

Tom Dispatch

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Tomgram: Mike Davis, Casino Capitalism, Obama, and Us

Recently, while traveling in the West, I had lunch at a modest-sized casino set in a wild, barren-looking, craggy landscape. On the hills above it spun giant, ivory white, modernistic windmills, looking for all the world like Martian invaders from *War of the Worlds*. I hadn't been inside a casino since the 1970s -- my mistake -- and the experience was eye-poppingly wild. Venturing into its vast room of one-armed bandits and other games was like suddenly finding oneself inside a giant pinball machine for the digital age, everything gaudily lit, blinking, pinging, flashing, accompanied, of course, by a soundscape to match.

It was (as it was undoubtedly meant to be) strangely exhilarating, riveting, totally distracting, and a curious reminder right now of just how distracting "casino capitalism" -- as Mike Davis calls it in today's post -- really has been. For years, with all the economic bells and whistles, all the mansions and yachts, all those arcane derivatives, all the high-tech glamour and glory, with Americans pouring into the stock market (or at least their pension plans and mutual funds doing it for them), you could almost not notice the increasingly barren, rocky world outside the American casino. You could almost not notice the shrinking of real value, of actual productivity in this country. These last weeks, Americans -- those who weren't already outside, at least -- have been rudely shoved into the real world to assess what their value (personal, national, global) actually is.

The next president will look out over a new, far less dazzling, far more forbidding landscape. Mike Davis, author most recently of [In Praise of Barbarians: Essays Against Empire](#), who is little short of a national treasure, offers his own incandescent view of the landscape, presidential, economic, and otherwise, from the ledge at the edge of the canyon. (While you're at it, check out a podcast of Davis discussing why the New Deal isn't relevant as a solution today by [clicking here](#).) *Tom*

Can Obama See the Grand Canyon?

On Presidential Blindness and Economic Catastrophe

By Mike Davis

Let me begin, very obliquely, with the Grand Canyon and the paradox of trying to see beyond cultural or historical precedent.

The first European to look into the depths of the great gorge was the conquistador Garcia Lopez de Cardenas in 1540. He was horrified by the sight and quickly retreated from the South Rim. More than three centuries passed before Lieutenant Joseph Christmas Ives of the U.S. Army Corps of Topographical Engineers led the second major expedition to the rim. Like Garcia Lopez, he recorded an "awe that was almost painful to behold." Ives's expedition included a well-known German artist, but his sketch of the Canyon was wildly distorted, almost hysterical.

Neither the conquistadors nor the Army engineers, in other words, could make sense of what they saw; they were simply overwhelmed by unexpected revelation. In a fundamental sense, they were blind because they lacked the concepts necessary to organize a coherent vision of an utterly new landscape.

Accurate portrayal of the Canyon only arrived a generation later when the Colorado River

became the obsession of the one-armed Civil War hero John Wesley Powell and his celebrated teams of geologists and artists. They were like Victorian astronauts reconnoitering another planet. It took years of brilliant fieldwork to construct a conceptual framework for taking in the canyon. With "deep time" added as the critical dimension, it was finally possible for raw perception to be transformed into consistent vision.

The result of their work, *The Tertiary History of the Grand Canyon District*, published in 1882, is illustrated by masterpieces of draftsmanship that, as Powell's biographer Wallace Stegner once pointed out, "are more accurate than any photograph." That is because they reproduce details of stratigraphy usually obscured in camera images. When we visit one of the famous viewpoints today, most of us are oblivious to how profoundly our eyes have been trained by these iconic images or how much we have been influenced by the idea, popularized by Powell, of the Canyon as a museum of geological time.

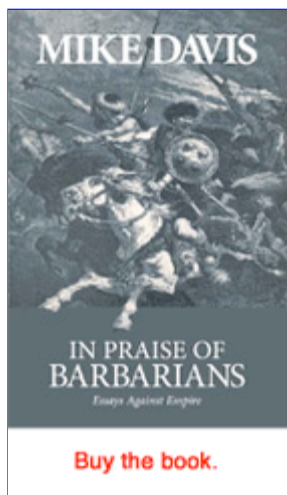
But why am I talking about geology? Because, like the Grand Canyon's first explorers, we are looking into an unprecedented abyss of economic and social turmoil that confounds our previous perceptions of historical risk. Our vertigo is intensified by our ignorance of the depth of the crisis or any sense of how far we might ultimately fall.

