June 13, 2008

BILL MOYERS: Welcome to the JOURNAL.

Here we go again. No sooner does Barack Obama challenge John McCain on extending George Bush's expensive tax cuts for people at the top than cries go up of "Class War! Class War!" Look at this essay posted on the website of capitalism's op-ed page in the WALL STREET JOURNAL. It accuses Obama of a "class-warfare tirade" for a speech he made critical of "tax breaks for big corporations and wealthy CEOs."

Now, Obama's economic policies should get a full critique. As should McCain's. But, please, can we put aside that old canard spouted by Wall Street apologists every time someone calls for greater equity between working people and the rich? Truth is, there's been a class war waged in America for thirty years now from the top down, and the rich have won.

Here's the latest dispatch from the front page - this story, in the news section of the WALL STREET JOURNAL, about how some corporate executives have finagled lush payouts to their heirs if they die in office:

If Eugene Isenberg dies while still heading up Nabors Industries, his estate would get an additional $288 million dollars - that's more than the company's first-quarter earnings.

But it's less than the $298 million Brian Roberts would get from Comcast if the Grim Reaper comes calling on his watch.

Pity poor Ray Irani: His golden coffin wouldn't be quite as glittering. Occidental Petroleum would top off his estate's tank with a measly $115 million dollars.

Class war? Well, you don't see those fellows or their heirs adding an extra cup of water to their soup, diluting their kids' milk, and giving them carbonated soda because it's cheaper than milk. You can bet your Gucci slippers they're not lining up on the main street of a small town to get bread they can't afford to buy because the rise in gasoline prices forces a choice between food and fuel. And you won't find them borrowing money from their bosses just to buy gas to get to work, or abandoning their cars on the side of the road and walking away when the tank runs out.

What's happening to American workers is not the result of natural forces alone. No, it's happened because corporate and political powers connived to keep wages down while shredding their workers' safety nets. For some time now the Great American Wealth Machine has been cranking out jackpots for the people at the top and pushing working people further down the ladder. The growing divide - that roaring inequality - is the subject of this broadcast.

Consider this: For the past thirty years the productivity of American workers has increased by 76 percent. But their real hourly wages have risen less than two percent. So the paradox is that people are working harder but still falling behind. Take this young man we recently met in California in our report from producer Peter Meryash and correspondent Rick Karr.

RICK KARR: We'd like you to meet Jaron Quetel.

JARON QUETEL: I thought we had resolved this.
RICK KARR: He's twenty-eight years old ... and he's working hard for a better life.

JARON QUETEL: Ahh, muchas gracias.

RICK KARR: Quetel works a full-time job as a clerk at UCLA, one of California's most prestigious universities.

JARON QUETEL: "Ok. Hasta Manana. Take it easy."

RICK KARR: He thinks that if you apply yourself in America, you should be able to make it into the middle class. But he says he's having a hard time making that happen.

JARON QUETEL: Working the best job I've ever had in my whole life, I'm still, I mean, I am a breath away from drowning. I'm $20 away from being on the street. I am one car payment away from being re-poed. I'm barely surviving. I'm leading a substandard lifestyle because I make substandard wages.

RICK KARR: Quetel's job pays just under thirty thousand dollars a year. Which doesn't go a long way these days, especially if you're trying to support a young son....

JARON QUETEL: This is $187 Sprint bill for the telephone. $30 bill for the gas. Gotta have gas. This is $160 car insurance note that comes every month, along with a $400 car note that has to be paid every month. When I do my budget, my gas budget for a week is normally $30 bucks. I'm spending on average $45 to $63 dollars. If I'm on "E," it takes $63 to fill up my coupe. That's crazy.

RICK KARR: With gas around four dollars a gallon, he has to drive about twenty miles, round trip, every day to and from work and even farther to get to the trade school where he's studying to be a welder or to the odd jobs that he takes every now and then.

JARON QUETEL: If I wasn't trying, if I was a screw-up, if I was taking advantage of things, I couldn't complain, right? But what more can I do at this point?

JARON QUETEL AND PEOPLE MARCHING: "What Do We Want? Good Jobs! When Do We Want Them? Now!"

RICK KARR: What he could do, he decided, was draw attention to the tough choices and sacrifices that workers like him confront every day. Quetel's a member of a union, the American Federation of State, County and Municipal Employees. So he joined members of his own and other unions to make their voices heard....

JARON QUETEL AND PEOPLE MARCHING: Cheering

RICK KARR: In April, they marched through Los Angeles.

PEOPLE MARCHING: "We are the unions! The mighty, mighty union!"

RICK KARR: Twenty-eight miles, from Hollywood and Beverly Hills down to the docks of the port of Los Angeles in San Pedro. The march included union members from actors and writers to janitors and teamsters.

PEOPLE MARCHING: "Teamsters!" "Teamsters!"

RICK KARR: The march was called the Fight for Good Jobs. It was organized by the Los Angeles County Federation of Labor, and its goal was to call attention to just how hard it is these days to stay in the middle class or to join it.

PEOPLE MARCHING: Cheering
RICK KARR: Some three hundred fifty thousand union members in the LA area are bargaining for new contracts this year.

PEOPLE MARCHING: "We will win good contracts in 2008!"

RICK KARR: But the marchers called attention to issues beyond wages and benefits. They stopped to rally at the historic Wiltern Theater, for example, and drew a crowd of nearly a thousand to call for better working conditions for the city's janitors.

PEOPLE MARCHING: Si, se puede!

RICK KARR: At a community center near the University of Southern California, they rallied for better housing for working-class Angelenos.

PEOPLE MARCHING: Everybody in, nobody out! Everybody in, nobody out!

RICK KARR: At a hospital in South Los Angeles, they called for universal health care...

