



Billionaire Wealth Increases By Over Half Trillion Dollars During The Pandemic Chuck Collins

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Zain Raza (ZR): Thank you guys for tuning in today and welcome to another episode of The Source, where we interview whistleblowers, researchers, policy experts or former insiders. My name is Zain Raza. And today we are talking to Chuck Collins, an author and the director of the Program for Inequality and the Common Good at the Institute for Policy Studies. Chuck, thank you so much for joining us today.

Chuck Collins (CC): Thank you for having me, Zain.

ZR: You're welcome. So, before we talk about the report produced by you and your team at the Institute for Policy Studies called Billionaire Bonanza 2020: Wealth Windfalls, Tumbling Taxes and Pandemic Profiteers. I would like to first begin with your biography for our European viewers who may not have followed your work. Could you talk about your past work and what motivated you to begin your research on inequality?

CC: Yeah you know, I grew up actually in a wealthy family in the United States with German roots. If you're from the United States, you've heard of a meat packer named Oscar Meyer, who came from Bavaria, and came with a very good sausage recipe, and immigrated to Chicago and had a butcher shop. And that was my great grandfather who built a successful industry. So I literally won the lottery at birth. I was born into a wealthy family and grew up in an affluent suburb of Detroit.

But the thing I would say is, I had a front row seat to how wealth was growing for the wealthy. But then, I also lived next to Detroit, a city with enormous racial and economic disparities, so I was very attuned to inequality at a young age and also worked with tenants to help them buy their apartment buildings. So I got to know their experience of inequality. So starting in the 1980s and 90s, we really started to pull apart as a society. I had this intimate front row seat to the wealth gap, both from the top and the bottom. So I've always had an interest in that. In 1995, I co-founded a group called United for a Fair Economy to address these inequalities. And so here we are, 35 years later, still working to address the growing inequalities of wealth and income.

ZR: I would like to get back to the report. In our previous interview with your colleague from

the Institute for Policy Studies Studies, Omar Ocampo, we talked about the report that I mentioned before and how it reveals that billionaires are profiting during the crisis. And we also talked about the methodology to do that, that you applied. So we're not going to talk about that for those that missed that part we're linking it in the description. So be sure to watch it to get the context of what we're discussing today. Let's build on this report. What are the latest findings and facts and figures that have emerged since your last report, the updated report, came out.

CC: Well, Zain, it's kind of been amazing. As you know, global stock markets have been rising. So overall, it's not surprising that billionaire wealth has gone up. But again it is surging, so you know, Billionaire Bonanza, the initial report: we looked from March 18th to April 15th or so, over three weeks where billionaire wealth went up 282 billion dollars. As of last week, June 4th, billionaire wealth has gone up 565 billion dollars. And as you know, that's an even greater growth on an annual basis than several of the last few years. So we're seeing billionaire wealth going up.

And to put it in context 42.6 million people filed for unemployment last Friday. Over 110 000 people have died from the COVID-19 pandemic. We're experiencing the racial uprising in the United States. The growth of that wealth, 565 billion in 11 weeks going to the US billionaires is almost 20 % of all the wealth owned by African-American households in the United States. So that's the information that we're trying to put out there. Let's understand the racial uprising, the Black Lives Matter in the context of growing billionaires, surging billionaire wealth.

ZR: I want to pick up on that. For example, when I was going to high school or even went to college— and I think that's how most people feel – there was sort of this perception that the financial economy is part of the real economy. You buy shares, you contribute to the economy, into business, and business is able to invest and improve jobs and then, productivity increases and taxes are paid and you have social programs. So why is it that the real economies have stopped (now, things are opening up again) but still the financial sector is making money. What's the disconnect here? And did I learn something wrong in school?

CC: Well, I had the same schooling myself, and we mistake the stock market for the real economy. And I think what we're seeing is how de-linked they are. So you can have a real economy where half the population is experiencing incredible upheaval, job losses, declining savings, and the stock market continues to go up.

A couple of things there: one is, I think the stock market and Wall Street and the global stock markets are all focused on looking forward and making bets on what's going to happen. So every little bit of good news, maybe there's a vaccine discovery, maybe unemployment filings overall are going down in some places. Maybe the curve is bending a bit. Fewer people are dying. All those unleash the betting impulse on Wall Street to gamble that future stocks will continue to go up.

