

THE POOR AND THE RICH:

HOW TO EXAMINE THE SPLIT IN LOCAL AND GLOBAL ECONOMIES.

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Introduction

Too many stories are written on the basis of broad economic statistics -- the number of jobs created, the unemployment rate, the Gross Domestic Product, the growth rate, the financial success of highly visible companies, changes in the minimum wage.

There is nothing wrong with using such data in stories, but we need to look much deeper, to see what is happening to the people who make up those numbers. When their jobs are exported overseas, what kind of jobs do they find at home? Are average salaries and wages keeping up with the cost of living? What is happening to their pensions and health care? What is happening to their purchasing power? How much do they need to earn to live in a flat or house like the one where they grew up?

We try to translate the numbers into terms that show what the average person's wages can buy today -- versus what they could have purchased in the past. Sometimes the big picture doesn't tell the story of what is happening to people.

We have done most of our work in the United States, but our experiences are reasonably universal. The agencies we use for stories do not apply generally to Europe or Asia, but similar government bodies performing similar functions do exist and could provide much of the same information. The crucial point is to think about what data you need and try to determine where you might be able to find the information. That's the challenge facing all of us.

TIPS

Be wary of economists and business-school experts. We didn't say disregard them; just weigh their assessments and observations carefully. In our experience, they tend to

think in only the broadest terms -- that the global economy overall is good, that free trade creates more jobs than it eliminates. Although that may be generally true, it glosses over some huge dislocations that each produces in both developed and developing countries.

The well-paid factory worker who loses his job when the plant is exported overseas may have to take a new job that pays only a fraction of his former salary and offers little or no pension. Statistically, the person is still in the ranks of the working. But economically he is worse off.

Free trade is now having some unanticipated impacts in the very countries it was supposed to help. A few years back the Brazilian shoe industry helped decimate shoe production in the United States largely because of cheap labor. Now it's Brazil's turn to feel the pain. Low cost imports from China have displaced Brazil as the number one shoe exporter to the United States.

China provides a good example of why we always need to look behind the statistics. Every news story you read talks about the fast-growing Chinese economy. But behind the overall data are millions of impoverished workers who will toil for almost no money in today's global economy. China displaced Brazil as a shoe exporter because Chinese shoe workers earn about \$50 a month - less than a third of what Brazilians earned.

If you are looking for experts on what is really happening in the economy, talk to sociologists and social workers. They are closer to the lives of working people than economists or business experts. They see what is happening to people and their families.

Resources

Most of the following are U.S. sources or databases. But similar organizations no doubt exist at both the E.U. level and within individual countries in Europe and Asia.

Internal Revenue Service. (IRS) Statistics of Income (SOI).

<http://www.irs.gov/>

Published annually, the SOI provides a closeup view of many personal financial and economic trends. Personal income is categorized by income groups, from persons earning \$1 million or more down to those making \$10,000 or less. It also gives a breakdown of the source of income -- wages,

stock dividends, pensions, etc. This is probably the single most underutilized source of information on the financial well-being of Americans by journalists. By drawing on SOI data, we were able to calculate this comparison for one story:

"THE GREAT SALARY GAP: Between 1980 and 1989, the combined salaries of people in the \$20,000-to-\$50,000 income group increased 44 percent. During the same period, the combined salaries of people earning \$1 million or more a year increased 2,184 percent."

DEPARTMENT OF LABOR. Bureau of Labor Statistics (BLS).

<http://www.dol.gov/>

BLS is the one of the most important agencies tracking the economic health of American workers. It has numerous statistical reports on claims filed for unemployment benefits, beneficiaries of pensions, applications for training benefits, etc. We have long drawn on BLS data to show employment and wages by specific industry. For example, in a story on the impact of trucking deregulation, we were able to show how wages for drivers and other employees declined after the trucking industry was deregulated. Similarly, BLS data show that factory workers earn significantly higher wages than those who work in retail sales.

DEPARTMENT OF COMMERCE. Bureau of Economic Analysis and other agencies

<http://www.commerce.gov/>

To make numbers meaningful, find a way to make them relevant to a person's life. Rather than just showing a comparison between median family income over a 10-year period, show what a family can buy with their current income compared to what they could purchase in the past. For example, in 1990, an average family used 25 percent of its income to pay for housing; in 2000 that had increased to 35 percent. In the U.S., the Commerce Department maintains historical tables that are accessible via the Web that enable reporters to draw these comparisons, but any historical economic or consumer product tables showing prices would work.

OTHER GOVERNMENT AGENCIES. A huge amount of information can be gleaned from independent agencies that regulate the economy. This is true in the U.S., and from what we have

seen from the European Union's web site, also the case in Europe.

In the U.S., we relied on data from the U.S. Interstate Commerce Commission for the trucking deregulation statistics. ICC numbers showed the dizzying pace at which companies were starting up, going bankrupt and then going out of business. The ICC has since been folded into another agency the National Transportation Safety Board (NTSB)

<http://www.nts.gov/>.

Another independent agency that is crucial in telling the story of what is happening to U.S. workers is the Pension Benefit Guaranty Corporation (PBGC). It is charged with protecting the retirement of millions of workers covered by private pension plans. You won't get names of individual workers from their reports, but you can see the names of companies whose pensions are in trouble, which could then lead you to the people.

<http://www.pbgc.gov/>

STATISTICAL ABSTRACTS. Most large nations publish annual statistical reviews. These publications, now all on line, provide an invaluable resource. Each is filled with tables and charts about all manner of activities affecting the economic and social conditions of their countries and people -- from health and nutrition, to home ownership, to medical procedures per 1,000 population, to the number of refrigerators in homes.

In the U.S. it is called the *Statistical Abstract of the United States*.
<http://www.census.gov/prod/www/statistical-abstract-us.html>.

Canada publishes a similar guide called *Statistics Canada*. (<http://www.statcan.ca/>).

The Canadian site by the way has an excellent page linking it with similar statistical web sites around the world such as eurostat. The Canadian site is :

[http://www.statcan.ca/english/reference/international.h
tm](http://www.statcan.ca/english/reference/international.htm)

FINDING PEOPLE. All journalists know the tried and true methods -- talking to neighbors, families, friends, fellow employees, townspeople. But there are many other less obvious ways.

We are constantly reminded of the variety. We find names for potential interviews in court records, government regulatory filings, foundation reports, government audits, surveys by think tanks, Congressional hearings, academic studies, property records, to name just a few places. While

researching the impact of closed factories, we came upon thousands of records in the Department of Labor that had been filed by out-of-work employees seeking training assistance to find new work. Similarly, the names of many employees thrown out of work quite often can be found in Bankruptcy Court records, where employees sometimes have to turn to seek debt relief.

Again, the availability of records will differ in Europe and Asia, but the important point here is to try to think what might be available.