Transcript

Bill Moyers essay: The United States of Inequality
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BILL MOYERS: Welcome. Inequality matters. You will hear people say it doesn’t, but they are usually so high up the ladder they can’t even see those at the bottom. The distance between the first and the least in America is vast and growing.

The Washington Post recently took a look at two counties in Florida and found that people who live in the more affluent St. Johns County live longer than those who live next door in less rich Putnam County. The Post concluded: “The widening gap in life expectancy between these two adjacent Florida counties reflects perhaps the starkest outcome of the nation’s growing economic inequality: Even as the nation’s life expectancy has marched steadily upward…a growing body of research shows that those gains are going mostly to those at the upper end of the income ladder.”

That’s true across America. In California’s Silicon Valley, Apple, Facebook and Google, among others, have reinvented the Gold Rush. But down the road in San Jose it’s not so pretty a picture. Do the math: in an area where one fourth of the population earn an average of about $19,000 dollars a year, rent alone can average more than $20,000 dollars a year, and that difference adds up to homelessness. We talked to Associated Press reporter Martha Mendoza, who brought this story to our attention.

MARTHA MENDOZA: I’ve been a journalist in this area for 25 years, and during that time it has gone from having a pretty robust middleclass to being an area where you see this great divide of wealthy and poor, and nowhere do you see that more than in the Silicon Valley, where 25 years ago this was a place of orchards and farms and ranching and small businesses, and it has completely changed now so that you have incredibly wealthy people and incredibly poor people and a growing gap. Homelessness has increased dramatically. In the shadow of Google, in the shadow of Oracle, in the shadow of Apple Computer, you have people who are hungry.

CINDY CHAVEZ: People had this believe that somehow Silicon Valley was paved with gold—and I would even say my parents, coming from New Mexico, all those years ago when I was very small, I mean they came here looking for opportunity. They wanted to be in a place that it didn’t matter what their ethnicity or culture was, it didn’t matter what their class was, that they really could put their stake in the ground, buy a home and grow a family. I think that’s a dream that a lot of people come to Silicon Valley with, and one of the problems is that it’s not like that for everybody. We have really been a tale of two cities for really a long time.
RUSSELL HANCOCK: Our economic expansion is pretty staggering, people have referred to it as the longest, most sustained, largest, legal wealth creation in the history of the planet. We have very high-income, highest in the nation. We also have very low. We’ve got both. And what’s actually happening right now is a hollowing out in the middle. Now, this is a national phenomenon, but it seems to be particularly acute in Silicon Valley. We’re still generating on the high end—engineers and scientists and coders. But the support positions, manufacturing, you’re not going to see that in Silicon Valley anymore.

MARTHA MENDOZA: They would manufacture silicon chips here in the early days. And I was just the other day looking for anybody making wafers anymore, and there’s not.

THERESA FRIGGE: I used to work with National Semiconductor. I worked in masking. I made that silicon chip. I’m the one who put the programs on that chip. I’m the one who inspected them. I’ve cleaned houses, I have taken care of disabled people. I’m 54 years old, I’ve got nothing.

MARTHA MENDOZA: What happened was, in the Silicon Valley 15 years ago, during the first boom, for every five jobs they were adding, they were building two units of housing. So that jacked up the housing prices to what fights for the most expensive housing in the country. Sometimes it’s first place. Sometimes it’s second place. People who had blue-collar jobs were getting paid 10, 15, 20 bucks an hour, and when their jobs went away they were largely unskilled and could take jobs that paid $8 an hour. That would be the minimum wage in San Jose for the past 15 years. As of last week, they raised it to $10 an hour. Now, on that type of wages, you can’t rent an apartment, you can’t buy food, and you can’t handle the transportation expenses, which can be very high. And so you end up—in some cases you find people living three or four families to an apartment, or people move into homeless shelters or people leave the area.

DANIEL GARCIA: This is my tent. This is where I live. I’ve got my transportation, my bike. I have electricity that I run by car battery. I worked at a restaurant at Google. They have, I don’t know, I guess sixteen or eighteen full-blown restaurants you can go eat at when you work there, for free. I never heard of that in my life. They started doing background checks and they did a background check on me. I’m a convicted felon, so they couldn’t keep me there anymore. Right now, I do yard work for people, stuff like that. I find bikes I fix them up and resell them.

MARTHA MENDOZA: In many communities you see the homeless people, you see them living in the streets, you see them begging downtown, or busking. In the Silicon Valley, this is a lot of freeway living and the homeless people they live along the creeks, or in parks, but where people aren’t going to see them, so it’s more of a hidden problem.

CINDY CHAVEZ: We had a family visit us, mother, father and three children, and they are homeless, and they’re homeless because the father is a gardener, he works three days a week, he makes $75 dollars every day he works. The mother lost her job in manufacturing. It took one paycheck to move them from their apartment onto the street. And that’s true for a lot of families
in our community. At some point and I do worry about this, like I think is it all sudden that the country splits in half are we creating literally two Americas?

