Biden’s Open War On Hidden Fees

0:01

from The New York Times I'm Michael

0:03

babbaro this is the

0:05

[Music]

0:10

daily today President Biden has declared

0:14

war on hidden fees that cost American

0:18

consumers tens of billions of dollars a

0:21

year but as my colleague Jim tankersly

0:24

explains it's doubling as a war against

0:27

something else that Biden is finding

0:31

much harder to

0:33

[Music]

0:40

[Applause]

0:44

defeat it's Wednesday May

0:48

[Music]

0:53

22nd Jim over the past few weeks the

0:57

Biden Administration has decided to take

0:59

on on Airline fees about as dreaded an

1:03

enemy as you can imagine and I want you

1:06

to just describe what the president has

1:09

done well Michael I don't know if you do

1:11

a lot of flying but when you do fly on

1:14

an airline it turns out there are a lot

1:16

of additional charges Beyond just the

1:19

price of the ticket now this depends on

1:22

on which airline you fly but a lot of

1:24

airlines now they ask you to select a

1:27

seat and they might charge you for your

1:29

your selection or for any selection

1:32

right do they ever they charge you to

1:34

have the person you travel with sit next

1:35

to you and the baby you're traveling

1:37

with sit next to that person right

1:39

exactly if you want to check a bag on

1:40

some Airlines that's a fee if you want

1:42

to carry on on some other airlines or

1:44

with certain tickets that's a fee and so

1:47

what we have are several airlines that

1:49

have adopted sort of a business model

1:51

where you charge low ticket prices up

1:54

front but then you add fees throughout

1:56

the process and by the end your your

1:58

ticket could double right and just to

2:00

name a couple names why not Spirit

2:02

Frontier that's how they operate sure

2:05

and then even the bigger guys like

2:07

American and United have started

2:09

charging some more of these fees too so

2:10

fees are sort of on the rise across the

2:13

airline industry okay Enter Joe Biden

2:16

right so the Biden administration led by

2:19

the transportation department swoops in

2:22

finalizes some rules that say first off

2:24

you can't hide these fees until the end

2:27

of the transaction you got to disclose

2:29

them right away up front what the whole

2:30

thing is going to cost and second off

2:33

there's some fees you can't charge at

2:34

all particularly you can't charge

2:36

parents to sit next to their kids so the

2:39

way the administration envisions it when

2:41

you go to your favorite travel site now

2:43

you would see like an itemized list of

2:45

all the fees like here's what it could

2:48

actually cost and what it could actually

2:49

add up to and you'll see it right away

2:51

when you're comparing what it costs

2:53

between certain airlines so you have a

2:55

better sense of what would the final

2:57

price be at the end compared to the

2:59

final price I'm seeing now okay it's

3:02

difficult Jim for me to imagine anyone

3:05

not welcoming this kind of a rule I mean

3:08

it's the equivalent of free ice cream on

3:11

Friday in the office everybody is going

3:12

to like this rule right I mean and that

3:14

would seem to be the point yeah that's a

3:17

big reason why Biden and his

3:18

administration are doing this they are

3:20

leaning into helping consumers with

3:23

something that really annoys them and

3:25

that's part of a bigger push Biden has

3:28

made a real conser effort across the

3:30

last few years to Target what his

3:33

administration calls junk fees which are

3:35

just particular fees and hidden costs

3:40

that dog you in all sorts of parts of

3:42

your life as a consumer and that just

3:44

annoy people this is just a pattern of

3:46

Biden saying I'm going to tell Corporate

3:49

America you can't hide these fees or in

3:52

some cases you can't charge the fees

3:54

that you've been charging but for Biden

3:57

in the last few months this push on junk

4:00

fees has taken on a much larger

4:02

importance than just pleasing the crowds

4:05

what do you mean it has become one of

4:08

his go-to ways of trying to show

4:12

Americans that he's working to solve

4:15

what everybody says is their biggest

4:18

economic problem right now which is high

4:20

prices in other words inflation but of

4:22

course fees for an airline ticket and

4:25

scene aren't exactly inflation no this