PEOPLE MARCHING: Si, se puede! Si, se puede! Si, se puede!

RICK KARR: ...Near a center for day laborers, they called for better treatment for immigrant workers.

PEOPLE MARCHING: "Wal-Mart sucks! Wal-Mart sucks!"

RICK KARR: And at a Wal-Mart store, they rallied against the way the nation's largest private employer treats its employees:

PEOPLE MARCHING: "Don't shop at Wal-Mart! Don't shop at Wal-Mart!"

RICK KARR: Wal-Mart says that its average full-time employee earns ten dollars and eighty-three cents an hour! That works out to twenty two and a half thousand dollars a year or, just over a thousand dollars above the official poverty line for a family of four.

MARÍA ELENA DURAZO: "That's bad for our community, that's bad for our kids, that's bad for the United States of America to have a corporation that doesn't treat workers with respect!"

RICK KARR: Nationwide, since two thousand, workers' median wages have been stagnant or even fallen.

SHARON POLK MARCHING: "My people! You gotta a story. Tell the whole damn world, this is union territory! My people!"

RICK KARR: Take the example of marcher Sharon Polk, who works for American Airlines on the tarmac at Los Angeles International Airport guiding planes to gates and handling luggage in the hold. Her union, the Transport Workers, agreed to wage and benefit cuts after the terrorist attacks of two thousand one slammed the airline industry. Right now, she says, the workers are trying to get their pay and benefits back to where they were seven years ago.

SHARON POLK: We had to do a concession contract. So we the workers gave up $1.6 billion in concessions. Just to keep our jobs. And so now we're in contract negotiation and we're tryin' to get back what we lost.

JARON QUETEL: "Hey, hey, ho, ho. Union busting's got to go! Hey, hey, ho, ho. Union busting's got to go!"

RICK KARR: Jaron Quetel's union is fighting for a new contract, too. It hasn't been making
progress in its negotiations with the University of California, so recently, members voted overwhelmingly to authorize a strike. Quetel says he works for one of California's top universities, but his wages are twenty-five percent below what workers in similar jobs earn at community college. That means a lot of his colleagues have to work second and even third jobs.

**JARON QUETEL:** I just stopped working my second job at Best Buy so that I could, you know, fully commit to going to school. But, you know, I might have to opt out and go back to work again, you know, for the second job.

**RICK KARR:** A lot of workers need to hold more than one job to make ends meet. But that can take a toll on their families, according to marcher Tommy Munoz, who's a middle school teacher in a poor East Los Angeles neighborhood.

**TOMMY MUNOZ:** If the parent leaves at 3:00 in the afternoon just as the kid's getting home and doesn't come home until the morning so the kid barely sees 'em, I mean that takes a direct toll on the student.

**RICK KARR:** On the other hand, when parents can make ends meet with just one job.

**TOMMY MUNOZ:** And they're able to support their family without having to worry. Without having to work two, three jobs. They're able to come home at a decent time. And in return those kids are doing well in the class.

**PEOPLE MARCHING:** "We're fired up and we don't have to take it no more!"

**RICK KARR:** But those kinds of jobs are increasingly rare these days in Los Angeles and nationwide. Longshoreman David Arian says he has one of those good jobs which means he was able to provide a better life for his kids.

**DAVID ARIAN:** My daughter works on the docks and my son ended up going to college, went to Berkeley, graduated from Columbia Law School....

**RICK KARR:** Arian's spent his whole life near the waterfront, born and raised near the port of Los Angeles in the community of San Pedro.

**DAVID ARIAN:** We just entered San Pedro. It's about 75,000, maybe 80,000 people. It's a working class community where most of the people here own their homes living a good life.

**RICK KARR:** You talk with some pride about this town, the fact that people own their own homes. Does the union play a role in that?

**DAVID ARIAN:** Well, as a result of the union, everything we got is because of the union. We can afford to send our kids to college. We can afford, you know, to buy homes. We can afford all the things that are necessary in society, you know, to have a decent living.

I mean, that's the way it should be in this country for everybody. We're sort of part of the working class that has succeeded. And we, you know, we wanna be a beacon.

**RICK KARR:** Union jobs like Arian's have been disappearing for more than half a century: Organized labor's share of the workforce peaked in nineteen-fifty-four at just over one in three workers. Last year, just one in eight working Americans was a union member.

**PETER DREIER:** After World War II, the US economy prospered. And that prosperity was widely shared. And so, Americans' standard of living went up. People moved to the suburbs. They could afford to buy their own home. The first wave of health insurance benefits kicked in. More Americans went to college. People could afford to take a vacation for the first time. People had a secure pension. And all of that has been dismantled over the last 20 or 25 years, for this generation of America's working families.
RICK KARR: Peter Dreier, who teaches labor history at Occidental College in Los Angeles, says union members aren't the only ones who benefit from organized labor.

PETER DREIER: A strong labor movement is actually good for the economy. It may seem counterintuitive. But a strong labor movement is pro-business. Why is that? Because people that make additional wages, higher wages, because they are in a labor movement, they spend that money in the local economy. And that local money gets recycled several times.

RICK KARR: Unionized workers earn about twenty-seven percent more than non-union workers in the same jobs, according to a study conducted in Los Angeles last year. By spending those extra wages, union members created more than sixty thousand jobs in the L.A. area.

PETER DREIER: You know, the best social program is a good job. If people have a good job that's secure, where they don't think they're gonna lose their job, that's exported to China or Mexico, if people have universal health insurance, if people can afford to go to the doctor, people can afford to send their kids to college, that's what a strong economy is. That's what a strong middle class is about.

RICK KARR: That was the message when thousands of workers gathered at the end of the march on the San Pedro waterfront.

MARÍA ELENA DURAZO: Even a worker in the lowest-paying position has a right to get by and support a family with a good union job.