Weimar Returns in Limbaughland

Let me confess that, as an aging socialist, I suddenly find myself like the Jehovah's Witness who opens his window to see the stars actually falling out of the sky. Although I've been studying Marxist crisis theory for decades, I never believed I'd actually live to see financial capitalism commit suicide. Or hear the International Monetary Fund warn of imminent "systemic meltdown."

Thus, my initial reaction to Wall Street's infamous 777.7 point plunge a few weeks ago was a very sixties retro elation. "Right on, Karl!" I shouted. "Eat your derivatives and die, Wall Street swine!" Like the Grand Canyon, the fall of the banks can be a terrifying but sublime spectacle.

But the real culprits, of course, are not being trundled off to the guillotine; they're gently floating to earth in golden parachutes. The rest of us may be trapped on the burning plane without a pilot, but the despicable Richard Fuld, who used Lehman Brothers to loot pension funds and retirement accounts, merely sulks on his yacht.



Out in the stucco deserts of Limbaughland, moreover, fear is already being distilled into a good ol' boy version of the "stab in the back" myth that rallied the ruined German petite bourgeoisie to the swastika. If you listen to the rage on commute AM, you'll know that 'socialism' has already taken a lien on America, Barack Hussein Obama is terrorism's Manchurian candidate, the collapse of Wall Street was caused by elderly black people with Fannie Mae loans, and ACORN in its voter registration drives has long been padding the voting rolls with illegal brown hordes.

In other times, Sarah Palin's imitation of Father Charles Coughlin -- the priest who preached an American *Reich* in the 1930s -- in drag might be hilarious camp, but with the American way of life in sudden freefall, the specter of star-spangled fascism doesn't seem quite so far-fetched. The Right may lose the election, but it already possesses a sinister, historically-proven blueprint for rapid recovery.

Progressives have no time to waste. In the face of a new depression that promises folks from Wasilla to Timbuktu an unknown world of pain, how do we reconstruct our understanding of the globalized economy? To what extent can we look to either Obama or any of the Democrats to

help us analyze the crisis and then act effectively to resolve it?

Is Obama FDR?

If the Nashville "town hall" debate is any guide, we will soon have another blind president. Neither candidate had the guts or information to answer the simple questions posed by the anxious audience: What will happen to our jobs? How bad will it get? What urgent steps should be taken?

Instead, the candidates stuck like flypaper to their obsolete talking points. McCain's only surprise was yet another innovation in deceit: a mortgage relief plan that would reward banks and investors without necessarily saving homeowners.

Obama recited his four-point program, infinitely better in principle than his opponent's preferential option for the rich, but abstract and lacking in detail. It remains more a rhetorical promise than the blueprint for the actual machinery of reform. He made only passing reference to the next phase of the crisis: the slump of the real economy and likely mass unemployment on a scale not seen for 70 years.

With baffling courtesy to the Bush administration, he failed to highlight any of the other weak links in the economic system: the dangerous overhang of credit-default swap obligations left over from the fall of Lehman Brothers; the trillion-dollar black hole of consumer credit-card debt that may threaten the solvency of JPMorgan Chase and Bank of America; the implacable decline of General Motors and the American auto industry; the crumbling foundations of municipal and state finance; the massacre of tech equity and venture capital in Silicon Valley; and, most unexpectedly, sudden fissures in the financial solidity of even General Electric.

In addition, both Obama and his vice presidential partner Joe Biden, in their support for Secretary of the Treasury Paulson's plan, avoid any discussion of the inevitable result of cataclysmic restructuring and government bailouts: not "socialism," but ultra-capitalism -- one that is likely to concentrate control of credit in a few leviathan banks, controlled in large part by sovereign wealth funds but subsidized by generations of public debt and domestic austerity.

Never have so many ordinary Americans been nailed to a cross of gold (or derivatives), yet Obama is the most mild-mannered William Jennings Bryan imaginable. Unlike Sarah Palin who masticates the phrase "the working class" with defiant glee, he hews to a party line that acknowledges only the needs of an amorphous "middle class" living on a largely mythical "Main Street."