4:28

is not tackling the big drivers of

4:31

inflation the prices that people are

4:34

upset about which have risen very fast

4:36

under Joe Biden compared to previous

4:39

presidents are things like groceries and

4:42

housing and restaurant meals and cars

4:47

yeah cars trucks the things you buy in a

4:48

lot basic necessities of day-to-day life

4:51

ticket fees and Airline fees are a very

4:55

very small part of that but but this is

4:59

is an area he can affect and so much

5:03

else on inflation is not really under

5:06

Biden's Direct Control at least not in

5:08

the short term and so tackling junk fees

5:12

for the president has become a way to

5:15

show Americans hey I'm trying on an

5:17

issue that he really can't do much about

5:19

right now but that is really dragging on

5:22

his presidency got it you're saying that

5:24

Joe Biden's Crusade against fees is kind

5:28

of a inflation

5:30

proxy battle if he can tackle fees and

5:33

make people feel like he's in their

5:35

Corner when it comes to these hidden

5:38

costs in their life that are so annoying

5:41

and painful then he's going to create a

5:44

halo effect in which inflation this

5:46

broader problem that he has less ability

5:48

to conquer will feel perhaps less

5:51

painful that's exactly right I mean

5:54

there is a larger strategy by the Biden

5:56

Administration to address what they call

5:59

Corp corate greed when it comes to

6:01

prices but junk fees are the president's

6:03

most concrete and kind of go-to way of

6:06

connecting with voters on the issue it's

6:08

like Biden and his Brain Trust built

6:10

this nice little policy canoe early in

6:14

his administration you know something

6:15

that's like fun and get you around a

6:17

small Waterway but now they they're

6:20

taking it to seea because people need to

6:22

see that he's out there on the water

6:24

trying to get things done in the much

6:26

bigger problem of inflation right why

6:28

don't you walk us through through what

6:30

this Crusade has looked like from the

6:33

start if the Airline fees are feeling

6:36

like an end point and perhaps the

6:38

Marquee project of this effort where

6:42

does it start and what kind of ground

6:44

has it covered so Biden's push on junk

6:47

fees starts in the summer of 2021 and he

6:51

issues this huge executive order

6:54

sprawling about competition all the ways

6:57

he wants to bring competition back to

6:59

the US economy and embedded in there is

7:02

the first route of a real action on junk

7:04

fees like Airline fees and driving that

7:07

is this really deeply held Theory among

7:12

a lot of the president's economic

7:13

advisers that Corporate America has

7:15

gotten too much power when it comes to

7:18

how it interacts with consumers so this

7:20

starts as an effort to improve the

7:23

economy in ways that Biden's advisers

7:26

really think will be very helpful at the

7:29

the individual level and Beyond now at

7:32

the same time two things happen one

7:35

inflation starts to really blow up that

7:37

summer and two polling starts to show

7:41

that people really like the idea of

7:45

going after Corporate America on hidden

7:47

fees M and so by

7:50

2022 in the midterm elections when the

7:53

president is being hammered by

7:55

Republicans on inflation he turns around

7:58

and starts talking on the campaign pain

7:59

Trail about going after Corporate

8:02

America for Junk fees that this is the

8:05

first signs of him sort of saying okay

8:07

prices are high I'm fighting back I'm

8:09

fighting big Corporate America so

8:12

politics is clearly and firmly at play

8:15

here yes exactly okay and what kind of

8:19

action does this start to translate into

8:23

well it's Washington so these things

8:25

take time but branches of the federal

8:27

government start to propose and then

8:29

finalize rules going after a whole host

8:33

of hidden fees across various

8:38

Industries so for example the Consumer

8:41

Financial Protection Bureau takes aim at

8:44

overdraft fees for people who have Bank

8:46

deposits you know if you bounce a check

8:49

or try to make a payment and it's beyond

8:51

what you have in your bank account the

8:53

bank can charge you a fee typically

8:55

right now for large Banks it's about $35

8:58

every time someone one overdraws their

9:01

account so the bureau proposes a rule