RICK KARR: Jaron Quetel hopes his union can help give him a leg up as he tries to climb into the middle class. He says, between the tightening economy and his stagnant wages, he feels like he's one calamity away from the kind of desperate decisions he saw people around him make when he was growing up in inner-city Los Angeles.

JARON QUETEL: Because if you don't have the means, if you don't have some type of stability in your life that you can build off of to take a step forward, you're gonna go back. You're gonna take a step back. And all that's behind you is the worst that society has to offer.

RICK KARR: Instead, Jaron Quetel hopes that he'll be able to live out his own version of the American dream.

JARON QUETEL: Very simply: Nice house, right? Two stories, so my kid can run up and down the stairs. Okay? I want a two car garage, my car and my wife's car, okay? Front yard, back yard. You know, I don't even need the picket fence. You know what I mean? Believe it. Believe it.

BILL MOYERS: Listening to those workers, I couldn't help but think about Henry Moyers, my father, who dropped out of school in the fourth grade because his family needed him to pick cotton to help make ends meet. The Great Depression knocked him down and almost out, and he struggled on one pittance paying job after another, until finally, late in life, he had a crack at a union job. His last paycheck was the most he'd ever taken home in a week, $96 and change and he was proud of it. He said that job was the best he'd ever had.

I saw then how union struggled to preserve the middle class, and can make the difference between earning a living wage and being part of the working poor. Few have documented this struggle as thoroughly as columnist and author Holly Sklar, who's with me now. She co-authored RISE THE FLOOR: WAGES AND POLICIES THAT WORK FOR ALL OF US, which looks closely at what it really takes to make ends meet in America.

Holly Sklar is also Director of Business for Shared Prosperity, an organization of business executives and investors, dedicated to our economy's long-term success. Holly Sklar, welcome to the JOURNAL.

HOLLY SKLAR: Wonderful to be here.
BILL MOYERS: What did you think watching those workers in California?

HOLLY SKLAR: I thought it was just a fascinating piece and a very moving piece, and also a really good introduction to the reality that people are living today. You know, the man is beginning, Jaron Quetel

BILL MOYERS: Jaron Quetel

HOLLY SKLAR: Yeah, $30,000 a year. You know, that's more than twice what the minimum is wage is scheduled to be in 2009. I mean, so he's a little bit under the average wage, but he's way over what other people are making today, and he can't make ends meet. And that's the reality for a growing portion of our workforce today.

BILL MOYERS: I read just the other day that a couple with two children has to work approximately three full-time minimum wage jobs just to make ends meet.

HOLLY SKLAR: That's right. So, people don't make ends meet. So what they do is, they're constantly trading off. You know, they're going to food banks to feed their children, you know. We've been living the American dream in reverse.

BILL MOYERS: Reverse?

HOLLY SKLAR: In reverse.

BILL MOYERS: What do you mean?

HOLLY SKLAR: Our wages now adjusting for inflation, average wages are lower than they were in the 1970s. Our minimum wage, adjusting for inflation, is lower than it was in the 1950s, and why is it? One of the things going on is that income and wealth inequality have gone back to the 1920s. We are back at levels that we saw right before the Great Depression.

BILL MOYERS: But, during this time, the economy's been growing. Why aren't workers sharing in the prosperity that they've helped create?

HOLLY SKLAR: Well, that's exactly the problem. It used to be that when productivity went up, wages went up. Worker--

BILL MOYERS: You work harder, you got more of the results.

HOLLY SKLAR: You got the fair day's pay for the fair day's work, you got more results. You shared in the rise and work of productivity. Now, almost all the rise and work of productivity is going not just to the upper class, but to the very top of the upper class. So, we have had a great redistribution of income and wealth in this country in the last three decades. The problem is that redistribution of wealth and income has been going up to the very top. And most people have even been treading water, or going behind. And often working for many, many longer hours to keep up with the living standards.

BILL MOYERS: Is it true that about 80 percent of our workforce in this country make their living from hourly wages?

HOLLY SKLAR: They do. And that's when we refer to average workers, that's usually what we mean. We mean people who are, you know, in production non-supervisory workers and they're, when I say average workers are making less, in real terms-in what they can buy, than they were able to in the 1970s. It's just shocking. And we are told often that we have to do this in order to make our country more competitive in the global economy. You know--

BILL MOYERS: We need to be leaner-
HOLLY SKLAR: Yeah, exactly-

BILL MOYERS: Yeah, leaner and meaner--

HOLLY SKLAR: Leaner and meaner, but we will all be better off in the long-run, we're gonna get more educated and so on. Well, here's the problem. We haven't been making our country more competitive. We've been actually driving it into the ground. Essentially, people at the top have essentially been you know, like they're corporate raiders, essentially raiding the whole country, milking it like a cash cow, is what's been going on and driving the economy into the ground. We have unprecedented debt to other countries.

You know, we have an infrastructure that was built by the tax dollars of prior generations, basically, that is now crumbling. We're not even paying to modernize for the global economy, we don't have a world class infrastructure anymore.

We have research and development that we're spending less on, proportionately. We have an education system that's lagging further and further behind. So the idea that we're getting more competitive for the global economy is ridiculous, that's a myth.

BILL MOYERS: Why aren't we in the streets? Why isn't there real indignation?

HOLLY SKLAR: Well, one of the things that happened, you know, if we go back to 1980, the 1980s, the two longest periods where we had without a minimum wage increase, have both taken place since 1980. And so, one of things that went on in the 1980s was, remember early on in the Reagan administration, PATCO, the air-traffic controllers union went on strike. And Reagan, essentially said, "You're fired, goodbye," broke the union. You know, and this was really quite unprecedented and set, a real green light to union busting.

