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BILL MOYERS: For all the talk on the cable channels and in the blogosphere, you would think Washington has been invaded and conquered. Remember that scary movie from the 1950's, INVASION OF THE BODY SNATCHERS?

MALE VOICE: Everyone! They're here already! You're next! You're next!

BILL MOYERS: Many film scholars believe the movie is a paranoid parable, warning of a Communist takeover of America. But today, the body snatchers are you ready for this? Socialists! That's right. Socialists, reportedly swarming over the city and making off with the means of production, namely the Federal budget.

I'm not making this up. Newsweek was the first to spot the aliens a month ago and it was us. Here's the headline of a recent article on Salon.com. Newt Gingrich, reincarnated once again as himself, sounds as if Obama ate his Contract with America for lunch and coughed it up as "European Socialism."

NEWT GINGRICH: I think it is the boldest effort to create a European Socialism model that we have seen.

BILL MOYERS: But the ghosts being conjured in the corridors of power aren't those great American radicals Eugene V. Debs or Norman Thomas. No, Stalin, Marx and Lenin have risen from the grave, stalking our highest officials. Just listen to CNBC's Jim Cramer:

JIM CRAMER: We're in real trouble. We're in real trouble between what is happening in the world economy and our president, who seems to be taking his cues from. Guess who he is taking his cues from? No, not Mao! Not Pancho Villa, although I had lunch with him today. No he's taking cues from Lenin! And I don't mean the all we need is love Lenin. I talking about we will take every last dime you have Cramericans Lenin!

BILL MOYERS: And others followed suit:

RUSH LIMBAUGH: Liberal democrats and the drive-by media are speeding down the highway, implementing Socialism as fast as they can.

FOX & FRIENDS: Some economists say the stimulus plan that President Obama just put into law moves us closer to Socialism.

FOX COMMENTATOR: One small step for fixing the economy or one giant leap towards Socialism in the United States?

PAT BUCHANAN: That is Socialism pure and simple.

BILL MOYERS: So what does a real live Socialist think about all this? We consulted the Endangered Species Act and actually found one, way out to the People's Republic of Southern California. That state's economy has tanked with one of the country's

highest number foreclosures and unemployment above 10% and climbing. California is a financial earthquake off the Richter scale.

All of this is grist for the socialist writer and historian who is sitting with me now. Once a meat cutter and a long haul truck driver, nowadays, Mike Davis teaches creative writing at the University of California, Riverside. This recipient of a MacArthur Foundation "genius grant" has written so many books we can barely get them on the screen for you. Two of his histories of Los Angeles and Southern California, CITY OF QUARTZ and ECOLOGY OF FEAR were best-sellers. His latest: IN PRAISE OF BARBARIANS: ESSAYS AGAINST EMPIRE.

Mike Davis, welcome to the JOURNAL.

MIKE DAVIS: My pleasure, Bill.

BILL MOYERS: Did you ever in your life imagine that America's financial system would become insolvent or that our way of life would be in such a sudden freefall?

MIKE DAVIS: No. And I found myself in the position of, say, a Jehovah's Witness, who, of course, believes the end is nigh but then one morning wakes up, looks out the window, and the stars are falling from heaven. It's actually happened. Of course, people a lot like myself are famous for I think the phrase is we predicted eleven out of the last three depressions. So, no.

BILL MOYERS: But I do think this time most everyone would agree with what you how you've described what we're going through as the mother of all fiscal crisis. Do you have a sense of the people you know being frightened right now?

MIKE DAVIS: Oh, people are terrified, particularly where I teach in Riverside County. People have no idea you know, where to turn. UC Riverside is the largest percentage of working-class students in the UC system. And their families have scrimped and saved. And they've worked hard to get into courses that pointed toward stable careers and jobs. And now those futures are incinerated. What kind of choice do you make? You know, what do you study?

BILL MOYERS: You wrote an essay on one of my favorite websites, TomDispatch.com, in which you asked this question. "Can Obama see the Grand Canyon?" Now, help us understand the use of that metaphor.

MIKE DAVIS: Well, the first explorers to visit the Grand Canyon, simply were overwhelmed. They couldn't visualize the Grand Canyon because they had no concept for it. That is, there was no analogue in their cultural experience, no comparable landscape that would allow them to make sense of what they were seeing. It actually took ten years of heroic scientific effort by John Wesley Powell and these great geologists, Clarence Sutton, before he was truly able to see the Grand Canyon in the sense that we see it now as a deep slice in Earth history. Before you just had confused images and, you know, feelings of vertigo.