9:03

that basically caps the amount that

9:06

Banks can charge for an overdraft fee

9:09

and the administration sees this as a

9:11

way to help low-income people with bank

9:13

accounts not get trapped in that cycle

9:15

of overdrafts got it okay so that's Bank

9:17

fees what else well then there's also

9:20

credit card late fees right now that

9:22

first fee for the first time you miss a

9:26

payment can be more than

9:27

$30 and the Consumer Financial

9:30

Protection Bureau said that's too much

9:32

and it issued a rule that capped those

9:35

firsttime fees at

9:38

$8 and then of course there are concert

9:41

ticket fees which people might hate just

9:44

as much as they hate Airline fees right

9:47

we we've all been there you go to see a

9:49

show and book tickets or to see a

9:51

baseball game and you go to check out in

9:54

your cart and there are several fees

9:56

just tacked on the end that you don't

9:57

even know what they are and the

9:59

Administration knows this makes people

10:01

mad Biden says he's going to go after it

10:03

and he ends up brokering a summit with

10:06

Ticket Master and Live Nation at the

10:08

White House where they announced that

10:10

they're going to disclose those fees

10:12

upfront right away at the

10:14

[Music]

10:19

start so in this case the government

10:21

didn't need to issue any kind of new

10:23

rule it just needed to invoke the power

10:26

of public shaming well there's just real

10:28

pressure coming from Biden and from his

10:30

administration on this and so there's a

10:32

voluntary action by some big players

10:34

here in the industry to go along with it

10:36

got it so when you put all this together

10:38

from going after overdraft fees credit

10:41

card late fees ticket fees and of course

10:44

the Airline fees this starts to add up

10:47

to something pretty meaningful sounding

10:50

yeah it starts to add up to what you

10:52

could call like a platform right this is

10:55

this is a series of things that Biden

10:58

can Now package together and say look I

11:01

am fighting for you the consumer against

11:05

big evil corporations that want to hide

11:07

fees and rip you off and as Biden starts

11:10

pointing toward his re-election bid and

11:13

entering this year looking ahead to

11:15

November a big economic speed bump

11:18

happens for him inflation had been

11:21

coming down but at the start of this

11:23

year it kind of goes sideways it's not

11:26

coming down in the way that it had been

11:28

or that the white house wants it to be

11:31

and so Biden needs a new narrative he

11:34

needs a new way to sort of commiserate

11:37

with Americans about the damage of high

11:39

prices while also showing he's doing

11:42

something to help right and as you've

11:44

said he has his Crackdown on fees he's

11:47

got this canoe it's just sitting there

11:49

in the water and so they decide to trick

11:51

it out and take it back out

11:53

again good

11:55

evening if I were smart I'd go home now

11:59

you could see the importance of junk

12:01

fees to Biden's overall message about

12:03

fighting corporations and trying to

12:05

bring down inflation in this year State

12:07

of the Union Address look I'm also

12:10

getting rid of junk fees those hidden

12:13

fees when he gives the issue six

12:16

paragraphs of space several Applause

12:19

lines my Administration announced we're

12:21

cutting credit card late fees from $32

12:24

to

12:26

$8 talks about going after credit card

12:28

companies talks about going after late

12:30

fees I'm not stopping there and promises

12:33

that he's going to do more my

12:35

Administration proposed rules to make

12:36

cable travel utilities online ticket

12:39

sellers tell you the total price up

12:42

front he's going to go after utilities

12:45

and he's going to go after Cable's fees

12:47

and you know the battle to fight big

12:50

Corporate America on the issue of fees

12:53

that annoy voters is just

12:57

begun it matters

12:59

it

13:01

matters right Joe Biden fee

13:05

Slayer

13:07

exactly but then something happens that

13:10

is on its face a little bit of a policy

13:14

setback for Biden but politically looks

13:17

like a

13:18

gift which is these big corporations

13:22

he's targeting in the junk Fe fight they

13:24

decide to fight back

13:28

[Music]

