

DEMOCRATIC LEFT
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Corporations Are Destroying Our Economy, Our Environment, and Our Children's Future

A Social and Economic Bill of Rights for the 21st Century

In his 1944 State of the Union address President Franklin Delano Roosevelt called for a second bill of rights “under which a new basis of security and prosperity can be established for all – regardless of station, race, or creed.” Sixty-six years later, his vision for a nation in which members of society went “ill-fed, ill-clothed, ill-housed and insecure,” is yet to be realized.

To prevent the grotesque social inequalities that unbridled capitalism would otherwise engender, democratic societies “decommodify” (take out of private market provision) and provide as a right such basic human needs as health care, childcare, education, housing and either jobs or income. Such a society must protect labor rights, ensure a sustainable environment and employ a strong social insurance system to protect, as far as is possible, all members of society from the vicissitudes of life, such as illness, disability, and old age.

The United States can readily afford these social and economic rights by restoring progressive taxation, cutting wasteful “defense” spending, investing in human needs and curtailing runaway health care costs via a single-payer health insurance system. Winning such a bill of rights – and making it applicable to all those who labor and reside within our borders – will eliminate the stark inequality in life chances between a child born in an inner city and one born in an affluent suburb.

DSA believes every person is entitled to the following fundamental rights that constitute a new Bill of Social and Economic Rights.

Jobs: To quote FDR: We all have the “right to a useful and remunerative job.” This is perhaps the most fundamental criterion for creating an economy that serves human needs: that it generate living-wage jobs for all who are willing and able to work.

Food: A sufficient amount of nutritious food, free of contaminants and harmful additives, is essential for human well-being and the greater health of our society. No country can maintain stability and productivity if this basic need is not met without restriction. FDR’s reference to “one-third of a nation ill-fed...” still resonates today.

Housing: Safe, healthy, secure and affordable housing is a right not a privilege. An adequate place to live must provide the necessary energy sources for cooking, heating, cooling and lighting. The right to housing supersedes the profit interests of lenders, developers and landlords. If other human needs are not to be threatened, protection against forced evictions must be guaranteed.

Health Care: Preventive, acute and long-term care must be readily available as needed. Unless health care

is recognized as a human right, as the U.S. did in signing the U.N.’s Universal Declaration of Human Rights, and its accessibility ensured in law and custom, health care becomes a commodity for private purchase. If health care is left to the private sector, the nation’s people will suffer as barriers to access increase, costs skyrocket, and quality deteriorates.

Education: Society has an obligation to provide free, high quality public education. First, elementary school but then, high school was regarded as generally sufficient. In the 21st century, college, or its equivalent in career and technical training, are now baseline requirements, and should be free for everyone. This is provided by right in some developed countries, but not in the U.S.

Child Care: Publicly financed childcare, provided through childcare co-ops or public pre-schools, would ensure that the children of working parents receive high quality care. Paid parental leave would enable a parent to stay at home full-time with an infant child without suffering any loss of income.

Income Security: Economic well-being means more than a living wage job. Equally important is people’s confidence that, in periods of unemployment, or in our retirement, or if we are or become disabled, income sufficient to live in dignity is assured.

Leisure Time: Free time is fundamental to cultural, political, and intellectual development. Every working person should be guaranteed a minimum of four weeks paid vacation and paid family leave, as needed. A democracy requires that citizens have time to think and to engage in politics.

A Healthy Environment: To live and work in an environment free of toxic pollutants, pathogens and other hazards is a basic human need, whether in the workplace, community or biosphere. We should all have equal access to wholesome air, water, land and habitats and a just share of energy and natural resources. We all need a stable climate and ecosystems and must pass on a healthy planet to future generations.

The Right to Organize: The free choice to form and join a union is essential to gaining and safeguarding all other economic rights and community organizing is key to effective democratic participation in social and political life. Without the right to organize, bargain collectively and engage in political and mass actions, workers and others are powerless against employers, corporations and government bodies that are hostile to their interests. ■

The Crisis in the U.S. Labor Market

By Bill Barclay

The American Recovery and Reinvestment Act (ARRA) of 2009 created or saved between 1.5 million and 2 million jobs. The “Local Jobs for America Act” proposed by U.S. Representative George Miller (D-CA) would create or save as many as 1 million jobs, including providing the funds to avoid some 300,000 impending fall teacher layoffs.

In April the U.S economy created 290,000 new jobs, in May 431,000, while the private sector created 31,000 new jobs in June and 71,000 in July, although there was a net job loss because of census employee layoffs.

Is the jobs crisis over?

The Scope and Nature of the Jobs Problem

Before you answer the question, let’s consider the extent of the devastation in the U.S. labor market. Between December 2007 and March 2010, the total employed population declined from 138 million to 129.8 million, a loss of 8.2 million jobs. At April’s job creation rate, it would be 28 months, or more than 2 years, before the 8.2 million job losses are erased. Even at May’s rate it would require 19 months, and almost all of that sizable bump in May job growth came from temporary Census hiring; absent that momentary hiring, only 20,000

new jobs were created in the private sector. In addition, it will take 1.5 million new jobs (or 125,000 per month) created each year just to absorb new entrants into the labor market.

But these calculations tell only part of the story. In December 2007 the unemployment rate was already 5 percent, or 7.3 million unemployed. When this number is added to the 8.2 million, even the May rate would require 36 months to absorb the 15.5 million unemployed. However, this again understates the length of time that would be necessary to provide jobs for all willing and able to work. There were an additional 8.5 million part time workers in July who wanted full-time work and another 2.6 million who were not counted in the labor force because they were neither employed nor looking for work but had sought jobs within the past 12 months.

So the jobs crisis has just begun to resolve itself.

The scope of the unemployment problem is just the first issue any serious jobs program must address. Less widely recognized but equally important is the lengthened duration of unemployment. Not only are the job losses incurred in the Great Recession the most extensive since the 1930’s, the average duration of unemployment has

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Democratic Socialists of America share a vision of a humane international social order based on equitable distribution of resources, meaningful work, a healthy environment, sustainable growth, gender and racial equality, and non-oppressive relationships. Equality, solidarity, and democracy can only be achieved through international political and social cooperation aimed at ensuring that economic institutions benefit all people. We are dedicated to building truly international social movements – of unionists, environmentalists, feminists, and people of color – which together can elevate global justice over brutalizing global competition.

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sharply increased compared with other post-WWII recessions. As of July 2010, almost 45 percent of the unemployed were classified as long-term unemployed, being out of work for 27 weeks or more. The average length of unemployment was 35 weeks, nine weeks longer than “normal” unemployment insurance covers. In 1983, when unemployment last reached 10 percent, only about 1 in 4 of the unemployed was out of work for that long.

Another problem a jobs policy has to address is the growing post-recession lag in returning to pre-recession levels of employment. From 1948 to 1980, the average, post-recession months required to return to pre-recession employment levels was nine, with 12 months the maximum. However, after the 1990 downturn it was 23 months before employment returned to pre-recession level, and it took 39 months after the 2001 recession. Clearly the U.S. private sector labor market has lost much of its ability to bounce back.

Finally, like all recessions, this one has not impacted all sectors of workers equally. Construction has been particularly hard hit, with almost 25 percent of the 8.2 million jobs lost coming out of this one occupational category. By the last quarter of 2009 there were almost 25 construction workers for every job opening. The second hardest hit sectors have been durable goods and manufacturing. In both cases the workers to job openings ratio in the fourth quarter of 2009 exceeded 10 to 1.