And so the reason I raised this is that do we really have an analogy? Do we have the concepts to understand the nature of the current crisis other than to step back shaking from the brink and say this is profound? Because, you know, we're in this situation where not only do we seem to be having a second depression, but this is occurring in the context of epochal climate change. It's occurring at a time when the two major benchmarks that survived for global social progress, the United Nations millennial goals for relieving poverty and child mortality, on one hand, and the Kyoto goals for reducing greenhouse admissions, both of those sets of goals are clearly not going to be achieved. They slowly failed. This would be a time of fierce urgency in any sense. And now we face a meltdown of a world economy in a way that no one anticipated, truly anticipated the possibility of another recession, even a financial crisis, but no one counted on the ability of this to happen in such a synchronized, almost simultaneous way across the world.

BILL MOYERS: You wrote in that essay and we'll link that essay to our own site. "We are looking into an unprecedented abyss of economic and social turmoil that confounds our previous perceptions of historical risk. Our vertigo is intensified by our ignorance of the depth of the crisis or any sense of how far we might ultimately fall." That was five or six months ago. Do you have a sense now of how far we might ultimately fall?

MIKE DAVIS: No. And the consensus is that no one does. You can read the financial press. And almost nobody believes that the financial bailout is going to work.

Nobody's seen the bottom here. And we're working largely on the basis of hope and faith and crossing our fingers. We've invested in one person, an almost messianic responsibility.

BILL MOYERS: And how's he doing? What's Obama done right so far, in your judgment?

MIKE DAVIS: Well, I think what he's done most right is to push through the stimulus package, which I argue is primarily a relief bill, because obviously you can't talk about stopping the decline if you're going to allow the public sector, the local public sector, schools and public services on a state and local level to collapse as they are. You have to shore that up. Not that the stimulus is sufficient to address the totality of the fiscal crisis across the span of local governments. But it puts a Band-Aid over it. It slows the results of that. It extends unemployment. It pays.

BILL MOYERS: Unemployment compensation for...

MIKE DAVIS: Unemployment compensation.

BILL MOYERS: Gives a little more money to people who are out of work.

MIKE DAVIS: Yeah. Of course, there's a big difference. When my father was on WPA in 1935...

BILL MOYERS: Works Progress Administration, I remember it well.

MIKE DAVIS: Every dollar he was paid by the federal government, 98, 99 cents of it went on products that were made in the United States or grown in the United States. One of my nephews who's unemployed today, just lost his job in Seattle, he takes his unemployment money down to Wal-Mart or Sam's Club. And probably 40, 45 cents of that money is stimulus to the Chinese or the Korean economies. So it the stimulus in this country, Keynesian stimulus, doesn't necessarily have the multiplier effect. That is, it doesn't create as much jobs or circulate in the extent that it did before. And this is, of course, the huge difference between the situation today and the 1930s, which is that in the 1930s the United States had the largest, most productive industrial machine in the world. It could make almost anything. The question was how to put the workers and machines back at work.

Today, so much of our national wealth, so much of our employment is dependent on services linked to the financial role of the U.S. But unlike Roosevelt, who could undertake institutional reforms that would reduce the control of banks over industry, now we're part of an integrated, interlocked system where what we can do on a national scale is ultimately limited by our creditors and by the dollar. And internationally, where every part has become so interdependent that it's hard to think about a general recovery without some kind of simultaneous and coordinated effort. And that seems to be utterly utopian at this moment.

BILL MOYERS: So.

BILL MOYERS: In that same essay back in October, you asked the question is Obama FDR? Well?

MIKE DAVIS: Well, I'm prepared to concede that in terms of his character, his moral beliefs, his empathy and compassion for Americans, but above all in his understanding of the urgency and the unparalleled nature of this situation, yes, I mean, he could be Roosevelt. He could be Lincoln. But, I mean, Bill, the obviously the real heroes of the New Deal were the millions of rank-and-file Americans who sat down in their auto plants or walked on freezing picket lines in front of their factories. They made the New Deal possible. They provided the impetus to turn Washington to the left. We talk very differently about the legacy of Franklin Delano Roosevelt, if it hadn't been for the incredible insurgency of labor and other ordinary Americans in the 1930s.

BILL MOYERS: The garment workers, for example, when they left the Socialist Party, so to speak, and went into the Democratic Party, Roosevelt had a real infusion of blood.

MIKE DAVIS: Well, a lot of them joined the American Labor Party in New York, because they could not in good conscience ever pull that lever that said Tammany Hall Democrats. But they wanted to support Roosevelt without supporting the Democrats. In the 1930s, of course, you had vigorous third parties often in power on state levels. Farmer Labor Party. The Commonwealth Federation in Washington, the

Non-partisan League.