Where it became normal to replace striking workers, not even just temporarily while they were out on strike, but basically saying your jobs are gone. And so one factor has been the decline of union strength relative to the workforce.

BILL MOYERS: There are plenty of studies which show, it wasn't just my father's anecdote, but there are plenty of studies that show that as unions increase their share of the economy, they bring other people who are not in unions up with them, they raise the wage standards for a lot of other people too, right?

HOLLY SKLAR: They do, absolutely. And the other factor is, that if people are afraid to lose their job, whether they're trying to unionize, or you're in a union, but you don't want to ask to much, or threaten companies threatening to outsource. But if you're in a situation which everybody's scared to lose their job in the-- before, and now you add on in recent years, terrified to lose their job because if they have health insurance through their job, and of course many workers don't, but those that do, terrified to lose their job. It's a much harder context in which to ask for higher wages.

BILL MOYERS: But, what does it say to you about politics, that instead of jobs to keep people out of poverty, we now have jobs that drive people into poverty. And the political system accepts that?

HOLLY SKLAR: They accept it, that's exactly the problem. Now, the minimum wage sets the floor. When the government basically allows the minimum wage to become not just a poverty wage, but a desperately poor wage, it sends a big signal. Because if the minimum wage is down, then we, in quicksand, really, it's dragging down wages above the minimum as well.

The minimum wage in 1968, if you adjust it for inflation, was $9.88. Why does that matter? Well, today, if you're an entry-level worker at, you know, our two biggest employers, Wal-Mart and McDonalds, you're not making $9.88 to start, you're making well below that. If the minimum wage was still at $9.88 or above, you know, it should certainly be above that now, but it's not--

BILL MOYERS: What is it--
HOLLY SKLAR: $5.85.

BILL MOYERS: Now?

HOLLY SKLAR: Yeah, $5.85 an hour. In July, it’s gonna go up to $6.55 an hour. You know, so it’s still gonna be--

BILL MOYERS: So the people earning minimum wage are earning less than they would have 40 years ago?

HOLLY SKLAR: Oh, much less than they would have in terms of buying power.

BILL MOYERS: And you also say that they're actually subsidizing employers, stockholders, and consumers. Explain that.

HOLLY SKLAR: Well, they are, because, basically you are working, and you are creating value for the company, for the shareholder, whatever. And a much bigger portion of that is going to the very top of the corporation, say, the top five executives. To the owners, to the shareholders, and is not being in any way fairly shared with workers. And so, you know, you have situations where you have company executives have basically doubled their shares, company net revenues you know, in the last decade- doubled it.

What really happened is, so much is being absorbed up at the top. Just a level of extreme, almost pathological greed.

BILL MOYERS: We have the greatest spread of inequality, I believe, of any industrialized country in the world--

HOLLY SKLAR: We have the greatest spread of inequalities in industrialized countries, we have the highest rates of poverty and this idea that we're making ourselves more competitive for the world economy, in other industrialized countries, they're making themselves more competitive in part by, they've had raises at the bottom go up, not down, they've raised their level of math and science literacy, we've gone the other way. They've built out their infrastructure. They have much lower gap between CEOs at the top, and the workers at the bottom. They just don't tolerate it.

BILL MOYERS: Holly, what are the practical consequences of this word we hear banded about a lot, inequality? What does it mean actually to society?

HOLLY SKLAR: Well, it means a couple things. One is that in our very wealthy society, with so much wealth concentrated in so relatively few hands, we can have a situation where 39 other countries in the world, have lower child mortality rates than us. So, one of the consequences more children die here, preventable deaths. We have lower life expectancies than many other countries in the world.

A lot of Americans don't realize this. That's one of the consequences of inequality. That's one of the consequences of lack of universal health care, which relates to inequality.

BILL MOYERS: Do you think we're at some kind of breaking point? Because some people just say, "Well what's happening right now is the market adjusting itself, correcting itself."

HOLLY SKLAR: Well one of the reasons we're at a breaking point now, is one of the things that people did to cover up the real fall in real wages, was they maxed out their work hours, they maxed out their credit cards, and they maxed out their home equity loans.

And so we don't save, there's a level of debt that people were using, not to take a vacation, not to put their kids through college, although of course people go into debt for that. But, they were using it in many cases to just maintain a basic living standard. You know, make ends meet, going into debt to do that. Well, that's all maxed out now, the mortgage crisis cascading into the housing and the financial crisis has showed that that's just, you know, now running off a cliff basically. It's not sustainable, you can't do that.
So, the question is what are you gonna do as Americans wake up to the fact that really, we have this growing workforce of poverty wage workers, you can't even pretend to have the illusion that we're really a middle class country. So, the breaking point is also climate change, of course.

We have to green the economy in order to survive as a country, and in the world today. If you don't do it, it's a disaster for us and for the world. If you do do it, it's a breaking point in the sense that it's actually gonna be used to jumpstart the economy in a good way.

BILL MOYERS: You group includes business people, who are working to bring about some changes. Tell me what are some of the changes you and your colleagues think we could make happen?

HOLLY SKLAR: Well, we need a few things. One is, raise the minimum wage. Raise the floor. Set a green light in a different direction, and the green light is, raise wages, fair wages. The other is universal health care. Get to universal healthcare.

BILL MOYERS: Because?

HOLLY SKLAR: Because one, because something like 18,000 people die from lack of health insurance every year. Two, it's really destroying a lot of small businesses in the sense that they know they want to give health care to their workers but they are in a situation where they just are paying. I mean, it's just become astronomical. It's like a giant shift from, you know, from one person and from one business to another.

BILL MOYERS: It's encouraging that your organization has a lot of small business people, and others working for what is your mission? What are you trying to do?

