partner, Kate Gordon and I, we are not arguing in favor of every stupid, insane, corrupt, criminal subsidy by the federal, state, or local governments. It may very well be that most of them are worthless. But you have to vote against the motion if we can persuade you tonight that there are some significant public objectives that are served by corporate subsidies. Now, Jack Abramoff brought up the question of definitions. And the definitions of what is a subsidy vary. The very narrow definition is a direct benefit to a particular corporation or an industry. It's a tax break, it's a low-interest loan, it's a loan guarantee. The problem is that isn't very much money when you define it that way as a share of the economy in a federal government.

19:06:14

So in doing our research, what we've discovered is that people who want to drum up outrage about corporate subsidies have to throw in all sorts of other things which

indirectly benefit corporations, including defense contracts, including the bailouts of the financial system, you know, in the great recession and so on. We will -- that's fine. Whatever the definition is, our thesis is, there are two kinds of corporate subsidies, good and bad. Now, the bad one was like bonus depreciation for horses. You know, well, what are the good ones? What's a good -- why would you ever give money directly or indirectly to a corporation to pursue a public objective? Well, there are basically three tests, in my view. The first is, would the company or the industry do this on its own anyway? If it would, then the taxpayer is being swindled, right? You know, this is just -- there's no purpose to the subsidy. So that's the first test. If they're going to do it anyway, then you don't subsidize them.

19:07:13

The second test is, can this public objective -- and it could be climate change mitigation, it could be helping poor people afford heating in the winter, it could be having universal Internet access, whatever it may be. It could be promoting, you know, nano tech innovation. Whatever the public objective, could this be more efficiently pursued by other means? For example, could the government do it directly itself? Our government, we have a mixed economy. We don't have a purely capitalist system. We have a public defense department. We don't hire pirates, you know. We have a navy, right? We have a public K-12 system. So, you know, you can do things directly through government agencies. However, in our country -- and I think it's a good thing -- much of our productive sector, which is really crucial to economic growth, manufacturing, energy, infrastructure, is in private ownership, and is driven by the profit motive. So unless we're going to nationalize the factories and the oil wells and these solar power plants and so on, then the government has to use other methods than direct government provision to pursue a public objective in some of these very important areas, which, most of them in the productive economy.

19:08:31

Well, one of them is regulation. The government has the power of command. It can say, you're going to do this, corporation, and you're going to swallow the cost. It's just a cost of doing business in the United States. And this is appropriate sometimes. We do this with workers safety. We do it with pollution. Just the company is going to bear the entire cost of achieving this public objective and pass the cost on to the customers. There are other cases where you may not want the company to bear the entire cost or pass it on to its customers because there may be a larger public good, and it may make sense to share the cost among taxpayers as a whole instead of making the customers pay for it all. And then the final test of this three-part test is, do the benefits outweigh the costs?

19:09:20

Because even if you -- you know, if these other tests are met, if you're paying more than you're getting in benefits, it's a waste of time. Now, all of this is very abstract, so I'll give you a specific example. After 9/11, there's great concern among the public reflected in our representatives about the safety of transportation, obviously. In intercity bus transportation, which has grown in importance between New York and Washington, for example, in the last decade, was a source of concern. So the Department of Homeland Security has an intercity bus grant program. And this is a corporate subsidy in the purest form. It's the government writes checks to particular motor coach companies if they will -- to help them comply with these federal security guidelines. To my mind, you know, this fits all of the tests. Would the buses have been doing these additional security measures otherwise? No. But can we know that?

19:10:19

Because they weren't doing it. Could it be done otherwise? No, unless we're going to nationalize intercity buses. We don't have a federal intercity bus monopoly. It's a private industry. And is the cost worth the benefit? Say, well, you know, we've seen buses attacked in other countries. So if you compare the cost and the benefits, you may disagree. But -- and this is a reasonable sort of thing. So if the bonus horse depreciation is an example of a bad subsidy, I would argue the intercity bus security grants -- you know, this is one that makes sense. And so we just have to be very careful. Our opponents will persuade you that all corporate subsidies are a big pile of horse manure, and it's our task to persuade you to vote against the motion on the theory that when shoveling out the manure you don't want to mistakenly throw out any ponies that may be buried somewhere inside.

[laughter]

John Donovan:  
Thank you, Michael Lind.

[applause]

John Donovan:  
And a reminder of what's going on.

19:11:20

We are halfway through the opening round of this Intelligence Squared U.S. debate. I'm John Donovan. We have four debaters, two teams of two, arguing it out over this motion: Eliminate corporate subsidies. You've heard the first two opening statements, and now on to the third. At the lectern is Zephyr Teachout. She's going to argue for the motion. She's associate law professor at Fordham Law School and author of "Corruption

in America: From Benjamin Franklin's StuffBox, to Citizens United. Ladies and gentlemen, Zephyr Teachout.

[applause]

Zephyr Teachout:

Thank you. I am a huge admirer of Michael Lind and often agree with him. It's strange to be up here disagreeing on some things, because he certainly challenged my own thinking. And it is enjoyable to be here with a conservative with whom I often disagree, with Jack, but we do agree on this and I want to urge you to get away from the little examples and talk about this not as a semantic fight, but as a fundamental democratic fight.

19:12:27

Because we have a crisis of corruption, a democratic crisis in this country and a key driver of that crisis of corruption is corporate subsidies. So I'm going to talk about three things. First I'm going to talk about how subsidies are used only when law and all other interventions have failed and we should recognize subsidies as a moment of failure not as a moment of success. Second, I'm going to talk about how the rise in corporate subsidies has led to a devastation, a decimation, of our small business economy, which is the heart and soul of so much of America. And third, I'm going to talk about how corporate subsidies change who we are at a very fundamental level, who we are as business owners, who we are as citizens, who we are as democrats, small d democrats.

19:13:26

So first, very briefly, like Michael Lind, I believe that the government has a role in shaping policy. Should we be moving towards renewable energy? Or should we be moving towards fossil fuel? Do we want to have universal high speed broadband? Yes. These are serious questions that I think collectively people should come together and answer. However, I think the best way for government to intervene in most circumstance is by setting rules that create the opportunity for those renewable energy industries for that cable to develop. So when you have a subsidy it's probably because you have bad rules. We should have better rules and less cash handouts. That's my general view. Second, I want to talk about small businesses and I -- you know, I really see, along with big industry, small businesses, family farms, as being fundamental to some of the best parts of a truly thriving economy.

19:14:27

It's where innovation happens. It's where community happens. It's where new things are built. It's where we find the next, next thing. We had a 25-year collapse in the small business economy in this country. If you look at what real small businesses are, they

can't survive. I talked to a woman the other day who's shutting down her diner who said to me, "Don't forget the mamas and the papas." The mamas and the papas aren't getting the cash handout. She said, "I started my diner to get" -- so people could get a cup of coffee near Amenia, and right now all the big guys, she said, are coming in and they've got the cash and they've got the handouts and if we keep going this way everything is going to look the same and we can't compete. Now, she's right. She is right on the facts, because guess who gets corporate subsidies. It's not the metro diner. In fact, 75 percent of all corporate subsidies, 75 percent, are going to less than a thousand companies.

19:15:27

Just think of a thousand companies in the Kingston area alone that aren't getting that. So it's a handful of big monopolists who are using their lobbying power to go in and get those subsidies and the small companies and the small family farms are getting shut out. Now that isn't to say those big companies don't use the small companies as fronts. They'll march them in and say like "82 percent of small family farms get some form of government subsidy." That doesn't mean they're actually getting the benefit. The reason they need those subsidies is because the overwhelming majority of cash, actual cash, is going to a handful of big ag companies. So we're using subsidies to compete against subsidies instead of creating real open playing fields. So what does this do to who we are? I think this is so important.

19:16:20

I want to live in an economy where the farmer in Cooperstown wakes up in the morning and thinks how do I get a ground source heat pump in so I can compete better? Not what joke can I tell the congressman so he'll laugh so I can get some cash. Our corporate subsidy model as a way to do federal policy is turning us, as citizens, as business owners, as members of our communities, into beggars, into sycophants, into people asking for favors instead of innovating. And think about what that does to our communities. If two neighbors are competing against each other for who gets the favor from the Congresswoman, that tears apart a community. If they're competing against each other with -- for who puts in the better ground for a heat pump, that's great.