The Politics of Jobs Programs

The most extensive job proposal in Congress is Rep. George Miller’s “Local Jobs for America Act.” The bill would create and/or save 1 million jobs, mostly in public services but with provisions for on-the-job training in the private sector for approximately 50,000 jobs. The public service component includes money for avoiding proposed layoffs and rehiring already laid off police, fire, teachers, and other public sector employees. Sounds like a big proposal, until you understand the actual level of unemployment. It also runs into right-wing hostility to public sector employees. This hostility is being articulated through an attack on the Miller bill as unfair because it favors Democratic constituencies, increasing their security at the expense of private sector workers.

The most striking fact about the jobs creation efforts, both those in the original ARRA and the proposed congressional legislation today is the gap – the almost total disconnect – between the scale of the problem and the limited nature of the proposals. Why does this disparity exist? There are at least three reasons.

First, President Obama was elected (metaphorically speaking) in 1930, not 1932. The impact of the Great Recession was only beginning to be felt by early 2009 when Obama took office and many wanted to believe that this was just another typical business downturn that could be handled by the same policies that had been used in recessions since WWII. In contrast, when FDR came into office in 1933, there was no doubt that the times were unprecedented and that the usual economic remedies had failed.

Second, we actually do learn from history – at least occasionally. Or as University of Chicago economist Robert Lucas put it, “I guess everyone is a Keynesian in a foxhole.” With all of its flaws – and they are many – the intervention of government in the form of the ARRA did break the pace and then the extent of the economic collapse. Of course the action of another arm of government, the Fed, in deciding to guarantee the financial solvency of the major investment banks was also crucial to stopping the downward spiral. The result of these two government actions has been to lessen the sense of urgency among a large portion of the population and especially among policy makers and many elected officials with respect to the enormity of the Great Recession.

A third reason for our difficulty in crafting a sufficient response to the jobs crisis lies in the realm of ideas. Over the past 30 years, the concept of what the economy and economic policy should do has changed. No one outside of the Left talks today about full employment as the – or even a – primary goal of economic policy. Instead emphasis on the economy and economic policy is instead on generating faster growth than other economies, without any real attention to what kind of growth and how that growth is distributed. This neoliberal outlook is akin to feeding the horses so the sparrows will eat.

Policy also mistakenly concentrates on maintaining economic and fiscal “discipline” so financial markets will reward us with continued access to borrowing at relatively low interest rates. The shift in perspective is evident in many ways, but a simple example will make the point. A colleague of mine hung a poster advertising the November 2009 conference on Living Wage Jobs for All on his office door. A few days later, an economics major came into his office and asked about the poster. She very much liked the idea of living wage jobs for all but wondered if it were possible since everything she had learned in her economics courses suggested no.

But then what is the purpose of an economy? Is it not first and foremost to provide useful and remunerative work for those who labor? If our economic institutions fail to meet this basic test, why be loyal to them?

The Parameters of a Jobs Program

Thus we have both political inertia and ideological resistance to overcome in creating a jobs program sufficient to meet our needs. Of course, it will take organizing and agitation to get a jobs program that we need adopted. But to stimulate the organizing and agitation, we need to think about what kind of jobs program might actually work.

First, we need a combination of short- and longer-term jobs creation to counter the slow pace of project funding that has hampered ARRA. Second, while the deficit hysteria is misplaced, we should also talk about how to fund a program on the scale needed. Third, in part to counter the intense right-wing opposition to government action, a jobs program needs to draw upon both the private

and the public economy. There are some useful examples already sketched out by various working groups, at least three of which are worth noting.

In an earlier issue of *Democratic Left* I outlined the jobs program developed by the Chicago Political Economy Group, which called for a net increase of 3.5 million new jobs per year for each of the next 5 years. The program targeted three sectors. First, given the huge loss of jobs in construction and the social investment deficit, social infrastructure spending is one major category of job creation. This includes not only roads, bridges and tunnels but also refurbishing hospitals, schools and other public facilities. Much of this work takes some time to get started, but it is also the focus that meets least resistance from conservatives, in part because many of these jobs would be in the private sector. A second focus is in the area of human services. The deficit here matches that in social investment. We need to expand the number of teachers, nurses, trained elder- and child-care workers, as well as increased access to training for these occupations. Finally, we need a commitment not just to green energy sources but also to manufacturing the turbines, the weatherproofing materials, the light rail, etc in the U.S. While many of the manufacturing jobs lost in the Great Recession will not return, we can create new ones.

Other jobs programs that meet the scope criterion are similar in many ways to the CPEG proposal. The Economic Policy Institute's "American Jobs Plan" calls for 4.6 million jobs in the initial year at a cost of \$400 billion. These jobs would be allocated between retaining existing public sector jobs, expanding public service jobs such as child care and environmental clean-up and a tax credit for firms that made new hires. The impact of increased hiring and retention in the public sector would stimulate employment in the private sector, again both by reducing possible layoffs and by new hires. More recently, Robert Pollin of the Political Economy Research Institute outlined a similar plan in *The Nation*, arguing that 18 million new jobs could be created in three years. His focus was also on both public sector employment and an aggressive approach to retrofitting the roughly 24 billion square feet of health, educational and government buildings. The built-environment approach of this green employment plan would be an efficient source of job growth because the work would both be done in the community and be labor intensive.

All of these proposals require job creation in the 400,000 to 500,000 per month range. This may sound large, but it is actually the rate that prevailed for a few months after the 1974-75 recession during the end of Ford's presidency and the initial years of Carter's. The jobs programs that recognize the scope of the problem also, implicitly or explicitly, respond to the problems of unemployment duration and slow post-recession job market recovery. They do so by focusing on both investments and job creation that will increase the rate of GDP growth, and targeting sectors that have a high degree of labor intensity, hours/unit of GDP growth and job intensity (or jobs/unit

of GDP growth). Thus all of these plans not only call for infrastructure investment, they also recognize the deficit in human and social services that needs addressing by any successful jobs policy.

Paying for a Big Jobs Program

All three proposals include funding mechanisms designed to tap the large financial sector. There are two reasons for this emphasis. First, the super profits and high incomes the finance sector accrues make it obvious that "that's where the money is." Second, the focus on finance is intended to shrink the role of this sector in the U.S. political economy. Both the CPEG and EPI plans utilize a tax on the trading of financial assets as a major source of funding, although the total revenues estimated from such a tax differ. The Pollin proposal, in contrast, argues for drawing down the \$850 billion cash reserves currently in banks. Banks would return to their role of providing credit towards job-creating activities and programs rather than for leveraged trading and clever derivative packaging.

Whatever combination of funding best works, it is important to recognize (as Pollin does) that, despite pundit, media and many elected officials' obsession with deficits, the U.S. does not face significant fiscal constraints. The government can borrow at rates that are extremely low by historical standards, for example currently at 3.2 percent or less on the ten-year note. As an aside but relevant to deficit fear mongering, such low rates also indicate very low inflation expectations on the part of financial market participants.

Organizing for Jobs

This is the most difficult task. Socialists and other progressives have often expressed bafflement at the relative lack of activity around the jobs issue. I think the reasons are primarily those described above. These obstacles are ending, and there are several straws in the wind.

In November 2009 the CPEG joined the National Jobs for All Coalition in organizing a conference in New York City around job creation, which resulted in the Living Wage Jobs for All Campaign. The Campaign defines the scope of the problem as the need to create 16-20 million jobs. Many must be in the public sector, but the group recognizes the need to stimulate private sector growth, too. Of prime importance, the jobs must provide a living wage so that workers can support their families. The Campaign focuses both on educational work and "First Friday" actions, which to date have been concentrated in Midwest and East Coast cities.