And the other thing to realise is that in the United States, only 14 % of the population actually directly own stock. Many more have maybe some interest in the stock market in their retirement fund. But for the most part, it's really the top 15 % that has and the higher up you go, the more concentrated stock ownership is. So the top 1% has close to 60 % of the

financial assets in the U.S. economy at this point. It's getting more and more concentrated. So it really is an indicator of how the very wealthy are doing, not how the rest of society is doing.

ZR: Another thing I want to pick up on that you mentioned: racism and the economic underlying conditions. I was at the Black Lives Matter protests, covering it there. I did not hear from the organizers any mention of economic things that are happening that may be creating the conditions. Even on German mainstream media, which reported on these demonstrations, there was no connection made. Is it that economics and the way people are treated in an economic system contributes to xenophobia? Or do you think this is an isolated thing that we should just focus on the race question in terms of skin color and there's discrimination happening just based on that.

CC: Well, it's a really good question. I think that the immediate Black Lives Matter response is obviously to policing. But I think there's an undercurrent, there's a reason why people are coming out of their homes right now. And that is because of the racial disparities in the COVID-19 experience. We know that there's still a lot of data that still hasn't come out yet. But we know that African-Americans are dying at a rate almost twice of white households, that the workers who are most vulnerable and are forced to work become frontline workers against their health interests sometimes are people of color. So the color of COVID-19 is really skewed. And I think that has added to the anger.

And then behind that, what I would say is, white supremacy is kind of the preexisting condition here. The racial wealth and income disparities are what contributed to the fragility and vulnerability that a lot of people are experiencing that's leading to death. You know, bad income inequality and wealth inequality leads to poor health outcomes, leads to poor health access. And so, again, it's not surprising that people of color are dying at higher rates because their rates of diabetes and poor access to health care are part of that. So I see it all connected. I see that the immediate rebellion is a response to the experience people have in their neighborhoods of how policing is an occupying force and a dangerous force, but I think below that are these are this is this understanding about the economic disparities.

ZR: I would agree that in terms of, the more inequality rises, I think the natural outcome is that the militarization of police and giving more police powers instead of addressing structural issues that you have surfaced. So let's get to some arguments and switch gears here for a second. The argument that I hear is that the super rich derive their wealth from hard work, creativity, entrepreneurial spirit and maximizing opportunities when others did not capitalize on it. The great value for society, which then provides employment, is taxed to provide social services. You've done a great deal of research on inequality, taxes and all of that, and even co-authored a book with Bill Gates Sr, the father of Bill Gates, called *Wealth and Our Commonwealth*. What do you make of this argument? Is there truth to it or is it totally the opposite? Or how should we view it?

CC: Well, I would say what you're describing is the story, the narrative that is used to justify inequality. And, of course, like a lot of stories there's a little kernel of truth, which is what each of us do does matter. You know, whether I slept in this morning or whether I got up to talk to you, it matters. You know, individual effort is part of it. But, in our society, if we just

look to sort of use that simplistic story to explain structural inequalities of race and wealth, we really missed most of the picture. So, a lot of wealthy, affluent people will say, yeah, it's all about me. I did it. I built this wealth alone. They will ignore the web of public investments of other people's work and of structural racism and inequality that contributed to their wealth and advantage. So I think it's more accurate to challenge those stories and say, look, no one creates that wealth alone. Jeff Bezos didn't create 160 billion dollars of wealth alone. That's because there's a society. That's because there's a marketplace. That's because there are other workers. There's a platform of technologies that had been built by lots of other people that have contributed to that wealth. So I think we have to challenge that "great man" theory of wealth creation or the mythology that people are where they deserve to be based on their effort. And when it comes to race and the racial wealth divide, we can look at four hundred years of history, and slavery and Jim Crow and other things that have kept people of color from building wealth and assets, while wealth white people have propelled forward.

ZR: Let us examine this a bit deeper. There's so much when I look at the analysis. There's talk about intellectual patterns. And there's talk about tax evasion or tax havens. There's so much information that comes out from this. Could you provide us sort of an overview of what mechanisms are used by the super rich to accumulate wealth and whether you consider these mechanisms to be ethical in nature?