BILL MOYERS: The Progressive Party out in Wisconsin and in the Midwest.

MIKE DAVIS: Yes. And you had these progressive Republicans, you know, in the tradition of La Follette or, before that, of William Jennings Bryant, who, if they were seated in the Senate today, would be seated to the left of Bernie Sanders and the most progressive Democrat. They were the real hammers on the issue, the concentration of economic power. They were the ones who were exploring military spending in the in the scandals of the First World War. They're the ones who led the investigations on who really owned corporate America? On the role of the banks and the houses of Morgan. And this was of incalculable importance that they opened the books on the American economy for about the first and only time. And one of the things that's hasn't happened yet, is to do that right now on Wall Street.

The most fundamental straightforward questions about who are the counterparties who own the credit default swaps? You know, who are the main creditors of these banks? In the midst of bailing them out with tens of billions of dollars of tax money, the public doesn't have any idea who's actually benefiting, who the parties are involved.

BILL MOYERS: What's your explanation for why we don't have that pressing inquiry and that demand for accountability that we had in the 1930s?

MIKE DAVIS: Well, in the 1930s we had an interesting coalition between a progressive middle class, including at that point still a lot of farmers; a very dynamic labor movement, even though it was divided; and a journalistic culture, literary, you know, culture that was in constant pressure and debate with the Left. The Left was all-important in the '30s. And I'm talking about not just the Communist Party but social Democrats of all kinds, not because they were that significant a force politically. But they were significant intellectually. And they were asking deep and profound questions about the nature of economic power, economic institutions. And in turn, this was leading, if not to sweeping reforms, it leads to an exploration for the first time in American history really looking at who holds power, how does economic power influence political decisions in Washington all the things that most Democrats and most Republicans are probably most afraid to explore. I mean...

BILL MOYERS: Why are they afraid?

MIKE DAVIS: Because they're the beneficiaries of the system. In some cases I think with the President has come to accept that there's only really one way he can operate. And that's through, you know, accommodating himself to the forces that exist and cutting compromises he sees as inevitable. The fact that they may talk about bank nationalization, but it's nothing more than salvaging the banks for the private sector rather than talking about the possibility of public ownership. But there have to be times in history when it's the necessary, not the possible, that has to come first in public dialogue. I mean, we've lost so much of the reform conscious, this sense of possibility in this country. We treat political positions as they're entirely relative. I mean, we let Rush Limbaugh define what a Liberal or a Socialist is. I believe that Liberalism, New Deal Liberalism has a relatively precise historical benchmark definition. And that...

BILL MOYERS: Which is?

MIKE DAVIS: FDR's fourth-term election, when he ran on the idea of an economic Bill of Rights for Americans, something that Lyndon Johnson believed in and tried to renew. And if you were to advance any agenda right now for how to get us out of this crisis, it would be to renew this concept of the real social citizenship, an economic Bill of Rights, and also the enormous need to strengthen the power of labor in the economy. The post-war golden age of the '50s and '60s was a period when unions were powerful enough to be major parts of the macro economy, when wages were tied to productivity. And they played a dynamic and incredibly central role in the American economy, which, of course, they lost in the late '70s and under Reagan. It was the strengthening of labor, that is the power of ordinary people in the unions, that made the accomplishments of the New Deal possible. People who almost doubled the size of the American economy during the Second World War.

BILL MOYERS: And yet, Obama's only been in office two months now. And there's this chorus of voices, the "Wall Street Journal" editorial page, conservative talk radio, Fox News, Lou Dobbs, CNBC's Cramer and Kudlow, all blaming Obama for the bad economy. Are those attacks sticking out where you live in California?

MIKE DAVIS: Well, I mean you know, what could be more absurd than the, you know, the people who brought this country to its knees now being the chorus of dissenters, now representing themselves as the populist? The fact that they're the ones who have erected the antenna, the lightning rod for popular anger is worrisome because if these bailouts and stimulus fail, if the country sinks deeper into what could be a very long period of stagnation if popular anger is monopolized by the demagogues on the Right, I think you could see a real resurgence of the Republican Party or at least of its most anti-immigrant economic nationalist wing.

This is something maybe not very visible on the national screen. But when you live near the boarder like I do in Southern California, the southern cities, areas of the Midwest, this has really invigorated what you once would have refereed to as the John Birch Society wing of the Republican Party. The vacuum left by the fall of the Soviet Union has been filled by, you know, good old-fashioned Nativism immigrant bashing.