13:34

we'll be right

13:36

[Music]

13:44

back so Jim how are these industries

13:46

trying to fight back against Biden's

13:48

Crusade against fees and how is it

13:50

benefiting Biden well the fighting back

13:53

part is easy they are suing Biden and

13:56

his administration in federal court they

13:59

are trying to get judges to stop the

14:02

implementation of these regulations so

14:04

take for example the credit card

14:06

companies the banks they are suing

14:08

saying hey this is politics this is not

14:12

what the law allows and the federal

14:14

government just does not have the

14:15

authority to intervene and set these low

14:19

limits on how much we can charge in a

14:22

private transaction for people with a

14:23

credit card so it's a very traditional

14:26

business argument against government

14:28

regulation and just recently a judge in

14:31

Texas agreed with them and paused the

14:34

regulation while the law supersedes mhm

14:36

and the airlines are making a similar

14:38

argument they're suing Biden as well

14:42

they're trying to stop this fee

14:44

disclosure Rule and they're saying again

14:48

this is Way Beyond the authority of the

14:50

transportation department it cannot

14:53

intervene in our private Marketplace

14:55

like this it doesn't have the authority

14:57

they're also saying that this regulation

15:00

will confuse consumers by giving them

15:04

too much information if you see all of

15:07

these fees listed in the beginning could

15:09

be confusing you might not really know

15:11

what's going on that's their argument

15:13

okay just to be clear they're arguing

15:15

that more information on fees and more

15:18

transparent information on fees might

15:22

confuse Airline consumers more than when

15:25

those fees were hidden yeah they're

15:26

saying look we tell you what those fees

15:28

are before you buy the ticket you know

15:30

you get asked to pay for the seat as

15:33

part of the ticket selection process and

15:35

so they're saying it'd be confusing to

15:37

people to give them all that information

15:39

right up front as opposed to throughout

15:41

the process intriguing and by the way

15:44

you can see in these complaints some of

15:48

the reasons why Biden's AIDS think this

15:50

is a good political fight for them to

15:52

have right you know when you have big

15:55

companies saying we think it will

15:58

confuse our consumers to give them more

16:00

information up front that's the sort of

16:02

thing that the president's team says aha

16:05

we have a good villain here we have

16:07

people who seem like they are trying to

16:09

hide something from consumers and we can

16:12

be on the side of defending them right

16:14

the villains in this story are acting a

16:17

little bit villainous which makes the

16:20

argument for Biden that is the way the

16:21

Biden people see it right the Biden

16:23

people see this as with these lawsuits

16:25

and with their arguments that the big

16:28

corporations are showing themselves to

16:31

Consumers to be exactly the sort of

16:34

people consumers want the president to

16:36

stand up to and so that is sort of the

16:39

political situation where the president

16:41

sees Advantage right now I'm curious

16:43

though if these industries credit card

16:45

industry airline industry have a strong

16:48

legal case here I know that you're not a

16:50

lawyer but are they in any way right

16:53

that the Administration has

16:55

overstepped the law or tested the of the

16:59

law by going after these fees well I

17:03

would defer to my court reporter

17:05

colleagues on the exact merits of the

17:08

lawsuit but I will say that yes the

17:10

Biden Administration is pushing what we

17:13

previously had seen as the boundaries of

17:16

where the federal government would

17:17

intervene on these measures I mean

17:20

there's a reason why Biden is able to do

17:23

a quote junk fee Crackdown and it's

17:25

because there hasn't been a big

17:26

Crackdown before so that's always going

17:28

to be an area where you're going to get

17:30

a lot of litigation and it's certainly

17:32

an area when I talk to business groups

17:34

where they are really frustrated they

17:35

feel like the president has gone well

17:37

beyond the law and established norms and

17:40

they see this as really overreaching

17:42