Nationally, Jobs With Justice (JwJ) has made a commitment to a major jobs program. Working closely with the AFL-CIO, JwJ was instrumental in the week of jobs campaigns held last spring, including large demonstrations in New York, Chicago and other cities. In Chicago, DSA members are among the leaders in this work along with representatives from unions and community groups. JwJ is now exploring

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the politics of organizing the unemployed. Here the large number of long-term unemployed may provide some political muscle. In addition, JwJ is now one of the organizers for the October 2nd jobs march and rally in Washington D.C. At its June meeting, DSA's National Political Committee endorsed the rally and urged DSA locals to mobilize members for the October 2 action. In addition, it urged locals to hold forums in early to mid-September on our Social and Economic Bill of Rights project, with a particular focus on its "right to a meaningful job" provision.

Finally, the Jobs for America Now Coalition has brought together a large number of organizations in a push for a jobs program. The Coalition is now focused on the Miller bill, but its emphasis will likely expand as the 2010 political season develops.

One encouraging aspect of these organizing efforts is the attempt to link the need for jobs with the need to bring finance – Wall Street – under control. This is most evident in the calls for a tax on trading, often articulated as a "speculation tax." Conflating unemployment and economic fairness offers the opportunity to discuss what the U.S. political economy should look like. It starkly raises the question of what, after all, is the purpose of economic growth. ■

Bill Barclay, a leading member of the Chicago Political Economy Group, worked for 22 years in financial services before retiring in 2004. He is active in the Oak Park (Illinois) Coalition for Truth and Justice and Democratic Socialists of America.

Jobs Crisis Requires Action Now: March for Jobs in D.C. Saturday October 2, 2010

By Frank Llewellyn and Joseph M. Schwartz

Democratic Left focuses on jobs and the economy because this administration's failure to create jobs and to significantly lower unemployment threatens the modest recovery we have experienced since the passage of the stimulus bill. A growing number of experts are concerned that another recession is on the horizon. Economic insecurity puts the Democratic majority in both houses of Congress and the presidency at risk. Unless the administration and Congress invest in productive public job creation (in infrastructure and in green energy and technology), fight foreclosures, and win federal aid to states and localities (so as to avoid further massive job losses due to state and local budget cuts), Republican political dominance may soon return.

The administration's failure represents in part a lack of leadership, but it also reflects the inability of the left (thus far) to build visible national social movements capable of pressuring politicians to take aggressive measures to achieve full employment. The reality is that corporate pressure on the administration outweighs grassroots democratic pressure from below. Unrestrained corporate power, as well as conservative dominance of the media, helps to explain the limited scope of the reforms that have made it into law.

Obama has conceded considerable political ground to forces opposed to solving the jobs crisis and expanding economic and social rights. His courtship of the "deficit hawks" – those Republicans and conservative Democrats who believe that any deficit spending by the government is bad – is especially troubling. After the fall 2010 election, the Presidential Commission on Fiscal Responsibility and Reform, led by prominent deficit hawks from both parties, is likely to recommend major cuts to both Social Security and Medicare. The influence of the deficit hawks, is

why the version passed when DL went to press did not include an extension of subsidized COBRA (health care) benefits. The just passed \$10 billion to avoid teacher, police and fire fighter layoffs and the \$23 billion to shore up states and localities fiscal situation is far below the \$23 billion to avoid public employee layoffs and the \$50 billion in additional aid to states originally proposed by congressional progressives.

Instead of cozying up to the deficit hawks Obama must use the presidential bully pulpit to reduce their influence. With long-term interest rates at all-time lows, it is ridiculous to claim, as deficit hawks do, that public investment would "crowd out" (presently weak) private investment. The fact is that the current economic crisis resulted from highly speculative and inherently risky private investments, in search of higher profit rates, that crowded out productive job-creating investments. The doctrine that public investment can never be productive, that the private sector can always do better, is contrary to our own history. From the major public job programs of the New Deal, to the GI Bill, the national highway program and the space program, public investments have generated jobs, expanded the economy, and increased technological innovation.

The mass media reinforces the dominant conservative ideological view that the government should manage its finances as if it were a private household – instead of realizing its power to expand long-term growth (and fiscal balance) by engaging in productive public investment in infrastructure and alternative energy technologies. And as President Obama has refused to take this ideology head-on, he is likely to suffer political losses in 2010 and could lose in 2012. Democratic electoral chances in both 2010 and 2012 will be determined by the trend of economic

indicators on unemployment levels and real average family income. Even if the Democrats retain control of both chambers of Congress in 2010 and the president is re-elected in 2012, a cross-party alliance of deficit hawks could prevent passage of the real reforms we need.

Republican pundits tell us that “the dismal state of the economy” is the reason they will “win back the House,” despite the fact that their filibustering, obfuscating and outright lying have only served to worsen working people’s economic plight. Republicans oppose not only a second stimulus, but also extending unemployment benefits and providing federal funding to avoid public school teacher layoffs. They consciously aim to worsen the economy for political gain. They also will use any means, including outright fabrication, to achieve their aims. The administration’s stimulus and health care programs, despite their inadequacies, did not include “death panels” or “massive tax increases on middle income Americans” or job-killing restrictions on the private sector.

Democratic pundits will argue that they have “passed historic legislation against overwhelming political odds;” “saved the economy by passing the stimulus bill;” and “gotten things moving in the right direction.” They will always retort, “Unemployment is a lagging indicator.”

Democratic commentators have the more accurate debaters’ points, but the Republicans have the stronger political message – the economy has not improved under Obama’s watch and the average American is in worse economic shape than he or she was two years ago. (Of course, the crisis originated in neoliberal deregulatory policies followed by the Clintonite Democrats, and then deepened by Bush Jr. But, in political terms, after two years in office, this is Obama’s economy.) The administration and Democratic congressional leaders seem tone deaf. Their political futures rest upon increasing the economic security of poor, working-, and middle-class voters.

Every poll indicates that Republican voters are more enthusiastic about the 2010 election than are Democratic partisans. Many progressive activists are demobilized. A crude indicator of this reality is that the Campaign for America’s Future conference this past June drew only 400 participants a day compared to 1,500 a day in 2008.

Earlier this year, Republicans were damaged politically when Republican Sen. Jim Bunning blocked Senate passage of the extension of unemployment benefits. Recently, Senate Republicans, along with conservative Democrat Ben Nelson, stood at the head of the line to take credit for preventing passage of the extension bill. President Obama remained politically passive in the face of this conservative tactic – despite its indifference to millions of the unemployed – only denouncing months of Republican indifference in mid-July!

Millions have lost their unemployment benefits and millions of the unemployed have never been eligible for unemployment compensation. Three million more face the

loss of benefits in the near future. State and local budget cuts in the next year may well cost another 1 million workers their jobs. The risk of a double dip recession, bringing additional large-scale job losses, increases every day. Without additional public jobs programs and federal aid to prevent layoffs by state and local governments, we will face another major economic contraction.

In DSA we have not let the disappointment at the limited gains of the past 18 months turn into despair. Our members have emailed, called, lobbied, and demonstrated against unemployment, state cutbacks and foreclosures. Today, the right would have us believe that decent pensions for unionized public school teachers and other state employees have more to do with our economic woes than Wall Street greed. Our message to progressives is to take their understandable disappointment in the administration and get out into the streets. Absent mass protest by democratic social movements the Obama administration will succumb to corporate pressure. FDR did not make the New Deal – mass movements of the unemployed, small farmers, and trade unionists forced the administration to legislate the reform programs we cherish to this day.

Thus, the call by major trade union and civil rights organizations for a Saturday, October 2nd March for Jobs on D.C. cannot be more timely. Not just because public job creation and minimizing further layoffs in the private and public sectors is critically important, but also because this March for Jobs represents the first nationally coordinated grass roots effort to push back against the right wing, tea party, deficit hawk politics that captivate the mainstream media and the political class.