No group is so vulnerable right now as the immigrants whose labor has sustained the California economy for the last generation, legal or un-legal. They have the fewest entitlements. They have the least safety net. And their jobs are the ones that are being impacted most directly because they work in construction services or industries that are highly sensitive to the business cycle. Some have gone back to Mexico. Mexican statistics show that. But it doesn't make sense for most people to go back. The border economy has really collapsed. The tourist economy along the border is dead. The maquiladoras, the border assembly plants are laying off. So having made huge investments to get to the United States, doesn't make a lot of sense to go back to a country where there are even fewer jobs and fewer hopes. How are people surviving? Well, in some cases, they cram five into a room. They're standing in front of Home Depots hoping they won't get picked up by the police or the immigration service. And, of course, this exists in a situation where it's very likely that our southern border and that Mexico are going to become very, very destabilized, further destabilized than they are. And this provides lots of ammunition to construct the whole, like, Versailles myth of the economic crisis. You know, to blame immigrants, to blame liberal, to blame the imaginary socialism of bank rescue plans that are fully endorsed by THE ECONOMIST or the FINANCIAL TIMES.

BILL MOYERS: You know, Mike, there's so much talk from that side of the spectrum raising the specter of Socialism. And I thought I might as well talk to a real Socialist about what the term means. I mean, I cannot find anyone in this country advocating the abolition of private markets and the wage systems or nationalizing all the major industries, I mean, no one's arguing for supplanting capitalism, are they?

MIKE DAVIS: I am.

BILL MOYERS: You are?

MIKE DAVIS: No, I mean, I must admit I'm a kind of old-school socialist in the way that Billy Graham's an old-school Baptist. I do genuinely believe in the democratic social ownership of the means to production. But that's religion. That's the religious principle. The role...

BILL MOYERS: And in practice?

MIKE DAVIS: Well, I mean, the role of the Left or the Left that needs to exist in this country is not to be to come up with a utopian blueprints and how we're going to run an entirely alternative society, much less to express nostalgia about authoritative bureaucratic societies, you know, like the Soviet Union or China. It's really to try and articulate the common sense of the labor movement and social struggles on the ground. So, for instance, you know, where you have the complete collapse of the financial system and where the remedies proposed are above all privileged the creditors and the very people responsible for that, it's a straightforward enough proposition to say, "Hey, you know, if we're going to own the banking system, why not make the decisions and make them in alliance with social policy that ensures that housing's affordable, that school loans are affordable, that small business gets credit?" You know, why not turn the banking system into a public utility? Now, that doesn't have to be in any sense an anti-capitalist demand. But it's a radical demand that asks fundamental question about the institution and who holds the economic power. You know, why isn't the federal government taking a more direct role in decision making? I mean, I believe, for instance, during the Savings and Loan Crisis there was a period when the.

BILL MOYERS: 1980s, late.

MIKE DAVIS: Yeah.

BILL MOYERS: Late '80s, right.

MIKE DAVIS: Yeah, I mean, the Resolution Trust Corporation was set up to you know, buy up the abandoned apartments and homes and then sold them at fire sale to private interests. For a year or two it had the means of resolving much of the housing crisis, you know, in the United States. Why shouldn't the federal government basically turn that housing stock, into a solution for people's housing needs? Sell them directly to homeowners at discounts you know, rent them out? In other words, the role of the Left is the ask the deeper questions about who has power, how institutions work, and propose alternatives that seem more common sensical in terms of the direct interest of, you know, of satisfying human needs and equality in this society. I think President Obama and the liberal Democrats that still exist should actually welcome a revival of the Left. It only strengthens them in a way. It's like being Martin Luther King without having Malcolm X. The problem with the Democrats is they fold. The Democrats tend to concede to the Republicans a power and to give them a veto ability that is has shaped legislation that they needn't to. We need something of the spirit of Roosevelt in 1937, 1938 when he tried to take on you know, the right wing of his own party, the Supreme Court, the right wing of the Republican Party.

BILL MOYERS: He was accused of being a socialist. And they tried to paint him with that. He was accused of conducting class war as, in fact, now Obama is being accused by conservative forces of launching a class war because he wants to return the tax rate to 39.9 percent, which is where it was in the Clinton era. But how do you deal with this charge of class war coming from the "Wall Street Journal" and the Heritage Foundation and others?

MIKE DAVIS: Well, I think you deal with it by saying, yeah, we want class war, too. And here's what class war means, that the only possibility of getting this country out of the crisis, the only possibility that really deep set reforms can occur, including the protection and renewal of the productive base of the economy is labor has to become more powerful. We need more protests. We need more noise in the street. At the end of the day, political parties and political leaderships tend to legislate what social movements and social voices have already achieved in the factories or the streets or, you know, in the Civil Rights demonstration. And the problem is that so many progressives, so many liberals now treat the new President as if he were, you know, El Comandante. And we line up, follow, you know, follow his leadership. But he's maneuvering in a relationship of forces where people on the Left, progressives, even the Black Caucus doesn't account for that much. He's appeasing Blue Dogs. He's having to deal with Republicans.