CC: Well, you know, I think what it's important to realize is that there is a phenomena that I would describe as the top one tenth of 1% of the households with 30 million dollars or more, incomes of three million dollars and up. That is the group that we should be very focused on and concerned about, because they are using their wealth and power to rig the rules to get more wealth and power. That is the oligarch class and they are using their wealth to hide their wealth. So I have a book coming out and maybe we can talk about it in the future, but it's called *The Wealth Hoarders: How Billionaires Spend Millions to Hide Trillions*. So there's a whole system now of lawyers and accountants and wealth managers, family offices that are helping the super wealthy put their money into trusts and offshore tax havens that you described. Many of those offshore tax havens are in the United States now. Several of our states have become internal tax havens. So it's not just some little island off in the Caribbean or in Mauritius or somewhere. But you describe the mechanisms. Those are the mechanisms that people use their wealth to both lobby for tax cuts and changes in the rules of the economy to protect monopolies. But they're also using it to hide their money and move it off the ledger. So I would say that the inequalities we're living through are actually much greater if we could measure all the wealth that was hidden by the rich.

ZR: For example, Jeff Bezos provided a hundred million to a nonprofit called Feeding America that feeds 46 million people. Elon Musk provided ventilators during COVID-19. Bill Gates has been quite active on health care and education. In your report, however, I came across a very interesting term called subsidized charity. Could you describe what that is?

CC: Well, this is a much bigger topic about how billionaires, how the wealthy, use the charity system as another extension of their power and also to legitimize their wealth. So if you think about Jeff Bezos giving 100 million dollars to help the hungry, I mean, that is like an

embarrassingly minuscule portion of his wealth. That's like you and I giving out a nickel, right? It's point zero zero zero whatever, one percent of his wealth. It is not a sacrificial gift nor a meaningful gift. But he gets a lot of attention for it, and it's somewhat of a deflection and distraction from these deeper structural inequalities. So what we're seeing is charity, and charity is a human impulse, it is generosity. It's our desire to help fellow humans. And at this time, most people are stepping up enormously. They're sharing what they have. They're sewing masks. They're helping their neighbors. They're frontline workers who are not paid enough and are making supreme sacrifices.

These wealthy folks are using the tax code to reduce their taxes substantially, transfer money to a foundation or a donor-advised fund that they control. And then they continue to hold that money and give out very small increments of it. So they already took the tax breaks. And actually, one of the things in our report we advocate for is the "emergency charity stimulus". And again, this is in the United States. There's 1.2 trillion dollars sitting in private foundations and donor-advised funds. And we're telling Congress to mandate that this money leaves the control of these wealthy people and go to the frontline non-profit groups that are helping people survive right now. Stop letting this money sit in warehouses. So, it's an important topic, and I'm glad you brought it up, because it's a way that we are confused and distracted when we hear about the wealthy and their generosity and their foundations and their charities. It's not a substitute. Charity is not a substitute for justice or a fair tax system, where the rich pay their fair share.

ZR: One of the arguments that I hear is that if, for example, Bill Gates stopped supporting people around the world, there will be immediate suffering. How do you envision a transition from philanthropic giving – which, if this is taken away immediately, could lead to suffering – to a proper tax system? And this is one part of the question on a transition. The second part, let me add to that, is another argument that I hear, for example, is that foundations are more targeted, provide more targeted spending, which governments and bureaucracy overlook, and are free from political influence. For example, I'd have a problem with my taxes going into the hands of Donald Trump and his administration, as opposed to, for example, Bernie Sanders, if he was in the administration, and therefore philanthropic giving is more free from political interference. So part one, how do we make this transition? And part two, what do you make of the argument of political interference?

CC: Great question, Zain. And I would say that the transition is, we reform philanthropy so that it is not a tax dodge for the wealthy. And we do that over time. Over the next 10 years, you basically say cap the amount of money that somebody can take a tax break for, you know, if I have a billion dollars, I shouldn't be able to avoid a billion dollars in taxes. Above a certain amount, I should be paying taxes on that wealth. So let's rewire the tax. We know we have to shut down the offshore tax system, the hidden wealth apparatus. And there are a lot of things that we can do about that. And particularly people in the United States and the U.K. have a special responsibility, because we created this secretive system to hide money. And we have a great responsibility to fix it. We need to restore the progressivity of the tax system so that the wealthy start to pay their fair share of taxes and we reform charity.