The October 2nd March for Jobs is sponsored by a new coalition, One Nation Working Together, that already represents 170 organizations. The coalition plans to not only mobilize for jobs, but also to counter the divisive rhetoric and actions of the right. The leadership of this coalition comes out of the labor and civil rights movements. 1199 SEIU, the New York City-based hospital workers union, and the national NAACP initiated the call for the coalition. The AFL-CIO, the Service Employees International Union (SEIU), and National Council of La RAZA (the major Latino civil rights organization) are also actively involved.

The March for Jobs is just beginning to get off the ground, and some of our readers may not know of it yet, but it is real and it has the potential to change the political landscape. *The Washington Post* ran the first major story on the coalition and the march on July 12th. The UAW and Operation Rainbow PUSH have just announced an August 28 march for jobs in Detroit as a lead up to the October 2nd Washington March for Jobs.

Some Democratic operatives will argue that the March for Jobs will divert attention and resources from this fall’s election campaign. We believe that the march

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will create far more progressive political energy than it diverts. A massive turnout on October 2nd could add some needed steel to the spines of the Democrats, including President Obama, who are presently caving in to the deficit hawks. Such a turnout might remind the political class and the mass media that working people are demanding jobs, relief from foreclosures and an end to cutbacks in education and social services.

DSA has already endorsed the Oct 2nd March for Jobs and our political leadership has made mobilizing our members to participate in the march (as a visible and organized DSA contingent) our major fall national priority. Our National Political Committee rescheduled its fall meeting to the October 2nd weekend in Washington, DC, in order that every member of our national leadership can march with the DSA contingent. We have asked all of our local groups to organize public forums in September that build for the march and we have asked those same local groups to organize their members to participate in the march. We hope as many readers of *Democratic Left* as possible will be in attendance on October 2 to march with DSA. Look for details on participation on our website (www.dsausa.org) and in the DSANEWS email blasts.

The right to a decent and well-paying job dovetails with the other social rights DSA promotes in our Social and Economic Bill of Rights (SEBOR); but that is not our principal motivation for endorsing the march and working hard to make it a success. The right is doing its best to exploit economic fears and obstruct the administration in Washington. They are launching fierce attacks on public employees and their unions while scapegoating immigrants – all in an effort to divide the poor and working class. DSA believes that the problem with the US economy is not that public sector trade unionists have egregiously high wages and benefits, but that corporate America's attack on trade unions has resulted in the gutting of private sector wages, benefits and job security. And the immigrant workers who are the backbone of our care (childcare, eldercare

and healthcare are key elements of this industry), personal service, and agricultural sectors are not the reason why millions of Americans – both immigrants and those born in the United States – cannot find good jobs.

We regard this march as an important step to re-engage progressive constituencies for the challenges ahead:

- Restoring the economy and creating millions of new jobs.
- Reforming immigration laws, including a path to citizenship for all who work in our economy – and for their dependents.
- Preventing the deficit hawks from cutting Social Security and other social benefits.
- Ending two wars and slashing an enormously wasteful and unnecessary military budget.

But we won't count on any coalition to do our work for us. That's why we are mobilizing for this march and working to build our organizational strength and our financial resources. In addition to the new Social and Economic Bill of Rights (SEBOR) brochure, a background paper that outlines the main arguments for each of the rights we enumerate in the SEBOR can be found in the resources section of the DSA website. We are also preparing leaflets on each of the rights that activists can use to reach out to issue-specific constituencies, and DSAers are working to increase the amount of material on the website available in Spanish. With these new resources, we hope to arm more activists with the tools to build both DSA and the larger progressive movement.

A successful March for Jobs in Washington, D.C. (with a vibrant DSA contingent) is the first step to remobilizing the progressive activism we need to implement programs to restore the economy. We may help save the administration from the folly that threatens the living standard of millions and its own political future. And in the process we will build a stronger and more viable DSA. ■

Frank Llewellyn is DSA's national director. Joseph M. Schwartz is a vice chair of DSA

Socialism: Still a Four-Letter Word?

By Chris Maisano

It all started with a throwaway remark at a campaign stop in Toledo, Ohio in October 2008. Joe Wurtzelbacher, a stout citizen of the Middle West who will forever be known to history as Joe the Plumber, approached presidential candidate Barack Obama to complain about – what else? – taxes, particularly Obama's plan to slightly raise income tax rates on the top five percent of the population and cut them for the bottom 95 percent. To sane people like you and me, Obama's response was perfectly innocuous: "My attitude is that if the economy's good for folks from the bottom up, it's gonna be good for everybody. If you've got a plumbing business, you're gonna be better off if you've got a whole bunch of customers who can afford to hire

you, and right now everybody's so pinched that business is bad for everybody and I think when you spread the wealth around, it's good for everybody." This kind of proposal is squarely within the mainstream of economic thinking and policymaking, and should not have unduly alarmed even those who were opposed to Obama's proposal.

But to the red-faced, spittle-flecked pundits on Fox News and conservative talk radio and their epigones in the GOP, Obama's call to very modestly reduce income inequality and stimulate effective demand through a small change in the tax code was tantamount to a call for the abolition of private property, the flag, Mom, and apple pie. In a word, Obama was calling for nothing less than "socialism,"

and an Obama victory would result in nothing less than the transformation of the United States into a dark land of unfreedom, a European “nanny state” like – horror of horrors! – Sweden. Republican candidate John McCain claimed, in a revealing conflation of economic and racial anxieties, that Obama would turn the IRS into a massive “welfare agency” that would hand out cash to society’s losers. Sean Hannity devoted an entire hour of his show to denouncing Obama as a socialist with ties to radicals bent on the destruction of the United States, and Glenn Beck retreated to his bunker to connect Obama with just about anything bad you can think of in his mad chalkboard scribbles. The disconnect between the reality of Obama’s actual economic positions and the ravings of the right wing was obvious to anyone with some sense, but the accusations came to dominate media coverage of the campaign. Even after a year and a half of an Obama administration that has spent most of its time protecting Wall Street and the private health insurance industry, conservative pundits like Jonah Goldberg still ask not whether Barack Obama is a socialist, but rather what kind of socialist he is.

While the attacks on Obama have been notable for their feverish intensity, this sort of thing is not exactly new in American politics. The use of the word “socialist” or “socialism” as a rhetorical cudgel against liberal (and even some not-so-liberal) politicians and all proposals for even mild reform has a long and dishonorable history in the United States. A prototypically red-blooded American like Theodore Roosevelt was denounced in his day as a socialist for proposing to break up monopolies, implement regulations on industry, and create rudimentary forms of national social insurance. In his seminal 1954 essay “The Pseudo-Conservative Revolt,” Richard Hofstadter tells of a conservative activist denouncing Dwight Eisenhower’s victory over Robert Taft for the Republican presidential nomination in 1952 as a foretaste of “eight more years of socialism.” And in the 1960s, Ronald Reagan and other conservatives identified Medicare as the opening wedge of a plot to Bolshevize the United States. Who knew that giving medicine to granny could be so subversive!

Strategic deployment of the S-word to combat reform may be an enduring feature of American politics, but the political context in which the word is used has changed drastically. The Cold War is over, the Soviet Union is a distant memory, and capitalism is in the midst of its worst crisis in almost a century. Many people still have an instinctive aversion to the word “socialism,” but it no longer conjures up images of red hordes intent on exterminating the American way of life. And if a series of recent polls on public attitudes toward the word are to be believed, the use of the S-word has not just lost much of its sting. Many people are seemingly beginning to positively identify with it in surprisingly large numbers.

In April 2009, the political pollster Rasmussen Reports released the results of a survey showing that just 53 percent of Americans said that capitalism is better than socialism, while 20 percent, a not negligible minority, said that socialism is

better. Last February, Gallup released a survey showing that 36 percent of Americans had a positive view of socialism, including majorities of self-identified liberals and Democrats. And in May, a Pew Center survey showed that 29 percent of Americans respond positively to the word socialism. Not very long ago, results like these would probably be considered unthinkable. Just what is going on here?

