

**Erik Sherman, business and technology journalist**

**Interviewed by Jessica Anania**

**JA:** What have you noticed to be things that are often covered incorrectly or big mistakes people make when covering income inequality?

**ES:** This is a more general statement, but it applies in this area too. Writers take the easy way out with the known narrative. They go after the known narrative. This is the story. Well no, that may not be the story. You have to get into the details of something. There are so many aspects of anything to consider, that the more you look at it the more nuanced the view you can get. For example, on the protests going on – looks like the same group that's been putting on a lot of the labor action directed at Wal-Mart. They're saying that \$15 per hour jobs – it's predictable. You've got to look at the whole thing and get beyond whatever claim either side is making. What does Wal-Mart actually pay people? According to Wal-Mart, they've only got 6,000 people that are making federal minimum wage – that's out of 1.3 million employees. And so if you bring people \$15 per hour, what's the impact on the economy? Is it realistic to think that they're going to get that? I did a quick calculation with some assumptions, and it came out that they're talking about an extra 6 point something billion dollars a year in money being paid out. I didn't even include the extra money in taxes, workers comp., and all sorts of other things. And that's based on the 16 billion dollar profit that Wal-Mart makes globally. That's fine, that's a lot of money, they can afford it. But investors aren't going to go for it, and \$15 per hour full time is \$31,000 a year. You've got people saying why should someone working retail be guaranteed that kind of money? You have to look at what all sides are saying, you have to do your own analysis. You cannot be afraid of numbers. If you are afraid of numbers, if you refuse to learn how to deal with numbers, if you're scared of numbers, you should not touch this topic because its all numbers from one aspect.

**JA:** So what I'm hearing from you is that when covering these issues, journalists have to be able to dig into data and reports and hard sort of number reporting. How can journalists be prepared for this kind of work?

**ES:** Its part of it, it's not saying... frankly, data comes into almost anything you report. Its always involved. There are always things going on that you can analyze and you always want to be able to analyze that. How do you prepare? Start taking some math classes. Pick up a book and learn about statistics. Go learn about what this stuff actually means and how to use. Yeah, it's hard. I've got a t-shirt that says 'math is hard, so is life, get over it.' I've got to say, I was a math major. I have a very high aptitude for numbers. But you can't just say I'm only writing words, the numbers don't matter. They do. It's another language – you've got to learn the language because that's what the events are speaking. People speak English, when you're reporting in the U.S. for the most part. The events themselves often speak in numbers. If you don't understand that language or you don't have anyone on a team

who understands that language, nobody is going to get what's going on. You're ignoring a whole aspect of it.

**JA:** Can you give me an example of how you use numbers to better report a story?

**ES:** With the Wal-Mart story I did an estimate. I said okay, let's say part-timers are working an average of 28 hours and the full-timers are working an average of 38 hours. So looking at the salary with this number of full time and part time, it's the sort of thing that helps put things in perspective. You can put a topic in perspective when you look at numbers. When you talk about \$9 per hour or \$12 per hour, is it reasonable? When you look at the numbers, say for fast-food workers, they have the hourly average week hasn't broken 26 hours in years. 26 hours at minimum wage or even at \$10 per hour, if your time has been controlled by the employer who always wants you on call, you always have to be available for them first, you can end up not being able to hold down another job and so you're talking about being in the poverty level. But you need to look at the numbers to think about that and to get out of the sentimentality of the issue. The human factor is very important, but sentimentality is bad. It's this picture that isn't necessarily true; you have to look at the real picture.

**JA:** Could you elaborate more on what you mean by sentimentality? Do you mean more human-interest type takes?

**ES:** There's nothing wrong with human-interest takes. It's when you allow things to fall into stereotypes. Too many human-interest stories are stereotypically told. The setup is stereotype, the formula is a stereotype. You're looking at a writer who is trying to either go for a very emotional reaction or who is trying to goose a particular reaction from the readers. But you don't get a real story that way, you're telling the fiction.

**JA:** So how do you as a journalist, and how can other journalists, recognize when they're falling into stereotypes with these issues?