And then the second part of what you said is very important. And this is kind of an interesting U.S.–Germany question. You know, a lot of my friends from Germany come out to the United States and they go, the soup kitchen is run by a religious group or not a neighborhood

group. Shouldn't the government be doing this? You know, and they're right that many of the services that address poverty and inequality should be government functions in the United States, should be paid for by tax dollars. But there is a thing that I like about an independent nonprofit sector, which is that it is independent. It is outside the control of the government. It is outside the corporate sphere. It's at risk now that it could be controlled by the rich and have a narrower agenda, but it is like the laboratory, it is the place where we experiment, where we do activities that are not controlled by the state or by corporate America. And so, from a kind of protecting pluralism point of view, there's something I like about that we have a robust, independent sector. It just shouldn't be funded by the rich only. It should be broadly owned and controlled and funded like others. So like the Bernie Sanders campaign, you want to have a democracy that has thousands of small donors and not 20 millionaire/ billionaire donors, similarly to the nonprofit sector. So I think we want to maintain a healthy nonprofit, independent sector so that if there is somebody controlling the state, there's some social space and political space to experiment and do other activities.

ZR: When I look at the media landscape, in particular the Internet, there are two extremes. On one hand, you have the perception or you find a lot of videos where billionaires are evil – eugenics for population control, and there's all sorts of information on that matter. Whereas, on the other side, they are revered and considered sacrosanct wealth creators. And for example, when Zuckerberg from Facebook donated, which was actually revealed later, he just donated to his own foundation, which is private Ltd and owned by his wife. It was celebrated throughout. So how should we view billionaires and make sure that we approach in a constructive manner in resolving the issues that you talked about, as opposed to a destructive manner?

CC: Well, I think one thing is to realize that they are human beings. Believe it or not, just like everyone else, there are many that are not inherently evil. They are in a system. Just like you and I are part of the same system. They are the beneficiaries of an updraft of wealth that flows to them and they have a lot of responsibility. They have enormous responsibility for how they use their wealth and power. But I would say we should approach billionaire activities with great skepticism. And also, we should be saying we need to bring in democratic controls back over this concentration of wealth. So, we had a very powerful conversation when Bernie Sanders was running for president. Should billionaires exist? And some people hear that and they think, oh, you want to bring back the guillotine. So let's be really clear, we're not talking about an exterminationist mentality. We're talking about a system that over-rewards some people and hurts the rest of society. So we want to have a system in society that doesn't create billionaires and impoverish lots of people.

How do we do that in the transition? We ask billionaires to engage, to reengage in society, to bring their money back to a real economy, to share their wealth and move it out of their control, to give up private control over their philanthropic wealth and bring more decision makers into that process so that it's not just a one rich man's fantasy of how their money is distributed, democratic controls over private philanthropy and the like. Those are just examples. I think we hit a dead end when we just think "all billionaires are evil". It's more just understanding that they're individuals in a system. We need to change the rules of the system so wealth doesn't flow to so few people.

ZR: To my last question, what is the role of the fourth estate in all of this? And do you think that the fourth estate, and let's put the corporate media in this as well, are doing a good enough job in shedding light on inequality?

CC: Well, I think in the last 20 years, the fourth estate has not done a good job, has not helped us understand the powerful forces that were pulling us apart. Now there is an opportunity. The COVID-19 pandemic is an opportunity to understand how inequality is our preexisting condition. How differently this could have been handled if we were in a more equitable, equal society. And so, if the media hasn't woken up yet, this is the moment we need all levels of media, including the corporate media. And it is interesting to see. I'm seeing more conversations along these lines. They were happening thanks to the candidacy of Bernie Sanders, thanks to the Occupy movement and the Black Lives Matter movement, people are talking about inequality that will no doubt continue. And if you think back, Zain, after the Great Recession of 2008/2009, we had both a right wing populist movement, the Tea Party movement emerged, but we also had progressive populist Occupy and a greater understanding of inequality. And I think we will be in a similar moment. We are now. It's unfolding in real time. And the media is going to be very important in telling the stories, connecting the dots, having the conversation you and I just had. What's the role of philanthropy? What is the role of billionaires? What is the role of tax policy? Those are all the key conversations that I think have been under-engaged and now are coming to the fore. So I appreciate you, as part of that media, pushing the edge of these conversations. That's exactly what we need to be doing right now.

ZR: Chuck Collins, author and director of the Program on Inequality and the Common Good. Thank you so much for your time.

CC: It's an honor to be with you. And if your listeners are interested and can read English, as I assume they're listening. Check out inequality.org and send articles to us that you think we should be publishing there. We have a large global following their inequality.org is a website and a portal to continue this conversation.

ZR: We'll be sure to link that in. Thank you for your time and thank you for tuning in today. Don't forget to subscribe to our YouTube channel and to donate so we can continue to produce independent and nonprofit news analysis. I'm your host Zain Raza. See you guys next time.

The End