Delving into the details of the Pew survey helps us begin to answer this question. First, there is a huge partisan division in reactions to the word “socialism.” Only 15 percent of Republicans respond positively (Fiorello LaGuardia fans?), while 77 percent respond negatively. In contrast, Democrats are evenly split – 44 percent respond positively while 43 percent respond negatively (it’s worth noting that 26 percent of independents respond positively while 64 percent react negatively). These numbers are perhaps not surprising, but the poll gets more interesting when one looks at the rest of the results. 43 percent of Americans under 30 respond positively to both socialism and capitalism, and basically identical proportions of this age group respond negatively to both words. In comparison, only 14 percent of respondents over 65 respond favorably to socialism. Strikingly, a majority of African-Americans (53 percent) respond positively to socialism, as opposed to 24 percent of whites. Finally, the poll provides more evidence that one’s economic position significantly influences one’s ideology. Support for capitalism grows at the top of the income distribution while it erodes at the bottom. Respondents with family incomes over \$75,000 are the only group in which a large majority (66 percent) responds positively to capitalism, while a plurality of respondents with incomes under \$30,000 (44 percent) responds negatively to capitalism. The survey provides results on a range of other variables, but these are the most salient for our discussion here.

While it’s heartening that the word “socialism” seems to have shed some of its taboo, the political implications for socialists trying to rebuild our movement are likely mixed. None of the polls defined what socialism is or asked people what they think the term means, and overwhelming majorities still respond favorably to ideological categories like “small business,” “free enterprise” and “entrepreneurs.” Much of the identification of Democrats and liberals with the term is possibly based on nothing more than partisan, tribal loyalty. As Republicans have labeled Obama a socialist in an attempt to smear him, many Obama supporters might have adopted the term as a badge of identification with their embattled leader. Further, conservatives and liberals – and far too many self-described socialists – in the post-Cold War era equate socialism with the increasingly fragile western European social welfare state, a political-economic arrangement that for all its virtues is not socialist because it does not challenge capital’s control of the means of production and the economic surplus.

However, this last point falls into the category of good problems. Convincing people that socialism should be an expansion of what was won under social democracy beats

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trying to convince people that it doesn't equal breadlines, censorship, the gulag, and the communal sharing of toothbrushes and underwear. Also, socialists should be very pleased that young people (I still include myself in this category) are very open to a socialist appeal. In the ideological contest between capitalism and socialism, we are eminently up for grabs. Those of us who came of age after the conclusion of the Cold War have no residual memories of air raid drills, the Cuban Missile Crisis, or Khrushchev pounding his shoe on a table and bellowing "we will bury you!" We are intimately familiar, however, with the pervasive social insecurity wrought by the last 30 years of neoliberalism and the intensification of these trends by the ongoing recession. If recurrent financial crises, mass unemployment and underemployment, and exploding healthcare and educational

costs are synonymous with capitalism, then capitalism's competitor starts to look a whole lot better even if many of us are not yet sure what socialism actually means.

The right's introduction of the S-word into a political context defined by capitalism's worst crisis since the Great Depression has, rather ironically, given socialists the best opportunity to talk openly and persuasively about our ideas in quite some time. I just hope that in this time of ideological disorientation, when even many socialists aren't quite sure what the word means anymore, we get our act together in time before this precious opportunity passes us by. ■

Chris Maisano is editor of The Activist (theactivist.org), the Young Democratic Socialists blog.

Locals Active On Many Fronts In 2010

Compiled and edited by Barbara Joye

ITHACA Immigrant Rights Rally



Photo by Marty Luster

CHICAGO Fights for Living Wage, Jobs, Unions

The Greater Oak Park, Illinois Chapter of Chicago DSA won a non-binding referendum in support of a living wage ordinance on the November, 2008, ballot with a 60 percent "Yes" vote. The Village Board is the only body that can enact such an ordinance, but instead of acting on the will of the voters, they tasked the volunteer Community Relations Commission to review the impact such an ordinance would have on the Village. After 13 months of contentious study, the CRC, by a seven-to-two margin, recommended a revised, but still comprehensive living wage ordinance and forwarded it to the Village Board. Oak Park DSA is now working to move the Village Board to enact the ordinance.

"This has been a long process of education and pressure and we have had the help of several individuals and groups, most notably the Unity Temple Social Mission Committee and the Oak Park Coalition for Truth and Justice," says a spokesperson. "Chicago DSA has also been a great help. From the beginning, we have made it clear that this is a DSA-initiated project; our openness about this has frustrated our opponents."

Chicago DSA is also active in the New New Deal Project. They contributed two panelists and a promotional mailing to a meeting convened by the Confederation of Northern Illinois Peace Groups, at which over 40

individuals from labor, peace, and other organizations met in April to discuss joining forces for an ongoing federal program to create new jobs. DSA members Dave Rathke, Illinois Education Association, and Bill Barclay, Chicago Political Economy Group, addressed the meeting.

Chicago DSA is also still involved with what is becoming the longest running strike in U.S. history, UNITE HERE's seven-year-old Congress Plaza Hotel strike. The local also promotes Warehouse Workers for Justice, a UE project organizing in Chicago's southwestern suburbs, mainly temp workers (despite years on the job for some) with all the vulnerability that comes with that status.



Photo by John Scott

The 2010 Debs-Thomas-Harrington Dinner gathered together people representing Chicago's legal, labor, liberal, and left communities to honor the People's Law Office and the United Electrical Workers' Western Regional President Carl Rosen, with author William Greider as featured speaker and Kim Bobo as master of ceremonies.

DETROIT Supports Tip Workers, Candidates, USSF

Since the beginning of the year, Detroit DSA has been active in both movement work and electoral politics. Members have participated in weekly pickets at Andiamo's restaurant

in Dearborn on behalf of the Restaurant Opportunities Center of Michigan (ROC), which is fighting for better wages and working conditions for restaurant workers, who are notoriously exploited in the service economy and are excluded from many of the provisions of both federal and state minimum wage laws. They often do not receive overtime pay. ROC is also pressing for state legislation which would permit municipalities to deny liquor licenses to restaurants that have been found guilty of labor law violations.

In April Detroit DSA had a room at the Michigan Democratic Party endorsement convention, which was attended by approximately 2000 delegates. DSA was introduced to various candidates who were seeking endorsements and lobbied and voted for our two endorsed candidates – one for secretary of state (who won) and one for attorney general (who lost by a narrow margin). More importantly, they distributed DSA literature (the Economic Justice Agenda and pieces on the financial crisis) to a large and receptive audience.

In May the local held its eleventh annual Frederick Douglass-Eugene V. Debs Dinner. Over 200 people attended. Honorees were UAW Vice President Jimmy Settles, Jr. and Metropolitan Detroit AFL-CIO President Sandra Williams. Bill Fletcher, Jr. spoke on “The Threat of Right Wing Populism.”

From June 22-26, Detroit DSA hosted DSA members from across the country at the U.S. Social Forum. They held an “Ice Cream Socialist” reception under the labor tent and sponsored workshops on “21st Century Socialism” and “A Permanent National Jobs Program.” The YDS section at Michigan State University conducted a workshop on “Free Higher Education.”