**ES:** One thing to do is try and see what both sides are arguing. For example, there are some business reasons why employers say they can't afford to pay more money. They're not necessarily good business reasons. Personally, and I cover business a lot, I don't identify myself as either conservative or liberal because it's too stereotyped a position. Nobody is always one way or always the other. From a business point of view, there are a lot of things that say that if you can't afford to pay people enough money so they can live, there's something wrong with your business. Because you're looking for someone to subsidize you. That's a bad business model. You've got to look at it that way. You've also got to look at people who are saying they should have raises. Well are these people even in a position to improve how they're doing? You have to be careful because each side is trying to meet their own ends. Like you'll have the national association of restaurants – they send out releases saying these people are union-backed groups. It's unions! So? And then the other hand you have the people going we can't live on this kind of money. Well then,

why do you have that job? You've got to bring a little – not cynicism – but skepticism to the story. And keep asking questions of both sides, and of yourself, and of your own interpretations. I'm not saying anything that's different than what you need to do for any story.

**JA:** With this issue specifically, there is so much political polarization – like you mentioned. Its interesting because we've talked to people who have said don't shy away from polarizing the issue – bring that to the story.

**ES:** Who says don't be afraid to polarize it? Don't be afraid to tell the truth. The polarizing isn't necessarily telling the truth. So you have to ask yourself, am I being asked to be truthful and to really go after this in a hard way? Because frankly, a lot of it looks bad for corporations for a good reason. But then it gets a lot more complicated than that. I wrote a piece on how the middle class is a big driver of inequality, because the middle class is getting stuff so cheap and wont pay more. And that pressures companies pushing for suppressed wages. If you're going into McDonalds and you're insisting that a burger doesn't cost a nickel more than it's costing now, or if you're going into Wal-Mart and saying I need food for the cheapest price, then yeah you may financially have to do that, but you have to recognize that you are also a cause of income inequality. Do you see what I mean? It gets very complicated, because it's a systematic problem.....from the Atlantic wrote years ago a book about how a lot of the coverage of politics and other things was flawed because everything was set up as a horse race, you know, A over B. Who's winning? And its not just a matter of who's winning and who's losing – it's what's happening.

**JA:** You brought up the middle class, and I'm interested in what your definition of the middle class would be.

**ES:** What definition do you want me to use? There are many. Historically, if you look back in the 1950s middle class family would have been one where a single bread earner could make enough to keep the family alive and well and enjoy an annual vacation and all this other stuff. That used to be middle class. Middle class now has been slipping over the years. If you're looking at percentages, statistically id say take off the standard deviation off the bottom and standard deviation off the top and what's left in the middle is probably a reasonable definition of middle class. I'm now talking about statistics and a more mathematical way. So basically the distribution is way over because there's a small group at the top who has outsized on income and on wealth. It's really large. Where does middle class begin and end? We use like \$250,000 per year as these people are wealthy. According to a lawyer I spoke with recently, we were talking about some complicated tax issues, and he is someone well traveled in the circles of power, he has testified in front of congress, he said that definition was picked so the speaker of the house wouldn't be considered rich. So they picked the numbers specifically so politicians looked good. So what's the definition of middle class? I don't know. These days a family where both parents – whether they're married or not – are working. They're probably struggling to put their kids through school. As the kids get older they're probably wondering how

they're going to do it because the cost of education keeps racing ahead, the cost of healthcare keeps racing ahead. And their income has been flat or falling for the last 30 years. In real terms. You get a raise but it's already eaten up by inflation.

**JA:** Do you think that idea of the middle class is romanticized? That people in government want to appear middle class, that it's something that with the 1950's this ideal, do you think it's something that we still romanticize in America?

**ES:** Well some of it is romanticized, some of it isn't. It gets used very imprecisely. If you're reporting for this project and someone says middle class, ask them what do you think the middle class is? What does that mean for you? That's a perfect question. What's the middle class? And let people define the term. See how they're defining the term and let that see how they understand the story.