19:17:19

Everybody benefits. But when it's about power and bootlicking, that undermines who we are. Our country was built on the premise of -- "We need to build a society where everyone has an equal voice and is not afraid to speak negatively about the king" or the person in power. A core premise of that is that we are no fears, no favors. That's the core premise of American society. We had a revolution to reject the culture of bootlickers and flatterers. What I'm really concerned about is not the examples on the margins, but that as a whole, the way we are making -- even good people with good

ideas are choosing to make federal policy is, they're saying, "If we give out enough cash, we can change policy."

19:18:19

And that is turning us into a culture which supports bootlicking and flattery. So, I urge you, in this vote, for those of you who are uncertain, for those of you who might find little examples that make you question, to say "This is actually a core question about who we are, about democracy, about corruption, and about our future" and to vote for the resolution. Thank you.

John Donovan:  
Thank you, Zephyr Teachout.

[applause]

And our motion again: Eliminate Corporate Subsidies. And here is our final debater speaking against the motion, Kate Gordon. She is vice chair of Climate and Sustainable Urbanization at the Paulson Institute and non-resident fellow at the Center on Global Energy Policy at Columbia University. Ladies and gentlemen, Kate Gordon.

[applause]

Kate Gordon:  
So, I feel a little bit like we're at a celebrity boxing match, and we have the --

[laughter]

-- you know, the comeback kid over here, Jack Abramoff, and the new kid star, Zephyr Teachout.

19:19:24

And Mike and I are sort of the underdogs, but --

[laughter]

-- but the thing about those movie is that the underdogs always win, and then --

[laughter]

-- and there's a reason that we will win tonight, which is that we are not absolutists. As Mike said, we concede there are bad subsidies that should end today. We concede that government should be fully in charge of certain things. Absolutely. Regulation can be

very important. But most things fall in that middle ground. Most of you probably fall in that middle ground and -- where you think there should be some well-regulated government intervention when it's necessary for a public purpose. So, let's talk about why we do subsidies. We've been doing it a long time. This is not new in American history. There's three big reasons that subsidies tend to happen. The first is promoting new technologies that the private sector can't get its head around. They're too risky. They're too new. We see a lot of that in subsidies through history. Paying the difference between the value of an activity to the private sector and the value to the public sector - a big reason we do subsidies.

19:20:26

When the private sector doesn't see value in a proposition and needs the public sector. And then, finally, in times of crisis. The New Deal, of course, is a time when we did a lot of subsidizing. One of the big areas -- and it's not in the margins, as Zephyr said, but really central, where we subsidize and have historically subsidized is energy. The top -- Good Jobs First just did a subsidy tracker. They're a group that does a lot of anti-subsidy work. They just did a subsidy tracker. The biggest subsidies since 2000 in this country have been energy companies, the single biggest one to a Spanish wind company, actually, that built wind turbines, with money from the Recovery Act. So, subsidizing energy is not new. We've been doing it for centuries. We've subsidized the transition from wood to coal. We subsidized the transition from coal to oil. Today we are looking at subsidizing a transition -- I hope -- away from oil and towards something different.

19:21:18

Many of those subsidies -- in fact, if you look at energy subsidies, most of them go to oil and gas. About \$5 billion a year since 1918 going to oil and gas. Those subsidies are still happening. This would be a great example of a bad one. We give oil companies a manufacturing credit for drilling in the places where they find oil, if those places are in the United States. So, think about that for a minute. We're trying to give them the incentive to drill in the U.S., but the oil is in the U.S., so they already have the incentive to drill in the U.S., so it doesn't make any sense. It plays out badly. Montana gives this subsidy, North Dakota does not. They both sit on the Bakken shale. The only difference is Montana's getting about a million dollars less to its citizens because it pays this subsidy. On the other hand, as Mike pointed out earlier, we also give low-income consumers a subsidy to help them pay their energy bills. That is money that goes directly to utilities to help pay energy bills. That is a corporate subsidy, but it's one that serves the public purpose that is not otherwise served by the private sector.

19:22:20

To me, the big, you know, gorilla in the room on this is climate change. Climate change meets all of the categories that we have traditionally used when thinking about whether

subsidies serve a public purpose. It is risky in the long term. It will create enormous economic risk if we don't deal with it. But there's not a lot of upside to dealing with it today if you're in the private sector. Oil is super cheap. Why wouldn't you just keep using oil? It's even cheaper today than it was two years ago. Why would anybody switch off of it if they were looking at their bottom line? They would do it if they cared about the long-term impact of climate change. That's not a private sector consideration most of the time. It involves new emerging technologies that aren't yet on the market, but that we need, and we need them quickly to build up and try to deal with this climate change problem. It's global in scope, it's global in scale. It isn't just regional, it isn't just one place pitted against another. It's everyone. We don't do that so well in the private sector. And if we don't take action today -- and this is to Jack's point -- if we don't act on climate change today, you don't want government in your lives, just wait.

19:23:23

We don't act on climate change today, we are going to see FEMA taking over towns to save them from sea level rise, to save them from heatstroke. This is a hedge against future government action. So climate change, to me, meets all of the categories of sort of what makes it -- what makes a subsidy good. And, you know, to Zephyr's point, I a hundred percent agree. I would rather see regulation. I would rather see a price on carbon. However, we keep not being able to do that politically. In the interim, we are putting carbon emissions into the atmosphere. That is a public problem. In the interim, we need to be incentivizing people to build these technologies to solve this problem. That is where subsidies come in. So just some good examples. Subsidies for solar, back in the 1970s, NASA creates the solar panel through a military project. Now, some anti-subsidy people exempt the military from this conversation.

19:24:20

The military is the biggest subsidizing organization in this country. It basically throws money at problems and doesn't worry that much if it's a bad bet. It happens all the time. One good example is the solar panels. The microwave is another good example. The Internet is another good example. GPS is another good example. So NASA creates the solar panel and puts a lot of money into it, loses a whole bunch of money. Private sector starts to get involved. The recovery act puts a lot of money into solar development. We now see solar 10 times cheaper than it was in 2000. It is now competitive with coal, which is on the decline. And that -- and it now, I would argue, sunset that subsidy soon, because we're now past maturing technology and into mature technology. So this shouldn't be a debate about are subsidies -- you know, are subsidies inherently corrupt? No. Should we deal with the corruption? Yes. Should we deal with inefficiency? Yes. But you don't throw the baby out with the bathwater or the pony out with the manure -- [laughs] -- just because you see corruption.

19:25:20

To address one -- one other, I think, good one. You know, many people will point to the government's loan guarantee program as a bad example of renewable subsidies. You actually look at that program, the government did a good job with it overall. Three -- or 2 percent default rate on the loans from the recovery program. What was the one big default? Solyndra. What was the rest of the program? Successful. Better default rate than any bank, better default rate by far than venture capital. That is a program that worked, and I would stake, you know, my reputation on this stage by that. So again, I would just say, you can't say this is on the margins. You can't say this is a semantic issue. This is an issue, particularly with climate change, a big, hairy problem the private sector isn't equipped to deal with on its own. This is an area where we need some government intervention. We would argue that you should vote against the motion, because you eliminate corporate subsidies, these are the kinds of programs you're eliminating. Thank you.

[applause]

John Donovan:

Thank you, Kate Gordon, and that concludes round one of this Intelligence Squared U.S. debate, where our motion is: Eliminate Corporate Subsidies.

19:26:26

Please remember, again, how you voted at the beginning of the debate. We're going to have you vote a second time. And again, it's the team whose numbers have moved up the most in percentage point terms in their first vote who will be declared our winner. Now we move on to round two. And in round two, the debaters address one another directly and take questions from me and from you in our live audience here in New York. The motion is this: Eliminate corporate subsidies. And we've heard Jack Abramoff and Zephyr Teachout arguing in support of the motion describing what they basically call a crisis brought about by the atmosphere of corruption and unfairness that surrounds the practice of the handing out of subsidies. They are not against all subsidies. They say there are rare exceptions, but it's a sort of last resort use. And then even then, the programs are likely to be swallowed up again by corruption, by unfairness, by distortion of the marketplace.