ATLANTA Still Fighting Foreclosure, Holds Forum on Economic Bill of Rights

Metro Atlanta DSA continued to play a key role in the Atlanta Fighting Foreclosure Coalition during the past six months. The Foreclosure Five – five coalition activists, including Atlanta DSA chair Milton Tambor, who were charged with illegal trespassing when they sat in at a Wells Fargo branch last August, demanding to see an executive – have not yet been given a trial date. A fundraiser held in January helped raise several thousand dollars for the Five’s legal bills. Meanwhile, the coalition turned its attention to the Bank of America in March, joining representatives from the national AFL-CIO and Concerned Black Clergy on a picket line at a local branch. In July the coalition joined with the national AFL-CIO to hold a public hearing and demonstration in Atlanta demanding investment in communities and jobs instead of foreclosures. About 200 people attended and picketed Wells Fargo/Wachovia, which agreed to provide information and meet with the coalition’s representatives. Tambor and local secretary Barbara Joye are two of the eight coalition co-chairs.

The local held “May Day Summit 2010: Toward an Economic Bill of Rights,” to bring local activists together to share information and concerns. DSA NPC

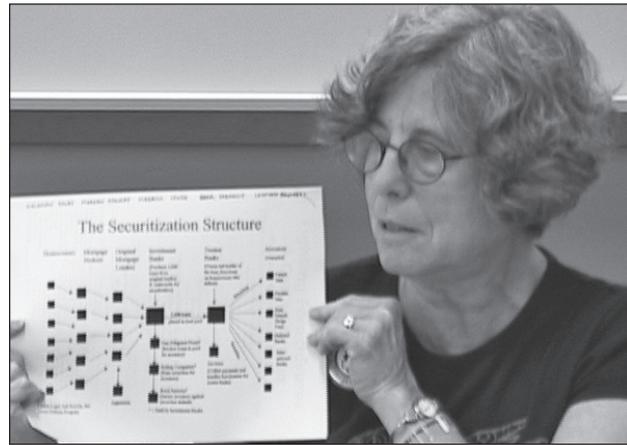


Photo by Theresa Alt

Atlanta DSA Secretary Barbara Joye explains mortgage securitization for Atlanta DSA’s foreclosure workshop at the U.S. Social Forum.

Co-chair Joe Schwartz and Committees of Correspondence for Socialism and Democracy National Organizer Carl Davidson supplied a national perspective with their opening and summarizing remarks. Workshops addressed the issues of labor and working families; militarism’s effect on our state budget and on youth; the foreclosure crisis and homelessness in Atlanta; health care and the fight to save the public hospital; and students and teachers confronting the crisis in public education at all levels.

About 75 people participated during the course of the day, despite a last-minute scheduling conflict when immigrant rights groups called for a May Day march at the state capitol. DSA sent a delegation to the march with our banner, and the march organizers released a student leader to bring the immigrant perspective to the workshop on education – which was especially timely considering that an undocumented state college senior is facing deportation following her arrest two weeks earlier for a minor traffic violation. Despite some logistics issues, inevitable the first time one tries such an ambitious project, the feedback on “May Day Summit 2010” was positive and the local is considering another May Day program next year, with more collaboration with other groups.

SAN DIEGO Active in Elections, City Council, Living Wage Defense

“One of the most popular San Diego DSA activities this year has been the preparation and distribution of our election recommendations to our E-mail list of some 250 people,” reports Virginia Franco. “As the election nears, we receive many inquiries as to when it will be ready. Our May 9th meeting to discuss this drew about 20 people and significantly helped build and strengthen the local.” At this meeting the local also initiated its “City Council Project.” Members testify to the City Council in the name of DSA on subjects linked to the Economic Bill of Rights. Four members have now appeared at four separate council meetings: twice on the new Arizona laws, and once each on energy and outsourcing city jobs. “Our goal in this project is

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to have as many of us as possible ‘come out’ as democratic socialists, and in the process, increase the identification of our activism with DSA,” says Franco.

San Diego DSA also brought its members out to the Fifth Anniversary Celebration of San Diego’s Living Wage Ordinance. The local Teabaggers have put an initiative on the November ballot that would repeal the Living Wage for San Diego, and DSA expects to be heavily involved in efforts to defeat it. The local has also participated in demonstrations and marches relating to the massive education cuts in California, and maintained its ongoing coalition work with the San Diego Maquiladora Solidarity Network; the San Diego Affordable Housing Coalition; and the Socialist Unity Network.

BOSTON Supports Strike, Fights Foreclosures, Educates

The Boston Democratic Socialists are busy, “mastering praxis: putting ideas into action,” says board member David Duhalde. They’ve continued labor solidarity with picket lines every Saturday for two months at their adopted store in Cambridge against Shaw’s Supermarkets, a chain based throughout New England. Shaw’s warehouse workers in the Merrimack Valley voted to go on strike instead of taking a contract with raises that didn’t cover healthcare coverage increases. “The strike, a loud rebuttal to this corporate insult, has been a catalyst for worker solidarity in the Commonwealth,” says Duhalde.

The local also worked around the foreclosure issue by lobbying their state representatives as a member of the Mass. Alliance Against Predatory Lending (MAAPL) in the State House and membership calls. On March 3rd, the DSA group hosted a forum attended by over 50 people entitled “What to do about Housing Foreclosure.” Speakers included Grace Ross, Green turned Democrat and MAAPL staffer; Melonie Griffiths, Tenant and Economy Project Organizer for City Life-Vida Urbana; and Senator Sonia Chang-Diaz (D-Boston), the first Latina woman elected to the Massachusetts State Senate and proponent of MAAPL- supported legislation.

They are also proudly continuing their internal socialist education. Nearly twenty DSA members participated in a discussion between DSA vice chair Elaine Bernard and Arthur McEwan of Dollars & Sense on the subject of “What it Means to Be a Socialist in the 21st Century.” Bernard addressed the continuing need to examine class as a structure of oppression. McEwan spoke about the need to reach people where they are at and to push progressives to tackle structural reforms, such as single-payer health care, instead of reforms that do not change the power dynamics of the system. Also, after over half a decade, DSA has fired up a new reading group. It will meet once a month to discuss classics of socialist theory such as texts by Karl Marx and Antonio Gramsci.

Last, but not least, Boston DSA honored Jack Clark, the first Democratic Socialist Organizing Committee (DSA’s predecessor organization) staffer and Boston’s son, at their

annual Debs-Thomas-Bernstein fundraising dinner. They also recognized the wonderful work of Georgia Hollister-Isman, Director of Mass Alliance, a coalition of 23 organizations including Boston DSA. Under her capable direction, the member organizations of Mass Alliance have worked together to help elect progressive Democrats.

NEW YORK CITY Busy at Left Forum, Protest Actions, YDS Conference

NYC DSAers sure were busy at this year’s Left Forum! At the annual leftist confab held in Manhattan, Maria Svart chaired a panel entitled “The Fiscal Crisis of the States,” featuring the Fiscal Policy Institute’s James Parrott and DSAer Michael Hirsch. (Hirsch’s remarks appear in the Spring 2010 edition of *Democratic Left* and on the local’s website, dsanyc.org.) Then Hirsch chaired the panel “Toward a Second (Economic) Bill of Rights” with Joe Schwartz of Philadelphia DSA and Bill Barclay of Chicago DSA and the Chicago Political Economy Group. Finally, Maxine Phillips – member, Dissent executive editor and leader of the DSA-affiliated organization Religious Socialists – helped put together the panel “Progressive Religion and the Fight for Democracy.”

Want real change for a change? The solution isn’t Obama – it’s democratic socialism. Hundreds of young and young-at-heart comrades absorbed that message during a Young Democratic Socialists conference in March at Norman Thomas High School in Manhattan. DSA honorary co-chair Cornel West gave a rousing keynote address. DSA vice chair Steve Max and honorary co-chair Frances Fox Piven explored democratic socialist strategy in the age of Obama. ACORN’s Bertha Lewis also came, and a video of her speech caused a ruckus on the right. NYC DSAers – including some recent YDS grads – staffed the conference and joined the fun.