HOLLY SKLAR: The mission is to say that we can change direction. In other words, that what's really good for business, what's really good for business is also what's good for workers, and good for communities, and good for the country. That instead of this kind of low-road path we've been on, which is low wages for workers, low taxes, lower taxes for the wealthy, reckless deregulation, irresponsible disinvestment in our infrastructure and so on, instead of that we can go to a higher road, where we're shoring up the economy from below, and we're doing long-term sustainable developments, smart development, that we need for long-term success.

Now, this is not only what's good for us today, it's what's good for us in the future, and it's exactly what will make us more healthy and competitive in the economy in the long run.

BILL MOYERS: Holly Sklar, thank you very much for joining me.

HOLLY SKLAR: Thanks for having me.

BILL MOYERS: The vast divide between people at the top and people down below, way below, has been dutifully reported in the WALL STREET JOURNAL, where reporter Robert Frank dubs the glaring inequality "Richistan", a wonderland of private boats, private schools, private planes and outrageous private consumption. Pop culture has taken notice:

STEVEN COLBERT: This is Colbert Platinum. One New York restaurant has just the thing ...A $175 hamburger...

REUTERS: It comes from pampered, beer fed cows that have daily massages...Forget bacon this ones sports foie gras. And the chef, over the top sprinkles gold leaf ...

STEVEN COLBERT: The burger is very popular with the hedge fund crowd. Because $175 is a small price to pay to literally crap gold ...

BILL MOYERS: It only hurts when you laugh. Even as our streets and highways crumble, our schools gasp for help, and health care becomes more and more costly for those who
are fortunate enough to have it, wealth is being so ostentatiously squandered that historians are calling this the Second Gilded Age. The first gilded age, so named after this novel, published by Mark Twain in 1873, depicted the late 19th century as an era marked by great frauds, shabby scandals and mediocrity in high places. Greed and speculation drove big business, and politicians lined up to do what trusts and corporations told them. Tycoons provided the capital; human nature did the rest. Sound familiar? Well, as Mark Twain himself said, history may not repeat itself but it certainly does rhyme.

Parsing our new Gilded Age, with its income gap the greatest in a hundred years, is historian Steve Fraser. His award-winning books include EVERY MAN A SPECULATOR, LABOR WILL RULE, and his latest, WALL STREET: AMERICA'S DREAM PALACE. Welcome.

STEVE FRASER: Thanks very much for having me.

BILL MOYERS: Let me ask you, Steve. You've written often about our national obsession with Wall Street. An obsession that's brought scandal after scandal after scandal. Have we learned anything?

STEVE FRASER: That's a very good question. You would think, given the avalanche of scandals and the recession that's followed the dot com bust in 2000, that we would have learned a variety of lessons. A, that Wall Street was not really a place that was so welcoming to every man. B, that it was a place that should be closely monitored in order to protect ordinary people against the transgressions that people like Ken Lay, for example, of Enron, had committed. But we really didn't learn those lessons, unfortunately. Basically, we left the financial marketplace largely unregulated. A tendency which had begun under Reagan and continued at an accelerated pace all through the years since Reagan. Including under the Clinton Administration.

BILL MOYERS: You wrote somewhere about when Ronald Reagan brought morning back to America you describe the inaugural scene in 1981. And you quote the great style guru Diana Vreeland.

STEVE FRASER: Right.

BILL MOYERS: Money and power are in.

STEVE FRASER: They are in. They are back. And we welcome them back. And it actually...

BILL MOYERS: Don't fret about it.

STEVE FRASER: Don't be embarrassed. Right. And believe me, since then, they haven't...

BILL MOYERS: And you think that's when regulation began to be...

STEVE FRASER: Yes.

BILL MOYERS: Obscene.

STEVE FRASER: Yes. It became obscene. And it was a very interesting phenomenon. The men who railed against it, railed against two things.

STEVE FRASER: Bureaucratic government interfering with business. And they seemed to be rebels against old, ossified, corporate America, which was too bureaucratic. And they were going to save the American economy both from government bureaucrats and corporate bureaucrats. They came on the scene like buccaneers, like lone rangers. And...

BILL MOYERS: And they were admired. They were on the covers of magazines...

STEVE FRASER: They were on every single magazine. The proliferation of TV shows
devoted to their worship was incredible. And this continued all through the 90s. This love affair with the capitalist as heroic rebels against the old order.

**BILL MOYERS:** And the little guy, once again, pays for it. Right?

**STEVE FRASER:** That's right. We saw that so painfully just with Enron. How it shattered the lives of employees of just normal share holders. People who lost their pensions. People lost the ability you know, we became an economy and a country and a society whose daily wherewithal was based, to some degree, on the stock market. You know, people were leveraging their own holdings in pension funds or other kinds of to send their kids to college.

**BILL MOYERS:** So it's not a conspiracy. It's sort of a mindset. It...

**STEVE FRASER:** It became a mind set. It did. There were conspirators who were really perpetrating frauds. There's plenty of those. But also, it was buoyed up by a kind of general mindset. And a belief in this kind of what I would call pseudo populist message that the government was the enemy.

**BILL MOYERS:** And by pseudo populist, you mean that this is what this is the government conspiring against the people?

**STEVE FRASER:** That's right. Exactly. So that, for instance, you have K street lobbyists. You know, dressed up in blue jeans and hard hats, rallying for tax cuts for the rich. And saying, 'These are not for the rich'. This is for guys like us, you know, who wear dungarees and hard hats." But they were it was like some staged and you had a lot of that kind of thing. You have, you know, in the olden days, back in the 19th century our business elites masqueraded as you know Louis the 14th and Henry the 8th. Today, they don't do that. They instead masquerade in cowboy hats. And they're just plain folk. And they're supposed to be democrats like the rest of us, defending us against those pointy headed bureaucrats in Washington. And so on. And so, there's this kind of inversion of this populism.