regulation that costs companies a lot of

17:44

money both to defend in court and to

17:46

comply with so I don't think it's any

17:49

surprise whatsoever that we have a legal

17:51

fight here given the sort of freshness

17:54

of this fight picked by this president

17:57

got it okay so pretty clearly Biden is

17:58

is not out on a political lmb but he may

18:01

be out on a legal one the strategy may

18:03

not work and I want to turn to what the

18:05

risks of this strategy may be for Biden

18:08

it would seem that the biggest risk is

18:10

that it doesn't work and therefore Biden

18:14

has made a lot of promises in very

18:15

prominent places like State of the Union

18:17

speeches that he can't keep courts end

18:20

up blocking these plans and since this

18:23

is as you said from the beginning of our

18:25

conversation a kind of proxy battle for

18:27

inflation Biden doesn't end up making

18:30

much progress in changing how voters

18:33

feel about their economic situation and

18:36

that would be a real problem for him yes

18:39

it would now I actually don't think it's

18:41

a huge risk to Biden if courts block

18:43

these moves politically speaking

18:45

obviously it will be frustrating for his

18:47

policy team but the bigger risk for

18:49

Biden here to go back to our canoe

18:51

analogy is that he's going to load up

18:53

the canoe voters are going to like the

18:54

canoe and then it's going to get out in

18:56

the sea and they're going to realize

18:57

wait this is this is is not the craft

18:59

that you take to cross the ocean right

19:03

the risk here flows from the fact that

19:05

cracking down on junk fees is not an

19:07

actual strategy to bring down the

19:09

inflation rate it will help on the

19:11

margins maybe of some things that

19:14

Americans pay some cost that Americans

19:16

pay but it's not going to bring your

19:18

rent down it's not going to make

19:19

groceries cheaper in the store it's not

19:21

going to soothe several years of

19:24

frustration over high prices and to be

19:26

fair the Federal Reserve is the the one

19:29

who really is in charge of bringing

19:31

inflation down not Joe Biden but the

19:33

risk is that he's taking some ownership

19:36

of the issue and saying this is my

19:37

strategy and voters go wait that's it

19:40

that's that's the whole strategy we're

19:42

crossing the ocean in this canoe right

19:44

right the risk you're saying is that

19:45

this strategy is exposed for what it

19:47

kind of is which is a side squabble

19:50

rather than the real battle against

19:51

inflation yes and the president is

19:54

really struggling to convince Americans

19:57

that he feels their pain on the polls

19:59

show Americans are very upset about high

20:02

prices and they blame Biden for it so

20:06

this may be the best thing he's got to

20:09

try to go out and sell the idea that hey

20:12

I'm doing something that you like

20:14

standing up to companies that you don't

20:16

like in order to fight the high prices

20:20

that you are really upset about even

20:23

though you and I both know that that's

20:25

not enough on its own to solve your rent

20:29

solve your groceries solve everything

20:33

else right as Donald runell might say

20:35

you go with the Cano that you've got

20:40

[Music]

20:44

exactly well Jim thank you very much we

20:47

appreciate it thank you very much

20:51

[Music]

20:58

we'll be right

20:59

[Music]

21:07

back here's what else you need to

21:10

another day in the hush money trial of

21:13

Donald Trump the defense rested its case

21:16

on Tuesday without calling the former

21:18

president to the stand the possibility

21:21

of trump testifying was always an open

21:24

question but in the end his lawyers

21:26

decided that it was not worth the risk

21:29

closing arguments in the case the first

21:32

criminal trial of a president will begin

21:34

on Tuesday after that the jury will

21:37

begin their

21:40

deliberations today's episode was

21:43

produced by Shannon Lynn Eric krupy

21:45

Carlos prto and Ricky nety it was edited

21:49

by Lexi di contains original music by

21:52

Maran Lozano and Alicia baup and was

21:55

engineered by Chris Wood our theme music

21:58

is by Jim brunberg and Ben lansberg of

22:06

[Music]

22:08

Wonderland that's it for the daily I'm

22:11

Michael B see you tomorrow

22:17

[Music]