**MARTHA MENDOZA:** Silicon Valley has the brainpower and has the risky personality to do some really innovative things when it comes to poverty. And I even think there’s a will to do this, but I think there is a lack of awareness, and hopefully a growing awareness because I do think there’s been brilliance out of that region that has changed the world. So wouldn’t it be something if that area could also be the one that sparks the brilliance that starts to solve this really major problem?

**BILL MOYERS:** Let’s hope so, because inequality in America is now at the greatest level in modern history and shows no signs of abating. And paradoxically, this week it got worse. The stock market reached new levels, making the rich richer and the press euphoric.

**NEWS ANCHOR 1:** And the gavel goes down on an historic day on Wall Street.

**NEWS ANCHOR 2:** Roaring stock markets.

**NEWS ANCHOR 3:** The S&P just hit another record intraday high.

**NEWS ANCHOR 4:** Dow’s above 14.8.

**NEWS ANCHOR 5:** The NASDAQ rose about 60 points.

**BILL MOYERS:** No one stopped to point out that when the market goes up, it can mean companies have fired workers in order to increase investor profits. Sure enough, the latest figures show employment has barely risen and more rank-and-file Americans have gone missing from the job market altogether. The Commerce Department reports that personal income fell 3.6 percent in January – that’s the sharpest one-month dive in twenty years. It sure seems like the Roaring 20s all over again -- people at the top living it up while those down below lose their livelihood.

Which brings us to our nation’s capital -- rich in alabaster symbols of representative government yet shamelessly cynical in writing laws and bending rules to favor the one percent. And that includes the tax code.

So on Monday, when you send in your tax returns, think about this. Corporate profits are at record highs. But have those companies invested that in new jobs? No. Did they at least give their workers a bump in pay? Hardly. Surely they shelled out a little more in taxes to help refurbish the social structure – highways, bridges, schools, libraries, parks – where they do business! Guess again. Corporations are sitting on $1.7 trillion of cash. Look at this report just published by PIRG -- the Public Interest Research Group -- on how average citizens and small businesses have to
make up the $90 billion giant companies save by shifting profits to offshore tax havens. Among the 83 publicly traded corporations named: Pfizer, which for the past five years reported no taxable income in the US, even as it made 40 percent of its sales here.

Microsoft, which avoided $4.5 billion in taxes over three years by shifting its income to Puerto Rico. Citigroup, which maintains 20 subsidiaries in tax havens and has over 42 and a half billion dollars sitting off-shore. Taxes collected here at home? Zero.

It’s not only corporations stashing their swag abroad. The Center for Public Integrity in Washington and its International Consortium of Investigative Journalists recently got their hands on two and a half million files from offshore bank accounts and shell companies set up around the world by the wealthy. Among those documents are the names of 4,000 Americans who hid their money in secret tax havens. Here’s how they do it:

**FEMALE VOICE:** You can easily set up a secret company using one of hundreds of off-shore agents. Let’s look at the British Virgin Islands, home to half a million offshore companies. That’s about 40 percent of the offshore companies on the planet. You can buy a ready-made shell company or create your own secret company from scratch in about three days, for just over $1,000. You may be asked to produce documents to establish your identity and they might check your name in a database, to see if you’re a terrorist. But don’t worry, while the system may catch the big fish, it still lets scores of fraudsters and criminals slip through the net.

**BILL MOYERS:** So it shouldn’t surprise us to learn that the United States collects less in taxes as a share of its economy than all but two other industrialized countries. Only Chile and Mexico collect less. Chile and Mexico. Right now a powerful group of CEO’s, multi-millionaires and billionaires are calling on Congress to fix the debt. And their enablers in both parties are glad to oblige. Okay. But why not fix the debt by raising more taxes from those who can afford to pay? Close the loopholes. Shut down the tax havens. Cancel the Mitt Romney Clause Congress enacted, allowing big winners to pay a tax rate far less than their chauffeurs, nannies, and gardeners.

Instead, as we speak, our political class in Washington is attempting to fix the debt by sequestration – Washington doublespeak for bleeding services for veterans and the elderly, the sick and poor, for kids in Head Start.

Marching in lockstep beneath a banner that now stands for “Guardians of Privilege” -- GOP -- Republicans refuse to raise revenues, while Democrats have a president whose new budget contains gimmicks that could lead to cuts in Social Security. Social Security! The one universal safety net -- and a modest one at that – and yet the main source of purchasing power for millions of aging Americans. This, from a Democrat – the heir of Franklin Delano Roosevelt who pulled us to our feet when the Great Depression had America on its knees.
FRANKLIN DELANO ROOSEVELT: This Social Security measure gives at least some protection to thirty millions of our citizens who will reap direct benefits through unemployment compensation, through old-age pensions and through increased services for the protection of children and the prevention of ill health.

BILL MOYERS: But those were the days when our political system rallied to the defense of everyday Americans. Now a petty, narcissistic, pridefully ignorant politics has come to dominate and paralyze our government, while millions of people keep falling through the gaping hole that has turned us into the United States of Inequality.

Warren Buffett, the savviest capitalist of them all, may have written this era's epitaph: “If there was a class war, my class won.”