NYC DSA also supported several important coalition actions this spring, including a picket of Trader Joe’s demanding a living wage for tomato pickers, called by the Coalition for Immokalee Workers. In April four NYC DSAers and six YDSers from William Patterson U. joined 15,000 union members, unemployed workers and neighborhood activists for a little stroll through Wall Street. The message, shouted by new AFL-CIO President Richard Trumka and chanted by the marching crowd, was: “Good Jobs Now! Make Wall Street Pay!” Finally, on May Day NYC DSAers joined 5,000 immigrants, union members and allies to protest Arizona’s racist new immigration law and demand pro-worker immigration reform. This was the first time in living memory that New York City unions marked International Workers Day. Two NYC DSAers – Jeff Gold and Len Mell – helped organize the event.

WICHITA Holds Public Meetings, Has Reading Group

Wichita DSA has held several public meetings, participated in community actions and campaigns and started a reading

group that has turned out to be very popular. The monthly reading group has discussed *Why Not Socialism?* by G.A. Cohen, *Half the Sky* by N. Kristof and S. WuDunn, *The Big Squeeze* by Steven Greenhouse, and *From Civil Rights to*



Wichita DSA participates in an immigrant rights march.

Human Rights by Thomas S. Jackson.

The local has addressed issues in the local community, focusing on immigration reform, jobs and labor and the state budget. Several DSAers participated at a forum where state legislators answered questions about proposed cuts to the education and special services budget. This drive, in which the SEIU was also deeply involved, ended in a

Barbara Joye is secretary of Metro Atlanta DSA.

victory, with the legislature later passing a controversial tax raise to “save” the schools.

On May 1st the local hosted a gathering featuring singing labor songs, a short talk on the historical background of May Day, and the film “The Internationale.” They also hosted a meeting on “If Capitalism Has Gone Global, Can Socialism Go Local?,” where DSA member and political science professor Russel Fox spoke on the idea of “localism.” Other meetings have focused on taxes and the state budget and a report on the actions of the Coalition of Immokale Workers and the Student Farmworkers’ Alliance. ■

Minnesota Immigrant Rights Rally



Photo by Kate Baird

“The easiest way to rob a bank is to own one.” Great Recession Books

By Duane E. Campbell

The left has mostly failed to adequately explain this Great Recession, allowing reality-challenging right wing narratives to gain traction. While most mainstream economists missed the approaching storm, and many predict another financial tornado, there’s at least a bull market in good books on the subject – at least a dozen – of which five stand out.

Nobel Prize-winning economist and *New York Times* columnist Paul Krugman’s *The Return of Depression Economics* (W.W. Norton, 2009) has been reissued with an update on what Krugman calls the “Crisis of 2008.” The book was originally published in 1999, but has been significantly updated with a focus on the Asian crisis of 1997, and now includes an analysis of the current debacle. Krugman leads readers on a Cook’s tour of the 1994 Mexican peso crisis, the Japanese stagnation of the 90’s, and the U.S. high tech bubble of 2001/2002. He could well have included the Russian financial crisis of 1998. In several of these cases the usual U.S.-dominated

International Monetary Fund (IMF) regime of monetary austerity as solution was employed to contain the crisis. However, in the case of the 2007/2009 Great Recession, which started in the U.S., the size of the crisis made it impossible for the IMF to impose a solution and the economic contagion spread around the economies of the West. Krugman argues that the current crisis was predictable, based upon the prior crises in developing markets. The ideological rigidity and dominant myths of “free market” capitalism kept most “experts” from seeing the approaching crash.

The recent U.S. crisis, originating in the collapse of real estate prices, was severe in part because of the growth of finance capital as a dominant actor in our economy. Since the 1980’s, as global borders shrank, U.S. finance capital and financial services grew as a percent of the total profits in the economy while manufacturing declined. While financiers made billions from stock options and

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bonuses, the average wage of working families remained stagnant, thus they had limited money to use to buy new products. And, when they did buy, the products were often manufactured in China, Vietnam or in other low wage platforms, and their production stimulated those economies, not the U.S.

Krugman argues for a return to a Keynesian response to the current loss of jobs and loss of demand. He believes that the government must stimulate economic recovery by investing in jobs and infrastructure even though the increased globalization of the economy makes a national Keynesian response less effective. In his *Times* columns Krugman frequently argues that the stimulus of 2009 was too timid to jump-start the economy. Thus we suffer a sustained crisis leading to continuing unemployment among private and public sector workers. Along with the other authors, Krugman warns that unless there is significant public investment and changes in policies and regulations, the crisis may well recur.

Dean Baker, co-director of the Center for Economic and Policy Research in Washington, D.C., a persistent and well informed observer, offers his view of all this in *Plunder and Blunder: the Rise and Fall of the Bubble Economy* (2009, Polipoint Press). Baker explains how the market was deregulated under President Bill Clinton, and greatly accelerated under President George W. Bush. This all led to the stock market bubble of 2001, the growth of hedge funds, and the sub-prime mortgage collapse of 2007. Both Baker and Krugman point to the overlapping economic policies instituted by former Clinton Treasury Secretary Robert Rubin, along with President Obama's current director of the White House Office of National Economic Policy, Larry Summers, and Fed chairman Ben Bernanke, and yet another Wall Street veteran, Timothy Geithner, the current secretary of the treasury. In one illustration, Goldman-Sachs, source of many White House appointments, gained billions by betting that housing markets would lose value at the same time as they were selling mortgage-backed securities to pension funds and less well connected investors. *Plunder and Blunder* includes a useful glossary and an index.

Nomi Prins, a former manager at Goldman, Sachs wrote the remarkable book, *It Takes a Pillage: Behind the Bailouts, Bonuses, and Backroom Deals from Washington to Wall Street* (2009, John Wiley & Sons). If you want the inside story of how the economic meltdown occurred and how incompetent finance managers are grossly overcompensated, then Nomi Prins is the one to read. Prins employs her insider knowledge and contacts to follow the money, with details about how Wall Street pushed the government to bail out the rich and powerful while creating debt for future generations. Her solid research documents her argument that some \$50 trillion in global wealth was erased between September 2007 and March 2009, including \$13 trillion in the U.S. As Prins states: "If you thought this bailout was only about

the \$700 billion thing called the Troubled Assets Relief Program (TARP), which is what the banks, the Treasury Department, and the Federal Reserve want you to believe, you really need this book." Why is this enormous amount so critical? Because it will require at least \$13 trillion worth of growth in the U.S. economy for working people to get back to where they were in 2007. For us, the Great Recession, or what Prins calls the Second Great Bank Depression, will likely last for many more years. We now experience the consequences of this casino capitalism in loss of jobs, cutbacks in state, county and municipal pensions, and budgets for schools, roads, transit, parks, environment and health care. All, without serious cuts in the military budget.

Another Nobel in economics, Joseph Stiglitz of Columbia University, has also written an excellent book, *Free Fall: America, Free Markets, and the Sinking of the World Economy* (2009, W.W. Norton). This extensively documented work explains the basics of the U.S. crisis in the context of global economic conditions. Stiglitz was the former chair of the Council of Economic Advisors in the Clinton administration (1995-1997), where he frequently had conflicts with Larry Summers, who was once undersecretary of the Treasury under Robert Rubin. Rubin and Summers played central roles in the deregulation of derivatives, one of the prime triggers of the present crisis. Rubin, after leaving the Clinton administration, became first a director and then the chairman of Citigroup. Summers' current position enables him to help shape the administration's proposals for regulatory oversight. In 2009, Stiglitz chaired the Commission of Experts on Reforms of the International Monetary and Financial System, informally known as the Stiglitz Commission, "to review the workings of the global financial system, including major bodies such as the World Bank and the IMF."