**BILL MOYERS:** Do you think that the believers in the free market you had them in the first great Gilded Age, 130 years ago, and you have them today. Do you think that the people who almost profess a religious belief in the market really ever truly believe in that God?

**STEVE FRASER:** They don't behave like they do. That is to say, there's a rhetoric, which is effusive about the virtues of the free market. And it's full of praise of the self reliant individual. And of the kind of virtues of the free market, as ensuring economic efficiency. And rails against government regulation as a kind of irrational interference with but these same people look at Bear Sterns. You know, look at what's going on.

**BILL MOYERS:** What did you learn from Bear Sterns?

**STEVE FRASER:** What you learn from Bear Sterns is that, when push comes to shove, businessmen and their political enablers makes talk the talk about the free market. But when times get tough, they turn to the government to bail them out. As the government did in Bear Sterns's case and as the government does over and over and over again.

**BILL MOYERS:** The government is us?

**STEVE FRASER:** The government is us, the tax payers. Right. They don't- and this has been true since the late 19th century, during the early stages of industrialism. Industrialism, say the building of the railroads. Dependant on government largesse. It depended on the government donating huge amounts of land on making subsidized loans. On all kinds of tax exemptions and so on. To this very day, the same thing goes on. The same businessmen who talk the talk of the free market are relying on the government to either bail them out of difficulties or to make their businesses profitable.

**BILL MOYERS:** It has become commonplace, as you know, to read that we’re living through, quote, "The Second Gilded Age." Do you think we are?
STEVE FRASER: Yeah. I think we are living through the Second Gilded Age.

STEVE FRASER: The most striking similarities are it was the sort of the cronyism that informed the period. That is this close, almost incestuous relationship between business and government. And as I've just eluded to the government was in the business of subsidizing in a variety of ways the success of various kinds of business enterprises, the railroads above all. And sometimes, this even produced the kind of Jack Abramoff like crony scandals that we're so used to today on during the Bush Administration. And even before the Bush Administration.

BILL MOYERS: The Senate was called the millionaires club.

STEVE FRASER: Exactly right. And what was meant by that was not only that they were rich, but that they didn't represent their constituents. They represented corporations. There was a Senator for Standard Oil. And a Senator for the Erie Railroad. And a Senator and they did the bidding of the business community. And of course, we're very used to this now. Again, this kind of crony capitalism, where the tax system is set up to benefit where or you have Halliburton making a bundle off of it thanks to with inside connections in Iraq, off the destination of Iraq. So crony capitalism is one.

A second is the extreme inequalities in wealth and income. I mean, the appalling inequalities in wealth and income that now characterize our economy also characterized it during the first Gilded Age. I read the other day I mean this is incredible, that the hedge fund managers had average the 50 top hedge fund managers had averaged, I think, 29 billion doll or had accumulated 29 billion dollars in 2007. The one who was at the top of the list had made a 3.7 billion dollar income in 2007, largely by speculating against sub prime mortgages. That is to say he's made a huge amount of money speculating they would collapse. Three point seven billion dollars is comes out to be 30 times and in an hour, that man made 30 times what the average American family made in a year.

BILL MOYERS: So the Wall Street Journal editorial page might ask, so what?

STEVE FRASER: Well, one of the one of the things that it indicates is that, when you have such enormous disparities of income and wealth, there's a kind of warped set of priorities. So that the amassing of wealth and this was true of the first Gilded Age, comes at the expense of funneling vital capital resources into improving the material lives and even the cultural lives of ordinary folk. Because we're living in the Second Gilded Age during a period of downward mobility for millions of Americans, even while the hedge fund managers are or others are accumulating this wealth.

BILL MOYERS: Do you realize that on the eve of George W. Bush's second inauguration, The Economist of London, no socialist rag had a penetrating piece about the growing inequality in America. And said that the United States could be on its way to becoming like Europe. A class ridden society.

STEVE FRASER: Right. And the thing about that is that it's not new. This has been said about what's happening now, as recently as the early 1990s by a variety of people who are watching these tendencies, which already accelerated under the during the Reagan years. And if you go back to the first Guided, there's always a there's a comment by Henry Demarest Lloyd, who was a great political journalist and public intellectual of the late 19th century. A leader of the anti-trust movement and so on. And he once said that liberty produces wealth. And that wealth destroys liberty. And what he meant by that was two things. First of all, that the amassing of great wealth would stifle the economic opportunity for millions of other Americans. And secondly, that it was putting in jeopardy political democracy. Because the amassing of that wealth gave enormous power and influence to a very tiny business elite back then. And it does again today.

BILL MOYERS: You know, I just read the other night a long piece to that effect in, of all places, "The American Conservative," which is a conservative magazine. It's not just liberals or progressives or people on the left who are concerned about this. It's intriguing to me that over on the right, people are beginning to make, in some way, the same argument about these wide disparities that you're making.
STEVE FRASER: Yes. This is this is true. And it was true again in the in the late 19th century. You had the denunciation of this amassing of wealth and the kind of callous, cold blooded lack of concern for the poor and working people by all kinds of Evangelical Christians. Something we find so amazing today. Here we live in a society that's saturated in a kind of a Christian moralizing of our family values and other matters. But it never says a word, or rarely says a word, about the iniquities and inequities of this mammon worship that has produced all of this inequality.

But back in the 19th century, you had a very vibrant evangelical community denouncing mammon worship. After all, William Jennings Bryan, in 1896, electrifies half the country by saying, "You shall not crucify mankind on a cross of gold." And that's a kind of redolent, protestant language that's elected its concerns of at wealth.

BILL MOYERS: They're all progressive Evangelicals today who're making this case. But they're not regarded by the press as effective spokesmen for another view.