19:27:17

And they basically make the point that subsidies are almost anti-American, that instead of subsidies, we need better rules, pointing out that 75 percent of subsidies go to more than -- fewer than a thousand companies. The team arguing against the motion, Kate Gordon and Michael Lind, they are also not taking an absolutist point of view. They don't defend every single subsidy, but they make the argument that subsidies kick start special key industries where a public objective can be agreed upon by society, but

whose market needs are not being met by the private sector. They talk particularly about the energy sector in an era where there's a need to solve the problems of climate change, and they're saying that that's a perfect example of an industry that needs the kick start right now to stay alive because otherwise it's not going to happen and it's a vital and important social need. So this is a debate where, actually -- and it happens when we have reasonable people on the stage with a complex topic, that there is a sort of big middle ground, because this team is arguing that they want to eliminate all subsidies, but some subsidies are good -- not all subsidies.

19:28:27

They want to eliminate most subsidies, but some subsidies are good. This team is saying that they don't want to eliminate subsidies, but some subsidies are bad. So there is a question of implementation, but there is also a question of degree to be discussed here. And I do think we have issues to debate. And I want to -- I think the two that really stuck out to me are this issue about the inevitability of corruption and the issue of the necessity of supporting nascent industries that otherwise would fade if the government didn't get involved. So let's start with the corruption question. And I want to go to the team that's arguing against Zephyr and Jack, because Jack makes the point - - I want to say to you, Michael and Kate, Jack makes the point that the -- the tendency for any subsidy program, for the game ultimately to sort of end up in the sewer, is inevitable. It's inextricable from the process.

19:29:18

It happens time and time again, and that by its very nature, it represents a sort of unfairness for government to be picking winners and losers. And unquestionably, politicians can be gotten to, and they are gotten to given that corporations spend millions and millions of dollars lobbying to protect their subsidies or their advantages. And you can sort of see the argument they're making, so I'd like to hear your response to the -- sort of the inevitability question. Michael Lind.

Michael Lind:

During the civil war, the transcontinental railroad was subsidized many times the cost of its construction. Much of the membership of the U.S. Congress received kickbacks from the robber barons. It's estimated that \$23 million in 1860's money was wasted in corruption. Within six months after the transcontinental railroad was opened, that money was earned back by the lower cost of lower freight. So, you know, one answer is, you have to judge the things by results.

19:30:21

You know, there's a certain amount of human nature. You're going to have people profiting from it. So then the question is, well, so what? If it's a good program -- now, I

understand Zephyr's concern about the moral fabric of the republic. But what if the motive of most of the members of Congress who voted for the transcontinental railroad was to get kickbacks from Leland Stanford? It's still a good program. It was an enormous benefit to the country.

John Donovan:

All right. So you're saying -- of course you're not making a pro-corruption argument --

Michael Lind:

No, I'm not --

[laughter]

John Donovan:

-- But you are saying that a little corruption on the margins might be a price worth paying for the benefit.

Michael Lind:

That's fair.

John Donovan:

Okay. Let's take it to Jack Abramoff to respond.

Jack Abramoff:

Well, Michael, for a moment, I thought you were getting ready to work for Vladimir Putin with that argument.

[laughter]

Look, I was in the belly of the beast, involved in the business, and saw every one of these efforts going on.

19:31:20

And I've got to tell you, a little corruption is not acceptable because there is no little corruption. As soon as corruption starts, everyone starts to become corrupt. And unfortunately, too many members of the present Congress-- I don't know what the motivations were of the folks during the Civil War and I believe that they were perhaps corrupt motivations. So we have to deal with today. And today, we have programs, virtually every program is immediately set upon by 30,000 lobbyists. Even in those days I don't think there were 30,000 lobbyists. There were plenty of them. In fact, the lobbyists were created, the term, during Grant's administration. People hung around the lobby at the Willard Hotel. But the issue of corruption is very serious, because the subsidies are the starting gun of the race of corruption in Washington.

John Donovan:

To Michael's point that all right, he grants all of that, he doesn't like that or support it but he says that nevertheless the system still produced the railroad and subsidies still produce public goods.

19:32:23

Jack Abramoff:

Well, I mean, we also have a very different economy and different -- very different world. We have a world today when people, such as Google and I forget his name now, the fellow who does the private air travel to the -- into space -- SpaceX, yeah. We aren't living in a world where the government is the only entity that can do things. We have many, many very powerful companies that on their own without government incentives other than what their lobbyists can get them, can successfully prosecute --

John Donovan:

Okay. Let's let Kate Gordon into the conversation.

Kate Gordon:

Look. I would argue, similar to Michael, but maybe take a slightly different track that corruption is most endemic when government is weak. So we actually had a fairly corrupt government in the 19th Century. We had a system here and in England where people were paid according to how well they collected fees and taxes. People were paid according to how well they enforced criminal statutes. We changed that. We both imposed a civil service that had -- that is educated, that is merit based generally and when you have a strong and merit based and decent civil service making some of these decisions, I think you can actually avoid some of the corruption.

19:33:27

And I would say you're -- you know, in some ways we might be talking about two different things. You're talking mostly, Jack, about Congress making decisions. I'm talking in the example that I gave mostly about the agencies making decisions, and I do think, you know, again take the loan guarantee program, they have external counsel from the private sector reviewing all those loans. They go straight up to the secretary for a final decision. It's a process that gets used. It's not always perfect, but I do think that if you have a strong system you can avoid a fair amount of the corruption and, again, we would argue let's address the corruption. Let's not throw out the subsidies.

John Donovan:

Okay. Zephyr Teachout.

Zephyr Teachout:

Well, with enormous respect, we are in terrible shape in terms of the corruption in this country right now. We are in terrible shape in Congress where members of Congress are spending their time raising money from people who want corporate subsidies. That is a major part of the job description of being in Congress right now. And we have a huge corruption problem with capture of the federal agencies, and that corruption problem is softer.

19:34:31

It's not as explicit as the congressional one, but the revolving door right now with, for instance, FERC, is extraordinary. The financial incentives of the federal agency overseeing pipeline approval are to oversee pipeline approval. We have a corruption crisis. So, yes, there are some examples of times that, you know, there are particular laws that might have been passed even though members were bribed, but at this particular moment, which is why I actually think there's real moral urgency to this debate, is that there's a real danger in saying yeah, there's always a problem. Some good things have happened. We actually -- it's a time for pretty serious structural reform.

John Donovan:  
Michael Lind.

Michael Lind:  
Can I respond?

John Donovan:  
Please do.

Michael Lind:  
Yeah. No, I understand the argument.

19:35:20

The argument is that if you remove the incentives for political corruption then you reduce or remove the corruption. The mechanism of corruption is campaign finance, right? So it seems to me rather than saying we're -- you know, if we do less regulation there will be less incentive to bribe a congressman. If we do less subsidy there will be less incentive. Why don't you just address it directly, right? Because and here's the hypothesis for you, just throwing this out here. What if we had public funding of members of Congress? Right? They -- and then after they retired they could never become lobbyists, you know, they become professors or something.

[applause]

No, is it not possible that without being bribed some of these austere members of Congress might decide it actually makes sense, you know, to subsidize, you know, SpaceX. By the way, just one data point. It is entirely subsidized by the government.

19:36:23

Elon Musk's SpaceX, Jeff Bezo's Blue Origin, and the United Launch Alliance are competing for NASA and Defense Department government contracts to replace the Russian RD180 rocket. This is a perfect example, at least in my mind, fairly successful corporate subsidy.

John Donovan:

Okay. So, Jack Abramoff, one more crack at this corruption question with you. Hearing your opponent saying that the subsidies in and of themselves, the giving of subsidies, is not the crux of the problem. It's kind of a campaign finance reform issue, which remains unresolved. What is your take on that again, as somebody who has played very much inside that circle?

Jack Abramoff:

Well, first of all, the corruption in Washington does not end with campaign finance. Giving political contributions is but one method that lobbyists use and special interests use to get in good with members of Congress. There are so many ways that they do get in well with the Congressmen, and they're -- everything from hiring their staff, to hiring their member of Congress. And I agree with you completely about shutting the revolving door, and I've been advocating that.