**JA:** Yeah, it's really interesting to see where people place themselves and what they think the middle class actually means.

**ES:** There is a definite range of incomes that gets defined as middle class. That would be family income – what \$40,000-50,000? Here's a piece in the WSJ from last September. Who's a middle class American? They did a poll with NBC – 90 percent of people sided with this family with a total income of \$100,000 or less. A lot of people in the U.S. like to consider themselves middle class, but it's a huge range of people.

**JA:** Can you think of other terms that you've come across in your reporting that are soft like this one? That you think really do require investigation and explanation and that can be used differently depending on whom you're talking to?

**ES:** Low wage. What does low wage mean? It's not just wage, its hours. It's the number of hours you can work. And then its what benefits don't you have. There was a poll done recently that 40 percent of people with families of \$30,000 or less annually had more in medical debt that were higher than their emergency savings. That's basically saying that 40 percent of people making \$30,000 or less are in debt over medical issues. So what's the implication there? What does that do to your respective rate of income? I do a lot of the income inequality for Forbes just because I find the topic interesting and I find it important. I wrote about how if you were a Wal-Mart worker, I got enough details of their insurance plan. There was that story recently where part-time workers were no longer going to be allowed to get insurance through Wal-Mart. Now everybody went with that except for me. They did point out that it came out to about 33,000 employees who were working less than 30 hours a week and who had previously had health care coverage through Wal-Mart. But I asked how does the health care coverage work? It turns out there's a large deductible. There's a significant amount you have to pay because they're only paying 80 percent of the costs. If you get hospitalized, even with their insurance, there's a good chance you're going to be in deep doo doo.

**JA:** So you do you think this kind of unconventional take is important when covering these issues?

**ES:** I mean what are you going to do, going on some arranged march at some corporate headquarters? Are you looking for an easy thing to file or are you looking to actually cover the topic. If you're looking to cover the topic, you need to look deeper. What's the history of wage issues? What's the history of the labor movement? Take a look at the percentage of wealth and income that the top 1 and top 10 percent in the US, if you look at the patterns, we're getting back to the years just at the end of the gilded age. That isn't necessarily something you want to aspire to. But you have to recognize, oh 1910, and then when does the gilded age end? Basically 1900s. What does that mean? When did labor unions really start cranking up? Around relatively the same time that they were getting screwed and then the economy went to hell back in the 20s and 30s. You've got to look at all this stuff. You got to tie in economics, you go to tie in history, you got to tie in philosophy. One of the arguments of both sides is why don't you want income inequality, why might you want it? There's a certain degree of inequality that you need. I'm not saying what we have now, but somebody has to have money to invest in stuff. As it is, people have so much money they can't invest in. they basically have more money than they can invest. But people need a much broader basis from which to report and from which to think about things.

**JA:** Yeah, that's hopefully what we will provide with this project – that broad basis of knowledge for journalists. That was basically all the questions I had for you. Is there anything that I didn't ask that you think is important to be included in this project?

**ES:** I think if you want to be a reporter, you have to ask yourself why do you want to cover this issue? Is this an issue that you want to write about?

**JA:** Yes, although I tend to be interested in inequality on a more global scale, like the global north versus global south.

**ES:** Okay, good. And frankly inequality is something we see on a global scale. We export safety and environmental hazards, because we have stuff done in places where the laws aren't the same and companies don't have to spend the money to protect workers or protect the environment. Which is not necessarily smart, actually its kind of dumb I think. If you're going to report something like this, you've got to take a step back and look at things. If you're going in with an attitude you're not going to look at the story, you're going to look at the story you want to see and miss the real story. Which is more important.

**JA:** That's good advice.

**ES:** You have to avoid getting caught up in the artificial he-said, she-said. Some things are just egregious. If you've got a company that has been shown to be squeezing workers hours artificially, its not just a he-said/she-said. There's

something wrong there. If its true, that's really bad, it's theft. So don't be afraid of looking at what's really happening. Don't get sucked into some equivalence that doesn't exist.