STEVE FRASER: The greatest single difference between the first Gilded Age and the second is what I call the great silence. That is to say, the first Gilded Age was informed by enormous resistance to this amassing of wealth and political power in the hands of the small elite.

There were labor uprisings. And very bloody ones. The Homestead Strike in 1892. The Pullman Strike of 1894. The Great Railroad Strike of 1877. The Great Uprising of 1886. Massive uprisings with whole communities joining in resistance to the power of coal mine wealth and railroad wealth and other forms of industrial wealth.

BILL MOYERS: Having read in that period, I know what you mean when you talk about the general outrage, the sense of indignation that motivated political forces, union forces.

STEVE FRASER: Yeah.

BILL MOYERS: Popular uprisings. Where is the outrage today?

STEVE FRASER: Where is the outrage today? I don't know. To some degree, it's what we've been talking about. It's the falling in love with the free market. The chance for every man to be a speculator, to quote myself. The get rich quick. But my own view is that this is changing. And I think 2006, the off year elections, already signaled a change where you began to hear the voices of the economic populism, and which used to be very loud within the Democratic Party. But were not if not silenced, very subdued during the last quarter of the 20th century. But you're beginning to hear them again. And now, the country is facing a profound set of crises, which I would suggest will open the door to this kind of ...

BILL MOYERS: What are the forces you see gathering?

STEVE FRASER: Well one is the war. And it's a disaster at many levels. But it's a disaster, certainly, economically. It eats up wealth that could be used for more socially productive purposes. The second is the economy. Every indication in various vital sectors indicate that this economy is headed into a kind of a serious recession. And perhaps, worse, the government is doing what it can to bail out business. But I don't know that they can succeed at this. And moreover, this is coming on top of 20 years, 25 years of downward mobility, of de-industrialization.

Of the wiping out of whole towns and regions that have become ghost towns. We saw it in the primaries - in Ohio and in Pennsylvania. These people have been suffering now. This is not new. They're suffering for the last 20, 25 years. If they have jobs at all, they go back to work at half the wages.

Let me tell you a statistic. If you get a job in the auto industry today, say you're a new hire and you get hired by General Motors, you are going to make what your grandfather made in 1948. That's where, for many people, the economy has been headed. While the hedge fund operators and the super rich, you know, with their heliports and petting zoos and other extravagant forms of consumption, have been doing well. Ordinary blue collar
Americans have been doing badly for a long, long time.

BILL MOYERS: I want to quote you against you.

STEVE FRASER: Okay.

BILL MOYERS: I mean you say you talk about these converging forces. And you're optimistic in one sense. I think you're optimistic about we may be coming to a moment of wanting to do something about these gross inequalities. But you also wrote, "Our corporate elites today are much more adept than their Gilded Age predecessors were at playing the democracy game."

STEVE FRASER: Yes.

BILL MOYERS: What do you mean?

STEVE FRASER: What I mean by that is business became much more aware, increasingly aware of the need to organize themselves to participate in electoral politics on an ongoing basis. And beginning particularly in the 1970s and 80s and since then, they have become much more sophisticated, building not only lobbying organizations, but think tanks of a variety of kinds.

Promoting various kinds of candidates, developing the K Street Project, which is this close alliance between the Republican Party on the one hand, and its officialdom. And corporate lobbyists on the other. So there's a kind of back and forth exchanging of personnel. Government officials moving into these lobbying organizations.

The lobbyists actually writing some of the legislation themselves. So they're much more sophisticated about being involved. And they're much more sophisticated in this talking the language of a certain kind of populism. This kind of anti government anti big government sort of populism. And playing the role of every man, of portraying themselves as just plain folk.

BILL MOYERS: As you talk, I'm reminded that John McCain's campaign is being run by lobbyists.

BILL MOYERS: Barack Obama, while he's raised a lot of money from Internet sources.

BILL MOYERS: He has his hedge fund supporters and backers like that. So that no matter who takes the oath of office next January, it's still right in the middle of what you call, with quotation marks, "The democracy game."

STEVE FRASER: Yes.

BILL MOYERS: Pays its tribute to the dogma of democracy. But is, in fact, run for insiders.

STEVE FRASER: You are absolutely right. And the capitulation of the Democratic Party over the last 25 years, to that way of running affairs in government is one of the main reasons we're in the predicament we're in today. It no longer ceased being an oppositional party in many respects, entirely.

But here's why I'm hopeful nonetheless. If you look at every major change that's really had a profound effect on the way we govern ourselves and the way we conduct our affairs as a kind of collective nation, none of them have happened without purely by electoral politics. What I'm saying is that, right, if Obama is elected, if he's elected, he does have these lobbyists around him. And maybe his instinct will be to play that game.

But I believe that there's so enormous social expectations for change now. Look at the polls, people don't like the fact, when they're polled, that business has all this kind of
power. They don't like the fact that there's this enormous inequality income and wealth. People actually, despite the populist rhetoric against the government by the right wing, actually want the government to play a greater role in providing social. We live in an enormously insecure society, where people can no longer count on their pensions, on their jobs, on regular work. And people polled again and again indicate that they want changes that have the government play a more a greater role in ensuring that kind of security.

BILL MOYERS: But what does it take politically? I mean, The Gilded Age did, as you say, the first Gilded Age did foster, nurture, create, propagate these cultural, social forces of change.

STEVE FRASER: Yes.

BILL MOYERS: Of resistance to the big power structure.

BILL MOYERS: Forget the politic the campaign.

STEVE FRASER: Right.

BILL MOYERS: Where do you see this on the ground today in this country?