19:37:24

But the fact is, these folks permeate K Street right now, and getting rid of all of them is just not possible.

John Donovan:

Can --

Jack Abramoff:

But when I was a lobbyist, I only wanted to hire from people from Capitol Hill. Now, having said that, just as if we have a sloth of bears -- I'm saying, you put out some honey -- the bears are going to get interested. If you have money, special interests, whether they are people who used to work in Congress or not, smell money. And they come for money. And that is just human nature. And just --

John Donovan:

And you're saying it cannot be regulated away? I mean, your opponents are suggesting it --

Jack Abramoff:

How can you regulate away human nature? Okay. How do you get rid of human nature?

[applause]

John Donovan:

Kate Gordon.

Kate Gordon:

We would -- thank you. We would, I think, agree that -- and again, just attacking the corruption and not necessarily the subsidies -- we -- campaign finance reform, absolutely. But also, to your point, Jack, also the subsidies themselves, we would favor greater transparency, public disclosure, accountability for these subsidies, claw backs where the companies don't provide the benefits that they promised, particularly job benefits that they promised.

19:38:27

Absolutely. These are all ways of holding accountable those transactions. But I think we would still argue that you can't -- there are some public interest issues where you can't wait for regulation. And I've got to come back to climate change. It's my thing, but it's also a great example, because it's so political that there isn't movement on it, on the regulation side or on the Congressional legislation side. A lot of those deals that are being made right now are being made, literally, to try to stem the tide in that interim period.

John Donovan:

Okay. I want to bring -- go ahead, Zephyr Teachout.

Zephyr Teachout:

Yeah. I want to directly access that -- address that. I do want to say, I've been a lifelong champion of public financing of elections. I think it's absolutely essential. But I completely agree with Jack that you cannot do public financing of elections alone, because if you create extraordinary temptation for 975 companies to go get those billion dollars, they're going to find other ways to do it. So --

[applause]

-- so, I have a question for you. Am I allowed to do this?

19:39:26

Or is -- are we not at that --

John Donovan:

Let's see how the question is.

[laughter]

Zephyr Teachout:

So, this is a serious question for Kate. Right now, today, if you can eliminate all fossil fuel subsidies and eliminate all corporate subsidies, do you not believe that the radical elimination of those billions of dollars in fossil fuel subsidies would do more than adding on to an already corrupt and problematic system?

Kate Gordon:

No.

Zephyr Teachout:

So, you would keep the fossil fuel subsidies and just have less --

John Donovan:

Well she'll get to explain. Go ahead, Kate.

Kate Gordon:

No. I would not keep the fossil fuel subsidies, but I would remind you that the fossil fuel subsidies have been in place, as I said, for over a century, which means the infrastructure that we've built for all of our energy systems and transportation systems is built for fossil fuels. Even if you eliminated all the fossil fuel subsidies today, you would still have an uneven playing field for the guys trying to come in and be competitive in that infrastructure. We don't do public charging of electric vehicles. We do a lot of gas stations.

19:40:28

John Donovan:

That's what you mean, is that there are gas stations all over the country --

Kate Gordon:

There are gas stations all over the county. There are major power plants --

John Donovan:

So, you're saying that in order to catch up and get places -- electric charging stations all over the country -- that the government has to subsidize the industry to make that --

Kate Gordon:

I'm saying that for a time, you need to support maturing technologies competing on an uneven --

John Donovan:  
Okay.

Kate Gordon:  
-- playing field. However, would absolutely support sunseting those? Absolutely. I think sunseting is necessary to --

John Donovan:  
But let's take the point, because it's the other one that we wanted to move on to. And I want to take it back to your opponent, since you raised it -- this notion that there are certain industries that it is in the public interest to support that will otherwise wither and die, and your opponents have used the renewable energy industry as a great example of that. One of them has skin in that game. What's your response to that? Do you concede that that's one of those industries where you would go for subsidies or not?

Jack Abramoff:  
Well, this is where -- it's one of the parts of the program where Zephyr and I are going to disagree.

19:41:20

I am a conservative, and I don't believe, based on the history of subsidizing solar -- in fact, Michael, I read a piece you wrote three years ago, commenting about how the U.K. cut out, properly, their subsidies for solar, or at least I understood it to be that. And again, I'm against subsidies, certainly, for fossil fuels. I'm not personally perhaps as wrapped up in the hate -- I hate fossil fuels discussion, although I do hate it when I fill my car up and have to pay the bill. But I'm -- coming from the other side politically, I just believe that, as I look at the macro situation, that having subsidies for favored projects that, yes, I understand Kate, you know, does a lot of good work in this area, and she should be lauded, and I am a personal supporter of solar energy. But I am not certain it's a good idea to have Washington bureaucrats making decisions that the private sector decided is not necessarily something they want to do.

John Donovan:  
Okay, now, because you have indicated that you have a division between the two of you on this, normally we like to let both sides respond.

19:42:28

John Donovan:

And Michael, you say, is sort of on your side. Maybe we should move all of the chairs just for this round. But Zephyr, what's your take on this?

Zephyr Teachout:

I guess I have a slightly different view, again, with great respect to Kate. Right now, if we could get the predatory powers off the backs of people who want to install solar, businesses that want to install solar, then we actually had a truly open, actual level playing field, I don't think we need breakthrough technology. We just need the capacity for solar, geothermal, wind, and hydro to actually compete, and it would explode.

[applause]

So there's two questions here. One is, if there's a bill up, given our current deeply corrupted fossil fuel dependent politics, is there a particular bill that Kate might be pushing that I might vote for?

19:43:27

Sure. But I am not willing to go down the path of well, you know, since we're all in this deal together, where everybody's getting subsidies, I'm going to actively be promoting that. I think first we say, much better rules, real cost of fossil fuel, including health costs of fossil fuel be embedded in the actual cost; better competitive rules so that -- so that right now, a company should put a solar panel on their roof. It'll be paid back within seven years, except for predatory utility companies --

John Donovan:

Okay.

Zephyr Teachout:

-- and fossil fuel companies that are pushing it down --

John Donovan:

Kate, you get two in a row now too.

Kate Gordon:

Very quickly, yeah. You know, two things. One, to be clear, of course I'd support eliminating oil and gas subsidies, because they're mature technologies, and they're very profitable. Why would we continue to subsidize them? I think that test should apply to everybody, not just to --

[applause]

-- not just to renewables, right? But second, you know, if we eliminated them all, would it be a magically open playing field, and would everybody rush to renewables? You know what they would do is what they're doing now, which is they would rush to renewable development in other countries because those other countries are heavily subsidizing renewable energy development.

19:44:35

So --

[applause]

Do we want U.S. jobs? Do we want U.S. manufacturing? Do we want to bring some of that competition home? Yes. Is there a level playing field here to do that? No. Are others countries creating it? Yes. And so I think that it is not -- it is not magically -- we don't magically wave a wand and make it all level. We --

John Donovan:  
Michael.

Kate Gordon:  
-- have to look at the reality.

John Donovan:  
Your partner.

Michael Lind:  
Well, okay, I wanted to bring in the rest of the world. We're 4 percent of the human race and about 20 percent of the world economy, and it's shrinking. One of the central debates -- and I'm surprised it hasn't come up already -- about corporate subsidies was the export-import bank. This was killed by a coalition of Libertarian conservatives and progressives, and then it was revived by a bipartisan coalition.

19:45:20

The export-import bank subsidizes foreign purchasers of American goods which mostly come from big companies because they're mostly things like airplanes and automobiles and plastics.

John Donovan:  
It's not mostly because they have the better lobbyists.

Michael Lind:  
No, no. It --

John Donovan:  
It's the product.

Michael Lind:  
But the point is, we are competing against European and Asian nations who view the government as the coach of their team, not as the umpire presiding over impartial rules. And if we decide we're going to -- and if, in the long run, we can convert the rest of the industrial world to, you know, a pure, free market view, fine. But until then, if we unilaterally disarm, then we are going to lose not only --

John Donovan:  
Okay.

Michael Lind:  
-- foreign markets, but domestic markets, not just for energy, but for manufacturing, for infrastructure, all kinds of things.