Stiglitz, like Krugman, Prins and others, agree that the current legislation for regulatory reform is too limited. Stiglitz is one of the major voices calling for controlling finance capital. *Free Fall* argues that if we do not re-regulate capital, Wall Street abuses will continue, thus we cannot allow banks to exist that are "too big to fail." We need a new version of the Glass-Steagall act of 1933 (repealed in 1999), which separated banks from financial investment and trading companies.

Oligarchy

Simon Johnson and James Kwak's *13 Bankers: The Wall Street Takeover and the Next Financial Meltdown* (Pantheon, 2010), cover some similar ground, but cautions readers that the U.S. is now being directed and exploited by an oligarchy. This oligarchy protects their profits and privileges and dominates the government. And, say the authors, "they will continue to do so until they are stopped."

Johnson and Kwak describe in detail the self-serving economic theories that the wealthy and the powerful promote. Known at various times as Free Market Capitalism, the Washington Consensus or the Rational Market Thesis, these theories provide legitimacy to highly profitable market manipulations by financial institutions. Johnson and Kwak trace economic history going back to the founding of the nation, and the struggle over the first of our national banks. Their essays on Jeffersonian and Jacksonian distrust of the banks are insightful. The historical conflicts over the role of banking led directly to our present crisis of oligarchic wealth dominating and manipulating our government:

“In the dark days of late 2008 – when Lehman Brothers vanished, Merrill Lynch was acquired, AIG was taken over by the government, Washington Mutual and Wachovia collapsed,” write the authors, “Goldman Sachs and Morgan Stanley fled for safety by morphing into bank holding companies, and Citigroup and Bank of America teetered on the edge of being bailed out, the conventional wisdom was that the financial crisis spelled the end of an era of excessive risk taking and fabulous profits. Instead, we can now see that the largest, most powerful banks came out of the crisis even larger and more powerful.” The current “rescue” of the banking system was of course originally organized by Hank Paulson, secretary of the treasury under George W. Bush and formerly a chairman of Goldman Sachs. Johnson and Kwak are at their best in providing a description of how Wall Street used its growing economic power to gain political power, including all those Goldman alumni working in recent administrations.

Johnson and Kwak urge the breakup of the largest six banks in the nation, and call for legislation preventing them from re-establishing control. There will be no need for future bank bailouts when we prevent banks from becoming too big to fail. In the Senate, the Brown-Kaufman Safe Banking bill and the Merkley-Levin bill would have moved the nation toward a limit on bankers’ power, but these bills were blocked by GOP threats to filibuster. The final bill, developed by the conference committee, has some good provisions, but it doesn’t limit “too big to fail” banks and it doesn’t create a Glass-Steagall-style firewall between commercial and investment banking.

Johnson and Kwak compare current large financial corporations, and an attendant oligarchy, with a previous generation’s tussle with Standard Oil and the railroad monopolies. They assert that several of the major financial corporations are just too big and should be broken up. They propose making all banks and financial corporations small enough to fail without destroying the economy. In addition Johnson and Kwak offer a detailed analysis of how and why breaking up the largest banks (they list six still standing) would improve our economic efficiency and not compromise economic growth.

To the Streets?

The recently passed Dodd-Frank bill to reform the financial industries is too limited but it is a good first step. The banks, their public relations departments, and over 1,400 lobbyists will continue their assault during the rule making process next year. They are trying to convince us that CDO’s, credit default swaps, and the other mechanisms of this economic implosion, are too complex for us to understand.

We have, on the broad left and even in some mainstream economic circles, scholars who can assist us in demystifying economics and revealing the political/economic agenda behind various “solutions.” Unfortunately, the left has yet to explain this assault on living standards in terms everyday working people can understand. An April 18 poll by Pew Research, “The People and Their Government: Distrust, Discontent, Anger and Partisan Anger,” revealed a high level of distrust of the government by ordinary citizens. We on the left should recognize that distrust of the government is legitimate because in the banking/mortgage crisis and on economic issues the government did bail out the oligarchy. While we separate ourselves from those who would respond to the public distrust, discontent and anger with Tea Parties, public sector union bashing, racism, immigrant-bashing or even militia movements, anger among working people is legitimate. However, when the anger is only focused on the government, and not also at Wall Street and corporate America, fair and socially responsible solutions lose traction.

We are in the greatest economic crisis since the 1930’s. As pointed out in several of these books, if we don’t change the rules of the game it will happen again. The left needs a new consistent, comprehensible narrative to explain how the economic system is primarily working for the rich and powerful, not for working people. Such a narrative would explain to working families how financial markets have become disconnected from the real need to raise capital for productive investment, and would provide an alternative to the narratives being offered by the media, the Tea Party and corporate front groups. And, the left narrative must be connected to a strategy for change. We can join in this task with President Richard Trumka of the AFL-CIO and other segments of the labor movement in the Make Wall Street Pay campaign, or campaigns to address the outrageous new political rights given to corporations by the Citizens United Supreme Court decision. We need to take back our government. This is Wall Street versus the unemployed, the under-employed, and the precariously employed. It is the rich v. working families. We have to work in coalitions to beat back the corporate state. It’s our country and our government and we can’t let them steal it, reduce us to penury, and ask us to pay for their fraudulent casinos – again.

Duane Campbell is a professor (emeritus) of bilingual/multicultural education at California State University-Sacramento and chair of the Sacramento Local of DSA. His most recent book is Choosing Democracy: a practical guide to multicultural education (4th. ed. Allyn and Bacon, 2010).

DSA Revival in L.A.

by Jack Rothman

The spirit of Upton Sinclair is stirring in Los Angeles. DSA has set out to restart its Los Angeles local. Since the late 1990's there has been no DSA unit in Tinseltown, despite our city's liberal stereotype. A kick-off public meeting aiming to renew socialist activism took place on July 25th at the Workmen's Circle building in West Los Angeles.

I was asked by national DSA to be the volunteer local organizer. With 300 dues-paying members in the area, and with the dreadful, downwardly spiraling politics in California these days, it's high time for an organized democratic socialist presence on the Los Angeles scene.

The San Diego local of DSA has given priceless assistance to their Los Angeles big sister in getting organized. Virginia Franco and Herb Shore, members of DSA's National Political Committee and its Local Development Committee who live in San Diego, sparked the Los Angeles start-up through phone calls, visits, and advice.

Our kick-off meeting was a splendid event. 65 people – more than any of us expected – turned out. We had to put out more chairs, twice. Peter Dreier, distinguished writer, scholar, and activist from Occidental College delivered the keynote address. Dreier, who was on the original DSA National Executive Board, held the audience in rapt attention on the topic of "The Inside/Outside Strategy" – which has guided DSA's political thrust since the days of Michael Harrington.

We had the good fortune of a second key address by National Director Frank Llewellyn, who trekked down (and back) from the Netroots Nation Conference in Las Vegas to participate in

our event. He sketched a picture of the DSA national program for the audience, including its newly issued Social and Economic Bill of Rights (see page 2) and DSA's plan to mobilize for the October 2nd March for Jobs.

The response of the audience is reflected by the 25 people who volunteered to join a committee to organize next steps. And there are other volunteers in waiting. A plan-ahead meeting was set for mid-August in the Westwood area, near UCLA.

I found in my recruiting work that the recent decade of local inactivity had created a downbeat tone for some in this community. There's an uphill road to climb to counteract that. But our first resuscitation steps have been reassuring. So, are there prospects for a vibrant democratic socialist voice in Los Angeles? I lean toward a robust maybe. ■

Jack Rothman is professor emeritus at UCLA's School of Public Affairs. His research and teaching specialization is community organizing and he has taught several generations of students the practice of the trade. This article is, in part, a revision of his Huffington Post blog of July 22, 2010

Anyone interested in the new local should contact dsaloesangeles@cox.net



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