If we are especially concerned about the fate of the poor or unemployed, we are left to read between the lines, with no help from his talking points that espouse clean coal technology, nuclear power, and a bigger military, but elide the urgency of a renewed war on poverty as championed by John Edwards in his tragically self-destructed primary campaign. But perhaps inside the cautious candidate is a man whose humane passions transcend his own nearsighted centrist campaign. As a close friend, exasperated by my chronic pessimism, chided me the other day, "don't be so unfair. FDR didn't have a nuts and bolts program either in 1933. Nobody did."

What Franklin D. Roosevelt did possess in that year of breadlines and bank failures, according to my friend, was enormous empathy for the common people and a willingness to experiment with government intervention, even in the face of the monolithic hostility of the wealthy classes. In this view, Obama is MoveOn.org's re-imagining of our 32nd president: calm, strong, deeply in touch with ordinary needs, and willing to accept the advice of the country's best and brightest.

The Death of Keynesianism

But even if we concede to the Illinois senator a truly Rooseveltian or, even better, Lincolnian

strength of character, this hopeful analogy is flawed in at least three principal ways:

First, we can't rely on the Great Depression as analog to the current crisis, nor upon the New Deal as the template for its solution. Certainly, there is a great deal of *déjà vu* in the frantic attempts to quiet panic and reassure the public that the worst has passed. Many of Paulson's statements, indeed, could have been directly plagiarized from Herbert Hoover's Secretary of the Treasury Andrew Mellon, and both presidential campaigns are frantically cribbing heroic rhetoric from the early New Deal. But just as the business press has been insisting for years, this is not the Old American Economy, but an entirely new-fangled contraption built from outsourced parts and supercharged by instantaneous world markets in everything from dollars and defaults to hog bellies and disaster futures.

We are seeing the consequences of a perverse restructuring that began with the presidency of Ronald Reagan and which has inverted the national income shares of manufacturing (21% in 1980; 12% in 2005) and those of financial services (15% in 1980; 21% in 2005). In 1930, the factories may have been shuttered but the machinery was still intact; it hadn't been auctioned off at five cents on the dollar to China.

On the other hand, we shouldn't disparage the miracles of contemporary market technology. Casino capitalism has proven its mettle by transmitting the deadly virus of Wall Street at unprecedented velocity to every financial center on the planet. What took three years at the beginning of the 1930s -- that is, the full globalization of the crisis -- has taken only three weeks this time around. God help us, if, as seems to be happening, unemployment tops the levees at anything like the same speed.

Second, Obama won't inherit Roosevelt's ultimate situational advantage -- having emergent tools of state intervention and demand management (later to be called "Keynesianism") empowered by an epochal uprising of industrial workers in the world's most productive factories.

If you've been watching the sad parade of economic gurus on McNeil-Lehrer, you know that the intellectual shelves in Washington are now almost bare. Neither major party retains more than a few enigmatic shards of policy traditions different from the neo-liberal consensus on trade and privatization. Indeed, posturing pseudo-populists aside, it is unclear whether anyone inside the Beltway, including Obama's economic advisors, can think clearly beyond the indoctrinated mindset of Goldman Sachs, the source of the two most prominent secretaries of the treasury over the last decade.

Keynes, now suddenly mourned, is actually quite dead. More importantly, the New Deal did not arise spontaneously from the goodwill or imagination of the White House. On the contrary, the social contract for the post-1935 Second New Deal was a complex, adaptive response to the greatest working-class movement in our history, in a period when powerful third parties still roamed the political landscape and Marxism exercised extraordinary influence on American intellectual life.

Even with the greatest optimism of the will, it is difficult to imagine the American labor movement recovering from defeat as dramatically as it did in 1934-1937. The decisive difference is structural rather than ideological. (Indeed, today's union movement is much more progressive than the decrepit, nativist American Federation of Labor in 1930.) The power of labor within a Walmart-ized service economy is simply more dispersed and difficult to mobilize than in the era of giant urban-industrial concentrations and ubiquitous factory neighborhoods.

Is War the Answer?

The *third* problem with the New Deal analogy is perhaps the most important. Military Keynesianism is no longer an available *deus ex machina*. Let me explain.