John Donovan:  
It does take the conversation in a new direction. I'd like to hear Jack Abramoff's response to that. The other guy -- the other countries are doing it, and if we don't, we're going to be messed up by that.

19:46:22

Jack Abramoff:  
Well, the last time I checked, it was our economy that's generally leading the world. And it's our economy that has been leading the world for a long time because we are an innovative economy. We are not an economy where the government is not merely a coach, but it seems a player and the owner of the team, which is what goes on unfortunately in too many foreign countries. I'm not saying everything that is done overseas is wrong, certainly not. I'm not saying everything that's done over here is right. However, I think that we get into a very dangerous mode when we start viewing our government as our partner, because this is not a good partner. This is a partner that comes with a lot of baggage in many ways. Sometimes our partner, unfortunately, gets into our liberty in a way that none of us would put up with as Americans, whereas overseas they do. Now, having said that, I believe that -- again, I'm not going to argue, I'm not an anarchist, I'm not going to argue against everything the government is doing.

19:47:15

However, I do believe that the wisdom of the founders certainly has to be considered and that the constraints of the federal government, versus, by the way, the other

government entities. We didn't even talk tonight about the \$60 billion in state subsidies, state government subsidies, let alone the local and the county subsidies as well. There is plenty of government to go around. One of the arguments we're making is the elimination of the federal involvement in these things. And I think that has to be considered.

John Donovan:

And by citing the founding fathers, are you saying that subsidies are unconstitutional?

Jack Abramoff:

Certain subsidies I think are beyond the Constitution, yes. I think when the government is involved in activities that are extra-Constitutional, and they are subsidizing companies as a consequence of their lobbyists coming in and making these cases -- and I have to tell you, people who I lobbied with make these cases. Folks, this goes on. These meetings happen, where lobbyists who are very persuasive go into congressional offices and convince congressmen who may not phi beta kappa candidates, that these things are Constitutional, these are good, these are right, and they walk away with a big check out of our wallets. And this is going on currently.

19:48:23

Michael Lind:

Let's talk about the founders.

John Donovan:

Michael Lind.

Michael Lind:

Alexander Hamilton wrote most of the Federalist Papers. He knew something about the institution. He wrote the report on manufacturers. He said that the federal government should subsidize a list of strategic industries through tariffs and bounties -- his word for subsidies -- he said bounties were preferable to tariffs because they're more efficient. Thomas Jefferson, then Secretary of State, opposed him. When Thomas Jefferson became president, he explained in a letter that Hamilton had been right. Hamilton long dead, killed by Aaron Burr. And the Jefferson administration adopted, more or less, the import substitution, pro-manufacturing program. So let's -- you know, Founding Fathers were not Ayn Rand. This is not -- you know -- this is nothing --

Male Speaker:

It may look like Ayn Rand, but they --

Michael Lind:

This is nothing new.

[laughter]

John Donovan:

All right. We want to go to questions from you, our audience in New York. And the way it works, if you just raise your hand, let us remind you again, I'll call on you.

19:49:21

The process is somewhat random. If you're upstairs, unfortunately, I can't call on you because I can't see you. If you wait -- stand up, wait for a microphone to come to you, tell us your name. If you are writing or blogging for a public audience, we'd appreciate knowing who you are with.

Kate Gordon:

Or if you're a lobbyist, please --

John Donovan:

Or if you're a lobbyist. Yeah, that's a good one too.

[laughter]

John Donovan:

So on the -- on the aisle here, sir, and the mic's coming down your lefthand side. If you could stand up again, please.

Male Speaker:

The team against -- I'm Ben. The team against the motion had made the point that there's a difference between the value of a good to the public and to the private sector and that you could subsidize that difference. My question is -- although I think anyone will agree that that's academically possible -- is the government competent and capable of identifying what to subsidize and how much to subsidize it? Thank you.

John Donovan:

That sounds like more of a challenge to the side arguing against the motion, so let's take it to Kate Gordon.

Kate Gordon:

Sure. You know, I said a little bit about this before, and, of course, there are examples where the government is not particularly efficient.

19:50:22

I think we could all find many of them. But in general, you know, in the area that I know the most about, as I said, the default rates from this stuff are pretty good. The government has a pretty good track record of choosing which energy subsidies to put money in in the renewable space. And in fact, the program in the federal government with the highest default rates by far, that is a subsidy, is the student debt program. And by the way, that is run by private companies, not by the federal government. So I do think that it's worth taking a real look at each of the programs. Obviously, they differ agency to agency. But yes, again, I just don't accept the proposition that government is inherently corrupt and inefficient as a matter of course. We see other countries manage their governments, to be fairly uncorrupted and efficient. Germany's government plays a large role in its private sector. There's a partnership there. I think we have to have the hope and the ambition for our government to be able to make these decisions and make them well.

19:51:19

John Donovan:  
Zephyr Teachout.

Zephyr Teachout:

Yeah, thank you for the question. And I obviously do not think that government is inherently corrupt. I have spent my life fighting for the real possibility of democracy. But your question goes to something else, which is competence. And I think that there's a particular area which is choosing between companies, choosing which of those 975 companies has correctly filled out the forms, given the proof that they are going to implement governmental policy, is actually the worst area of government competence. The figuring out do we care about geothermal or wind. That's an area where I actually think that there's a lot of competence, but picking and choosing between companies, which is inevitable when you're at the beating heart of corporate subsidies, is actually the low point of where government employees should be engaged.

19:52:20

John Donovan:  
Okay. Let's -- sir. Yep. It's coming down the right-hand side. Thanks.

Male Speaker:

Hi. I'm Phil. My question is for those against the motion. What is the optimal return on corruption?

[laughter]

[applause]

John Donovan:

That may be about the most perfect question ever asked at one of our debates.

[laughter]

Michael Lind:

Well, look, the United States is ranked by the world economic organization as one of the least corrupt nations on the planet, which shows you how corrupt many other nations on the planet are.

[laughter]

But the fact is, the United States is a relatively high trust society. This is why it's attractive, I agree with Jack, you know, for business to start here for foreign investment and so on, so if you put it into context, not only is the United States today, you know, really far less corrupt than many other countries in the world, but in my opinion it's far less corrupt than in the past and maybe I'd like to ask Zephyr, I mean, she's written a very good book on this subject.

19:53:31

You know, we had the Yazoo land, you know, scandal. We had, you know, Teapot Dome. We had the Credit Mobilier, you know, and all of this stuff. I was born into a segregated state, Texas, where every Republican vote was thrown out by the local Democratic precinct machine until the 1970s. You know, I know people who in New York City in the 1960s went around with suitcases of "walking around money." Now you can claim that the corruption has changed its form now, but can you really argue that we're much more corrupt than we were in the past?

John Donovan:

Zephyr.

Zephyr Teachout:

Yeah, I actually think there's moments of high corruption, moments of low corruption in American history.

19:54:15

The Gilded Age is a moment of fairly high corruption and I think this is a moment of fairly high corruption, and I think the extreme inequality and poverty that we have right now and struggle for good jobs is a function of that high corruption and I think that people are -- I guess my most deeply held political belief, perhaps, is that people are really smart and are worthy of having their voices heard and the -- even though I don't

agree with all the expressions of anger in the political process right now, I think that anger is legitimate because of the level of corruption in Washington.

John Donovan:

Another question? I'm sorry. I'm actually -- I'm going to confess. I'm looking for a woman to ask a question and all right. Three, two, one. Okay, thanks. If you could stand up please and tell us your name, too.

19:55:19

Female Speaker:

My name is Nancy. One assumption we have is that once a subsidy is in it's always in. So, can you give an example of a subsidy that's been sunsetted?

John Donovan:

Kate Gordon.

Kate Gordon:

Sure. There are lots of them. This is actually a great example, but just as the subsidies I talked about have been around since 1918 with no clear future for sunsetting, the production tax credit and investment tax credit for wind and solar sunset every year and have to be renegotiated every year, which creates havoc with the development of wind and solar, I will tell you. You look at the charts of development, they go like this because no one ever knows if it's going to exist or not. So, the renewable subsidies in general sunset all the time.

Michael Lind:

Well, I have a question connected to this for Jack, if I may.