STEVE FRASER: Well, I think one place it may be coming from is this vast immigrant community that a lot of this economy - we in some ways, we live in a very wealthy country that rests on sweatshops. And we have this vast population, millions upon millions of immigrants, both documented and undocumented, who man a lot of the industries we all live on. All the hospitals, the service industries, restaurants, construction crews, etc and so forth. Who are being treated abysmally. They're being exploited, a word we don't talk about anymore in America, but used to be very common in the old first Gilded Age. As super exploited. And are becoming increasingly restive, don't want to live a life of second class citizenship, just systematically discriminated against, as well as exploited.

I think some of the change will come from there. I think some of the change will come from people who are fed up with this kind of downward escalator that they been on. So that they're moving from machinist jobs to check out counters at Wal-Mart. You know, making half or less without the health care benefits and so on. It's going to come from the 45, or whatever it is million people who don't have any health insurance. And who increasingly do all kinds of grotesque things just to keep themselves going. Can't care for themselves. I think that there are all these pockets of potential resistance.

And let me remind everybody of one thing. When Franklin Roosevelt was elected in 1932, he was no raving reformer. He was very cautious. What changed between 1932 and 1934 and 35 and 36? You had the rise of the labor movement. You had the rise of outside the two party system of people like Huey Long and so on. Talking a kind of populist language. That they organized and demanded change. And Roosevelt was open-minded enough. He wasn't a dogmatist. The people who run things now are they have a fixed about the free market. They can't think their way out of it. Even as the whole country and the economy implodes around them. Roosevelt was not like that. He was experimental. And if he said today, "I'm for a balanced budget," tomorrow he'd say, "Well you know what? Let's try something else."

BILL MOYERS: Is, in your drama of democracy unfolding now, is consumerism a Jekyll or a Hyde?

STEVE FRASER: Consumer culture has become this sort of defining nature of culture popular culture in America. It wasn't so much far from it during the first Gilded Age. And what consumer culture does is to privatize people.

It makes them focus on their own personal well being. And not just material well-being. Why shouldn't people be concerned with their material well being? But they see in acquisition of material goods a kind of self liberation, a kind of upward rise socially, and a kind of freedom. And to the degree that consumer culture captures your imagination, you lose a social imagination. You no longer see yourself as part of some kind of collective. Of
and that is ..

**BILL MOYERS:** Which came out of the first Gilded Age. That sense of a collaborative commonwealth.

**STEVE FRASER:** That's right. That's right. Exactly. A cooperative commonwealth, something that could end this dog eat dog, Darwinian jungle like society that many people called that first Gilded Age. I said, "No, we can do better than this." We can have a cooperative commonwealth. Consumer culture makes it somewhat harder to see look Wal-Mart's a perfect example. Wal-Mart pays people badly, treats them badly, there's a lot of - doesn't give them a lot of rights and so on. And there's been protest against Wal-Mart. But a lot of time, that protest is defeated by what Wal-Mart does well: Low prices. And so, the unity of the community is dissipating by that. And it's understandable. And that consumer culture has that corrosive kind of effect. Yeah.

**BILL MOYERS:** You know I'll close with this. I mean, you talked about Huey Long. I was growing up right next door to Huey Long. And I do remember, as you speak, he didn't say every man a small "d" democrat. He said, "Every man, a king."

**STEVE FRASER:** Every man a king.

**BILL MOYERS:** That's what he meant by consumerism. Right?

**STEVE FRASER:** That's right. That's right.

**BILL MOYERS:** It produces each of us as a sovereign...

**BILL MOYERS:** In our own right.

**STEVE FRASER:** Exactly right. That's right. And I if not exactly Huey Long talked about it, I do believe that we're at that point where people are going to say, "Enough is enough."

**BILL MOYERS:** Steve Fraser, thank you for being with me on The Journal. I've enjoyed this conversation.

**STEVE FRASER:** Thank you very much for having me.

**BILL MOYERS:** We close with a reminder of an America that is not so gilded.

Bernie Sanders, the Independent U.S. Senator from Vermont, took to the floor of the Senate recently to talk about what's happened to everyday Americans over the last eight years.

**BERNIE SANDERS:** I think it is terribly important that the Senate hears from ordinary people to get a sense of what is really going on in America; the struggles that people are having,

**BILL MOYERS:** So, the Senator used his e-mail list to ask the people of Vermont to tell him about their lives today. Instead of a few dozen replies, he received more than 600 responses from all around the state. He has published them in a [booklet that is available on his web site](http://www.pbs.org/moyers/journal/06132008/transcript4.html?print).

As Sanders told the Senate, they are not easy to read.

"...some nights we eat cereal and toast for dinner because that's all I have."

"...we have at times had to choose between baby food, diapers and heating fuel."

"I don't go to church many Sundays, because the gasoline is too expensive to drive there."
"...the pennies have all but dried up...I am sad, broken, and very discouraged."

"...my mortgage is behind, we are at risk for foreclosure, and I can't keep up with my car payments."

And this:

"does anybody in Washington care?"

Well, some people in Washington do care, some of the time. But most of the time our elected officials are on the side of the organized rich. That's where they get the money to campaign, and money is the golden rule of politics; those who have it, rule.

Listen to this excerpt from the AMERICAN CONSERVATIVE MAGAZINE about our growing inequality.

The holders of great wealth, especially if they are organized into a political lobby of similar holders of great wealth, can buy not only more goods, more capital, and more people. They can also buy (through the vehicle of campaign contributions) more important people: politicians and other public officials and therefore public policies.

The result of great wealth buying public policies is a positive feedback loop, or perhaps a vicious cycle, which transfers ever greater wealth and power to the very rich and away from everyone else.

There's only one way to break this cycle and bring fairness back to America and that's to break the stranglehold of private money over politics. There are many ways we can do it. Check them out on pbs.org;

I'm Bill Moyers. We'll be back next week with another edition of THE JOURNAL.

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