BILL MOYERS: Conservative...

MIKE DAVIS: And to an absolutely unnecessary extent, I think he's following the template of the Clinton years. And, of course, the Clinton years were years of the closest collaboration between financial industry and the White House that produced financial deregulation. I think the best thing the President has done is the stimulus. The worst thing has been to continue the bailout along the same lines that it was initiated by Treasury Secretary Paulson, a bailout that's truly rejected by the majority of the American people and seen as a reward you know, to the very people who, you know, ignited this crisis in the first place. But the deep questions about, how do you rebuild the productive economy? The necessary role of the public sector in providing employment, whether fair trade is impossible. But what extent de-globalization.

BILL MOYERS: De-global.

MIKE DAVIS: De-globalization as people call it. You know.

BILL MOYERS: Reversing history?

MIKE DAVIS: Well, history, as we learned as you know, can be reversed. I mean, the saddest thing in, to remember with my own dad, who was a meat and potatoes, '30s straight unionist, loved Roosevelt. And he's a guy who grew up in the early 20th century believing in American history. Every time the American people struggled and won a new right, okay, that became then a foundation for the other struggle. And that was irreversible. And he saw in the, you know, in the Reagan years history going in reverse. His union pension fund went bankrupt. The particular industry he worked in basically became defunct. And it was harrowing to me to see my father, who was the

most patriotic guy I ever knew, as it struck him that we're always continually fighting for principles and rights.

And they can be taken away. History, you know, you know, can go in reverse. But by the same token you know, where does it say in the Bible that we should live in a in a globalized economy where the world's, you know, run by, Wall Street or the authoritarian leaders of China? I haven't seen that.

BILL MOYERS: People with ideas like yours in the last 30 years have been marginalized. No coverage in the press. No participation in the public debates. Why did you become a Radical? What made you what made you so radical?

MIKE DAVIS: Well, in my case, there really was a burning bush. And that was the Civil Rights movement in San Diego where I grew up in the '50s and '60s. And at 16 years old my father had a heart attack. And I had to leave school for a while to work. And the black side of my family by marriage, they got me to come to a demonstration of the Congress of Racial Equality in front of the Bank of America in downtown San Diego. And I mean, it literally transformed my life, just the sheer beauty of it and the sheer righteousness of it. And I won't claim that every decision or political stance or political group I joined as a result of the Civil Rights movement was the right one. But it permanently shaped my life. And then I think it was a friend of yours, this great Texas populist newspaper editor, Archer Fullingham. I was in Texas in '67. And most of my friends were becoming Marxists. And I didn't want become a Marxist. And I heard him give a great speech. So I made a pilgrimage. He's sitting on his porch, carving a gourd out of Koontz, Texas, Hardin County. And I said, "Archer, can we revive the Populist Party? You know, can you be the leader of the Populist Party?" And he looked at me. And he said, "Son," he says, "you're one of the dumbest piss-ants I've ever met." He says, "The Populist Party is history. Corporations run this country. And they run the Democratic Party. And you better figure out this stuff for yourself." And it's what I've been you know, trying to do since.

I mean, to be a Socialist in the United States is not to be an orphan, okay? It is really it's to stand in the shadow and a you know, immense history of American radicalism and labor, but with the responsibility to ensure its regeneration. And I actually think the American Left is about to receive a huge blood transfusion in the next year or two. It has to because the existence of the Left, the existence of radical social economic critiques, the existence of imagination that goes beyond selfishness and principles of competition is necessary to have any kind of serious debate in this country.

BILL MOYERS: I pulled something off the Web that you wrote recently. You said, "I believe great opportunities lie ahead for the rebels of the world to swell our ranks and take the fight forward. A new generation of young people is discovering that their political engagement counts." Now, where are you seeing that?

MIKE DAVIS: Well, I have no difficulty finding hope. Hope kind of seeks me out. I've seen things in my life that I couldn't really believed had happened, black working people in the South, antiwar, you know, GIs. And when you've seen that happen in your life, you can never be pessimistic. But there's an enormous legacy of the American Left and of American radicalism in general that has to be nurtured and continued and passed down and let new generations shape it in, you know, the ways it needs to be shaped.

BILL MOYERS: Mike Davis, thank you very much for being with me on the Journal.

MIKE DAVIS: Thank you.