Jack Abramoff:

Can I respond first to that?

John Donovan:

Yeah, that's do that. Jack, --

Jack Abramoff:

Your only example of a subsidy that's been sunsetted is one that's renewed every year, I think we've got to look for a better example.

[laughter]

[applause]

Kate Gordon:

No, up for renewal, Jack, up for renewal, not necessarily renewed.

19:56:20

John Donovan:

Oh, wait a minute. He's got a good point.

[laughter]

Kate Gordon:

He is. Well, there are plenty of other examples. That was the first one that came to mind, but there are several, you know, many of the Recovery Act subsidies have not been renewed, for instance. There's an example. Those are two year subsidies. Most of them are gone.

John Donovan:

Michael, you wanted to jump in?

Michael Lind:

No, that was just my point, because at first glance having it sunsetted every few years, you know, might seem great, but then, you know, it seems to me it would create business for lobbyists, right? These are so-called tax extenders --

Male Speaker:

Right.

Jack Abramoff:

-- so there's a tradeoff. [affirmative]

John Donovan:

Okay. Let's -- and sir, right in the middle. Blue sweater. And the mic is going to come down the left side for you.

Male Speaker:

My name is Sam.

John Donovan:

Wait, wait. Wait, wait. I --

Female Speaker:

Microphone.

John Donovan:

Microphone is coming your way, to the left.

Male Speaker:  
Oh, okay.

[laughter]

My question is to Michael. You made a statement that subsidies are sometimes good, because you pass on the savings. I don't remember the last times savings has been passed on, ever.

19:57:23

Very thin wallet. It used to be large years ago.

John Donovan:  
Okay. I'm going to --

Male Speaker:  
I do have a statement with a question.

John Donovan:  
Okay. I need you to get there, though.

Male Speaker:  
I believe in subsidies if there's a referendum only recommending telling your elected officials --

John Donovan:  
Sir, I have --

Male Speaker:  
-- what you want --

John Donovan:  
-- to cut you off because our rule is questions. No statements. You've had 46 seconds so far.

[laughter]

The perfect question was 12. So, just -- just ask your question. And you know, go for it. Ask your question. Or -- is your question where we -- where are the savings passed through?

Male Speaker:

-- subsidies are good because the savings are passed on.

John Donovan:

"Where does that happen? Give me an example."

Male Speaker:

I don't believe that would happen.

John Donovan:

Okay. Michael, and I think the gentleman is asking for an example.

Michael Lind:

Well, the subsidies from the National Institutes of Health, which broke the -- decoded the human genome -- if that allows genetic medicine, it gets rid of birth defects, that's a huge benefit.

19:58:25

Subsidies for maturing technologies that lead to lower freight costs, and better transportation, and less pollution. Just remember, when we were talking about subsidizing business, we're talking largely about a few areas that get most of these subsidies -- energy, infrastructure, and manufacturing, where the result of technological progress is better goods, lower living costs, and better safety. And if it doesn't have those results, then it's a waste of money. It's a swindle. It's a bad subsidy. But it's not in the form of a rebate to individual taxpayers. It's in terms of a better quality of life, if it's successful.

John Donovan:

Is that a persuasive argument to this side, for the subsidies that were just discussed? Human genome project, for example? Zephyr Teachout?

Zephyr Teachout:

You know, there's particular programs that Michael and Kate are going to know more about. I want to say that I -- you know, I really support the -- and this is probably an area we disagree -- I don't know

--

Jack Abramoff:

We do.

19:59:25

[laughter]

Zephyr Teachout:

-- I support the federal government supporting higher education and research. I support the federal government being engaged in areas where there are particular needs that the market can't fill. Those are not complicated ideas. I support public libraries, for instance. That does not mean that I think that all -- that this particular mode of government giving money to companies to serve what would be governmental or public ends is good. I think, in general, it's a deeply, deeply corrosive transaction. And there are usually far better ways to serve those ends.

John Donovan:

Okay. I want to remind you that we are in the question and answer section of this Intelligence Squared U.S. debate, where our motion is Eliminate Corporate Subsidies. I'm John Donovan.

20:00:21

We have four debaters, two teams of two, arguing it out for your vote. Sir? That's coming down the right-hand side. If you could stand up. Thanks.

Male Speaker:

So, it seems to be that there's -- it's not a semantical difference -- it's a very valuable difference -- between technology-based subsidies versus competition-based subsidies. So, could the against side argue, what's the line between something towards an emerging technology versus something that's just solely competitively-based, to that allocation to the company? Thank you.

John Donovan:

Michael Lind.

Michael Lind:

Well, I think what you're referring to is -- and maybe what Zephyr referred to, is where individual firms have to compete for grants and fill out forms, and all of this, in order to qualify --

John Donovan:

And she said "bootlick" in her opening statement --

[laughter]

Michael Lind:

I won't use this colorful language.

[laughter]

-- but you know, but there's a reason why they have to jump through all of those hoops. That's because the taxpayers are of two minds, right?

20:01:26

You want to promote this. But you want to make sure this is really a small business; it's not a front from Panama or something that -- so, you know, so there's a reason why we have these bureaucratic procedures. Now, you can make the case, as many people do, that it's better to have, you know, industry-wide, or sector-wide, or -- economy-wide general tax breaks, say, as opposed to specific grants. But if you go to federal grants wire online, and you look this up, the vast majority of these grants are fairly small. I mean, I don't think they're large enough to corrupt you particularly. You know -- you know, they're mostly directed to small business, and a lot of it is seemingly reasonable things. A huge chunk of it has to do with the medical industry. You know, some of the other stuff, like the small business innovation research program had to do with actually leveling the playing field between big companies and small companies by helping small companies do R & D, which big companies can do out of their own earnings.

20:02:29

So -- so, you know, there's something to the individual grants as well as the general regulations and general policies.

John Donovan:

Zephyr, weren't you arguing in your opening, though, that small businesses are being crushed by the -- by the subsidy culture?

Zephyr Teachout:

Absolutely. The exception doesn't make the rule, that most small businesses are not getting an advantage. Even if they are getting a subsidy, they're getting a subsidy that is less than that of their large business counterpart. We've really seen a collapse across the board. And although, you get a lot of lip service towards policies that favor small businesses, in fact, the corporate subsidy culture is really, really part of the reason why it's falling apart.

John Donovan:

Kate Gordon.

Kate Gordon:

Just on the competition question, we are seeing a shift in some of these subsidies, particularly manufacturing, to a more competition-based model.

20:03:22

So the national network for manufacturing innovation does competitions where it basically looks for industry in academia and labs sometimes working together to have a product that's competitive, that leverages private investment and that brings in -- brings in partners for a public purpose. We're seeing more and more of that, that race to the top model, which is an interesting take on sort of, you know, -- or a difference from these sort of filling out the forms and someone in some bureaucratic office somewhere sitting there making some decision. And increasingly, we're seeing, you know, real -- I would argue for transparent guidelines for what makes a good decision on these things. Does it actually reduce carbon emissions? Does it leverage private invest? Is it actually something the private sector is demonstrably not able to get into as a first mover, but wants to add on if there's a little bit of a de-risking from the government. So I think there are ways to address this competition problem, and they are not getting rid of the whole subsidy culture.

John Donovan:

Zephyr, I want to go to questions, so can you be brief in your response?

20:04:19

Zephyr Teachout:

Very briefly, I think the Arnie Duncan's Race to the Top in education policy is not a great example of federal government working well.

John Donovan:

Down -- right here. Ma'am. Mic's coming down on your right-hand side.

Female Speaker:

In the globalized economy, are corporate subsidies necessary to compete internationally?

Male Speaker:

I would argue yes, particularly if you look at the world's largest manufacturing country, which has now surpassed the U.S. in size of an economy and also leading manufacturing is China. Most of China's major manufacturings are SOEs, state-owned enterprises. In addition to that, there is the Chinese policy banks which will just shovel money at low interest rates to their producers. So in a globalized -- we have a globalized economy, but we don't have a free market economy. Now, if we had a free market economy, we could relax about this.

20:05:20

But in a globalized economy in which the world's largest industrial country routinely rigs things for its own producers, either we get out of those fields of industry and simply allow them to choose the content of our economy, or we retaliate. You fight fire by fire.