In 1933, when FDR was inaugurated, the United States was in full retreat from foreign entanglements, and there was little controversy about bringing a few hundred Marines home from the occupations of Haiti and Nicaragua. It took two years of world war, the defeat of France, and the near collapse of England to finally win a majority in Congress for rearmament, but when war production finally started up in late 1940 it became a huge engine for the reemployment of the American work force, the real cure for the depressed job markets of the 1930s. Subsequently, American world power and full employment would align in a way that won the loyalty of several generations of working-class voters.

Today, of course, the situation is radically different. A bigger Pentagon budget no longer creates hundreds of thousands of stable factory jobs, since significant parts of its weapons production is now actually outsourced, and the ideological link between high-wage employment and intervention -- good jobs and Old Glory on a foreign shore -- while hardly extinct is structurally weaker than at any time since the early 1940s. Even in the new military (largely a hereditary caste of poor whites, blacks, and Latinos) demoralization is reaching the stage of active discontent and opening up new spaces for alternative ideas.

Although both candidates have endorsed programs, including expansion of Army and Marine combat strength, missile defense (aka "Star Wars"), and an intensified war in Afghanistan, that will enlarge the military-industrial complex, none of this will replenish the supply of decent jobs nor prime a broken national pump. However, in the midst of a deep slump, what a huge military budget can do is obliterate the modest but essential reforms that make up Obama's plans for healthcare, alternative energy, and education.

In other words, Rooseveltian guns and butter have become a contradiction in terms, which means that the Obama campaign is engineering a catastrophic collision between its national security priorities and its domestic policy goals.

The Fate of Obama-ism

Why don't such smart people see the Grand Canyon?

Maybe they do, in which case deception is truly the mother's milk of American politics; or perhaps Obama has become the reluctant prisoner, intellectually as well as politically, of Clintonism: that is say, of a culturally permissive neo-liberalism whose New Deal rhetoric masks the policy spirit of Richard Nixon.

It's worth asking, for instance, what in the actual substance of his foreign policy agenda differentiates the Democratic candidate from the radioactive legacy of the Bush Doctrine? Yes, he would close Guantanamo, talk to the Iranians, and thrill hearts in Europe. He also promises to renew the Global War on Terror (in much the same way that Bush senior and Clinton sustained the core policies of Reaganism, albeit with a "more human face").

In case anyone has missed the debates, let me remind you that the Democratic candidate has chained himself, come hell or high water, to a global strategy in which "victory" in the Middle East (and Central Asia) remains the chief premise of foreign policy, with the Iraqi-style nation-building hubris of Dick Cheney and Paul Wolfowitz repackaged as a "realist" faith in global "stabilization."

True, the enormity of the economic crisis may compel President Obama to renege on some of candidate Obama's ringing promises to support an idiotic missile defense system or provocative NATO memberships for Georgia and Ukraine. Nonetheless, as he emphasizes in almost every speech and in each debate, defeating the Taliban and Al-Qaeda, together with a robust defense of Israel, constitute the keystone of his national security agenda.

Under huge pressure from Republicans and Blue Dog Democrats alike to cut the budget and

reduce the exponential increase in the national debt, what choices would President Obama be forced to make early in his administration? More than likely comprehensive health-care will be whittled down to a barebones plan, "alternative energy" will simply mean the fraud of "clean coal," and anything that remains in the Treasury, after Wall Street's finished its looting spree, will buy bombs to pulverize more Pashtun villages, ensuring yet more generations of embittered *mujahideen* and *jihadis*.

Am I unduly cynical? Perhaps, but I lived through the Lyndon Johnson years and watched the War on Poverty, the last true New Deal program, destroyed to pay for slaughter in Vietnam.

It is bitterly ironic, but, I suppose, historically predictable that a presidential campaign millions of voters have supported for its promise to end the war in Iraq has now mortgaged itself to a "tougher than McCain" escalation of a hopeless conflict in Afghanistan and the Pakistani tribal frontier. In the best of outcomes, the Democrats will merely trade one brutal, losing war for another. In the worst case, their failed policies may set the stage for the return of Cheney and Rove, or their even more sinister avatars.

Mike Davis is the author of [In Praise of Barbarians: Essays Against Empire](#) (Haymarket Books, 2008) and [Buda's Wagon: A Brief History of the Car Bomb](#) (Verso, 2007). He is currently working on a book about cities, poverty, and global change. You can listen to a podcast of Davis discussing why the New Deal isn't relevant as a solution today by [clicking here](#).

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