Kate Gordon:

Or just real quickly, if you don't like China, Germany provides a significant amount of worker training and retraining and a significant amount of education, public education and indirect subsidy to its businesses. It does that in collaboration with industry. That's a competitive advantage that Germany has in manufacturing.

John Donovan:

Jack Abramoff.

Jack Abramoff:

Well, I don't like China, and I'd like to get back to China. We'll deal with Germany later. It's like a Risk game here. But --

[laughter]

The China example is particularly interesting vis-a-vis corruption, because if you notice what's in the daily headlines, which is executions of various people who are corrupt, then in fact the money that's flowing out of China is generally the middle management of a lot of these companies that are subsidized by the government.

20:06:22

And I happen, unfortunately, to be very familiar with the process over there. It is unbelievably corrupt. And in fact, if we are going to head toward that kind of model, we're going to be in as much trouble economically, ultimately, as China would be --

Michael Lind:

No, no, I'm not endorsing the model. I'm saying we have to take our own precautions against it.

Zephyr Teachout:

And I would just say briefly that I reject the NAFTA model, the TPP model, and the idea that the horse is out of the barn on trade. And instead would say that we can have an extraordinary, thriving economy, but we need a 21st century trade approach which doesn't lead to us being worried about corrupted state-run enterprises.

John Donovan:

A lot of horse and pony references tonight.

[laughter]

Right down in the second row there -- third row, sorry. And the mic's coming this side.

Female Speaker:

My name is Shayna. Jack, in your first affirmative, you mentioned that we can't afford these subsidies, so I was just wondering if this side again could elaborate on why they think we can still afford it even with this trillion-dollar debt.

20:07:28

John Donovan:

Before we do that, can we have Jack just really -- 15 seconds, what do you mean by, "We can't afford." Just reiterate so that we know it's your --

Jack Abramoff:

I thought I was pretty clear. We're at \$20 trillion in debt. We have to start getting control of the expenditure part of our government. But the problem is there are lots of little good ideas that people go at first resort now to the federal government to say, let's spend the money on this because this is a great idea, instead of looking at other places that might do it. The problem is, all of that adds up to a crisis which is what we're faced with right now.

John Donovan:

Your opponents then, Michael Lind.

Michael Lind:

Go to the Office of Management and Budget website. You will find that the U.S. debt to GDP ratio is flat between now and 2040. It is not growing out of control. The budget outlook through 2040, spending and revenue as a percentage of GDP, it is flat for the next 30 years.

20:08:19

The government, Jack, to the contrary, is not growing out of control. And what's more, if you look at discretionary nondefense spending, which is only 16 percent anyway. Most of the federal spending is social security, Medicare, Medicaid, and the Pentagon. That is scheduled as a result of a sequester in various reforms to be lower in the 2020s than it is now. So you simply can't make this argument that the government is out of control and we can't afford this. Now, if you think the government at the level where it is now is too high, and we need to slash it, that's another debate. But we have government spending under control. The national -- the deficit went up to 9.8 percent in 2008, 2009. It's now below 3 percent.

John Donovan:

Okay, we are -- thank you very much for your question. We are now going to do a small round that we refer to as the volley round. And in the volley round, one very specific and narrow question is put to the debaters. They have two minutes to answer the question in four 30-second chunks with the clock timing them.

20:09:22

And when their 30 seconds run out, a bell rings that sounds like this.

[bell rings]

That means they have to stop talking, and it goes to the other side. And the order in which we're going to do this, we're going to go first to Zephyr Teachout then Michael Lind, then Jack Abramoff and then Kate Gordon. And with the question you can answer the question, debate the question, challenge the question itself. You may not like it. But you -- it's a way to sort of boil down everything that's been said before to sort of one key principle. The question being put to each side over the next two minutes, in 30-second chunks, is this: Should the government even be in the business of picking individual companies or industries to be winners, leaving the rest unfavored? We're going to give the first 30 seconds to Zephyr Teachout, starting out in.

Zephyr Teachout:

No.

[laughter]

John Donovan:

You don't have to use the rest of your time.

[laughter]

Let's take the question to Michael. And should the government be involved in the business of picking businesses to be winners.

20:10:22

Michael Lind:

Yes.

[laughter]

John Donovan:

I -- I'm not given the chance to ring my bell.

[laughter]

Jack Abramoff.

Jack Abramoff:  
I agree with Zephyr.

[laughter]

John Donovan:  
Kate Gordon.

Kate Gordon:  
Yes, and I -- yes. If picked well, if they're good, if it's a strong government, we have experts in these jobs who don't have to deal with quarterly reports, who don't have to deal with profit margins, who aren't having boards breathe down their necks, about making bets that are cheap and easy today. They can look at the long game. There's a short-term problem in the private sector. We need people looking at the long game. Absolutely, if they are -- if they're good and they're smart, and we have regulation on them to stop corruption, yes.

John Donovan:  
You're out of time.

[applause]

John Donovan:  
And that concludes -- that concludes round two of this Intelligence Squared U.S. debate where our motion is, eliminate corporate subsidies.

20:11:20

Now we move on to round three. And in round three, the debaters will make closing statements one at a time, uninterrupted. Those statements will be two minutes each. This is their last chance to try to persuade you to vote with their side at the conclusion of the debate. Remember how you voted again when you vote the second time. I want to remind you that it's the difference upward in percentage point terms from the first to the second vote that will determine our winner. The motion being, eliminate corporate subsidies. And here to summarize her position supporting the motion to Eliminate Corporate Subsidies, Zephyr Teachout, associate professor at Fordham Law and author of the book, "Corruption in America."

Zephyr Teachout:

I'm a Langston Hughes patriot. Langston Hughes has this wonderful poem about America where he says, "Let America be America again. Let it be the dream the dreamers dreamed. America was never America to me." And in this long beautiful poem when he describes as the best part of America, which is really what I deeply care about, is this vision where nobody is a beggar, even if they're poor.

20:12:30

They are -- each has an equal voice. Nobody is a servant of the other in a fundamental political sense. And we escape what he calls the "rot and ruin of our gangster death." I think the deepest disagreement with I will say in particular Michael and me is about where we see America right now, because I think there have been moments of extraordinary flourishing in American history and moments of extraordinary corruption and right now I think we are in a moment where we have a deep, deep crisis of corruption and part of the reason for that crisis of corruption is a handful of new political forces, they call themselves economic forces, but they're fundamentally political forces, a handful of big companies that have taken upon themselves the job of governing us.

20:13:30

We are in a moment where a handful of companies, Monsanto, J.P. Morgan, big cable, are basically governing us and one of the mechanisms through which they extract wealth from our extraordinary economy is through corporate subsidies and one of the ways in which they develop relationships with those with formal political powers is with corporate subsidies. So I urge you to vote for the motion. Thank you.

John Donovan:

Thank you, Zephyr Teachout.

[applause]

And that motion is Eliminate Corporate Subsidies and here to make his closing statement against the motion, Michael Lind, policy director of the economic growth program at New America and author of "Land of Promise."

Michael Lind:

Medical errors are the third leading cause of death in the United States. Up to 440,000 Americans die each year from preventable medical errors.

20:14:25

A lot of it because the lag with doctor's offices using paper records. As part of the stimulus act in 2009, the federal government has spent to date more than \$35 billion in incentives to individual doctors, hospitals, and other health care providers. What's the result? In 2009, those using -- the physicians using electronic health records were only 21.8 percent. Today, a few years later, they are 78 percent. The subsidy worked. In 2009, only 12.2 percent of non-federal acute care hospitals were using a basic computer electronic health record system. By 2014, after this \$30 billion had been spent, more than 76 percent were. This is a tremendous unsung success of federal policy. Now, there are problems with the next stage.

20:15:21

There are problems with interoperability, with monopolistic corporations engaged in so-called data blocking. So there are problems with it. But, you know, this sort of really brings it home. As a result of this particular highly successful federal subsidy, your loved ones or your own life may be saved and as long as there are a few programs like this that are successes, you need to vote against the motion.

John Donovan:

Thank you, Michael Lind.

[applause]

The motion is Eliminate Corporate Subsidies. Here making his closing statement supporting the motion, Jack Abramoff, former lobbyist and author of the book "Capital Punishment."

Jack Abramoff:

We're having kind of two debates tonight. One is about theoretically wouldn't it be great if we could do certain things with the government, and then practically what actually happens in Washington? What happens to our money? What happens in our process? Unfortunately, I walked into those rooms.

20:16:19

I got to see as a very young man for the first time what that discussion is like when I went in at the very beginning seeking a tax advantage for a company that was trying to do something very good, something that meets all of the criteria that we talked about tonight and watched the political process at the very beginning when the congressman started asking for money and when the congressman talked about who had to give up their subsidy for them to get their tax subsidy, which was perfectly fine for the Congressmen. And I realized at that moment, something's broken in the system. Shamefully, for me, I didn't jump out the window and run away. I stayed there, and watched it, and participated in it. And while, again, it's great to talk about how

wonderful it would be if we had all these wonderful subsidies and there wasn't corruption, these are human beings making these decisions. And they're not, by the way, the most competent human beings. It will shock to you to know that your public servants, unfortunately, aren't necessarily the geniuses of the world. They're not all idiots, but necessarily, of course, there's both sides.

20:17:23

Unfortunately, they have immense power. Washington is about one thing, folks, and that's about power. Grabbing power, keeping power, grabbing money, spending money. Now, again, I think our side believes there are certainly things the government should be doing. But the system that has developed is so immensely corrupt, is so corrosive of what we all believe -- what we were all raised to think about our government that the American people are rising up, and we just need to join them. Vote for us.

John Donovan:

Thank you, Jack Abramoff.

[applause]

The motion: Eliminate Corporate Subsidies. And here to summarize her position against this motion, Kate Gordon, Vice Chair of Climate and Sustainable Urbanization at the Paulsen Institute.

Kate Gordon:

So, I am technically a lawyer, but I never got to do a jury argument, so this is my chance.

[laughter]

And let me just remind you of the proposition here, which is a three-word proposition: Eliminate Corporate Subsidies.

20:18:24

If you -- that's an absolute motion. Yes, we can argue about semantics. Yes, we can talk about the margins. But in fact, the proposition is "Eliminate Corporate Subsidies." If you think that even one of the things that we have raised tonight, on either side, as a good example of a corporate subsidy -- food stamps, low income heating assistance, critical technology help for emerging technologies, Department of Defense contracts -- any of the things that you've heard about that you think is good -- you think one of those is good, you must vote against the motion. There's just no question. That's the deal. It's -- "Eliminate Corporate Subsidies" is the motion. You think even one thing we've mentioned is good? You must vote for us. Thanks.

[applause]

John Donovan:

Thank you, Kate Gordon. And that concludes Round 3 of this Intelligence Squared U.S. debate, where the motion is "Eliminate Corporate Subsidies." And now it's time to learn which side you feel has argued the best. We're going to ask you to go again to the keypads at your seat. Vote a second time, same system.

20:19:22

If you agree with the motion, "Eliminate Corporate Subsidies," this side, number one. If you disagree with the motion to eliminate corporate subsidies, this side, push number two. If you became or remain undecided, push number three. You can ignore the other keys. They're not live, by the way. Does anyone need more time? It looks like it's all locked out. Okay. Could I have your attention please, because Jack Abramoff, I want to apologize to you. I was aware, as soon as it came out of my mouth, that I mispronounced your name the very first time I introduced you. And I'm sorry for that, because it's really bad. But fortunately, we live in a world -- or I live in world where you can fix your mistakes by pretending they didn't happen and re-recording. So --

[laughter]

-- with your cooperation, I just want to give our editors the option to have me correctly introducing Jack at the beginning of the debate.

20:20:27

So, you may remember, you were spontaneously applauding at the time?

[laughter]

So, I want to say -- let's meet the team arguing for the motion. Please welcome Jack Abramoff.

[applause]

We don't even have to do the rest, we're so good. Okay. So, terrific. Thanks very much.

Jack Abramoff:

You mispronounced Jack.

[laughter]

John Donovan:

So, I want to say this, also, about this debate and these debaters. You know, it was a fairly arcane topic. I want to congratulate these debaters for two things. One is for making the arcane pretty accessible. I think we all learned a lot today. But also, the spirit in which -- again, two things. They were respectful and civil to one another, and despite the fact that they agreed on an awful lot, they actually also agreed to debate with each other, so --

[laughter]

-- and did so, so well. So, thank you to all of the debaters.

20:21:17

[applause]

Also, the people who asked questions, it was nice tonight that we didn't have to throw out a single question. We're going to from now on, sir, use your question -- probably put it on videotape as an example to future people of a great question. But everybody who got up and asked a question and everybody who raised their hands and tried, thank you as well to all of you.

[applause]

So, I want to remind you that Intelligence Squared U.S. is a nonprofit organization, that we actually create and put this program out in -- as I mentioned -- to the podcast and the radio broadcast in classrooms across the nation for free. We give it away for free. And the ticket costs here don't come close -- anywhere close to covering the costs for us, so we rely on the support of a number of donors and individuals who help support us. But we really want to start to -- you know, we want to go for the -- there's a guy running for president right now who has done very well with the small donations and that's inspired us to be asking for the small donations.

20:22:23

So that was not an endorsement for me of that candidate. It was -- it was a reflection on the process working well.

[laughter]

So please go online to our website, and you can make a donation to keep Intelligence Squared growing, which is the phase that we're in. We're very grateful for your donations. Next month, we're back on this stage, on May 4. We will be debating this motion: Hunters conserve wildlife. And we're going to be looking at hunting and conservation efforts here in the U.S. and also internationally. Our panel is going to

include the editor in chief of Field & Stream and the head of an anti-poaching organization, an animal rights activist and the president of the Humane Society of the United States. And what's really been interesting for us is, on our website, we let people sort of vote their opinion on this issue kind of at any time. So we posted the vote on the hunters conserve wildlife motion a few days ago, and we've received more than 100,000 votes on this topic and thousands of comments.

20:23:21

So I'm sure there's nobody organizing this vote out there. There are no -- there are no interest groups. Actually, there are very powerful interest groups on both sides, but there's also just spontaneous interest on the part of the public. So even if you're not a hunter or into it or know much about it, we think it's going to be a spectacular debate, a spectacular and heated evening, so we would like to invite you to that. We're going to be at the national Constitution center in Philadelphia on June 8, continuing our series of Constitutional debates. That's where Zephyr was with us the first time. Up for discussion in that debate is whether the executive branch has been guilty of overreach. Has the president, through a series of unilateral actions, usurped Congress' legislative power? Our debater lineup will be announced on that soon. And the last thing I'll say -- I've mentioned this before -- we're a podcast. You can get -- hear us on our website. You can get our podcast through a terrific app available through the Apple store and through Google Play. And you can watch the live stream any time only IQ2US.org we're also now working with an organization called Newsy.com.

20:24:25

And they, after every debate, produce an amazingly two-minute version of the program, and they're really good. They really work. They're going to do very well with that yes, no, yes, no section.

[laughter]

It's going to give them a 10-second version of the debate. So take a look at Newsy.com just in general. It's a great site, but also what they do with us. Okay. The results are in now. The motion is this: Eliminate corporate subsidies. Recall that you voted before the debate and again after you heard all of the arguments. It's the team whose numbers move up the most in percentage point terms will be declared our winner. Looking at the first vote, "Eliminate corporate subsidies," in that first vote, 34 percent were for the motion, 15 percent were against, 51 percent were undecided. That's a very high number for us. Those are the first results. Let's look at the second results. Let's get the team arguing for the motion, Eliminate corporate subsidies, their first vote was 34 percent, their second vote was 36 percent.

20:25:23

They picked up 2 percentage points. Two percentage points is the number to beat. Let's look at the team arguing against the motion. The team arguing against, their first vote was 15 percent, their second vote was 53 percent. They pick up 38 percentage points.

[applause]

Congratulations to the team arguing against the motion: Eliminate corporate subsidies. They are our winners. Thank you from me, John Donovan and Intelligence Squared U.S. We'll see you next time.

[applause]

20:25:55

[end of transcript]