

On Mike Davis' Essay "Can Obama See the Grand Canyon?"

[These are some comments I made about the essay "Can Obama See the Grand Canyon? On Presidential Blindness and Economic Catastrophe", by Mike Davis, Oct. 15, 2008, and which is available online at: <http://www.truth-out.org/101508D> My comments are from a letter I mailed to a friend on Oct. 16, 2008. -S.H.]

Hi Doug,

I just read this article from another source. It makes some good points, and I like his analogy between the inability of the first explorers to grasp the nature of the Grand Canyon, and the present inability of bourgeois economists (let alone politicians) to grasp the real nature of the current economic crisis. But there are some serious problems with the piece.

First, it doesn't present an explanation for the developing crisis. Insofar as it hints at one ("We are seeing the consequences of a perverse restructuring that began with the presidency of Ronald Reagan...") it is incorrect. That round of "restructuring" certainly harmed the working class, but by shifting a major part of the burden of the developing overproduction crisis onto the backs of the workers, it helped save the situation for a while for the bourgeoisie. True, it didn't resolve the problem permanently, but then nothing that the bourgeoisie can possibly do will accomplish that!

Second, the article is even more incorrect about Keynesianism "being dead"! Actually, *right now* Keynesianism is more alive in the U.S. and the world, and is being applied in a more determined way than ever before—to the tune of trillions of dollars. Moreover, Keynesian deficit financing is bound to further intensify in a major way over the coming year and well beyond that into the future. They will keep using it until it becomes impossible for them to continue doing so (because of wild inflation for example).

It is true that Keynesianism is fairly close to reaching its maximum limits, because of its continually greater use over the past few decades (and especially this past decade). And it certainly will reach those limits relatively soon. But as for now it is the *main* economic weapon the rulers of the U.S. and other countries have at their disposal, and they are wielding it like the desperate madmen they are.

Third, in saying that "Obama is no FDR", Davis seems to be arguing that Obama is not willing and able to follow the policies that FDR did, and that therefore he won't be able to lead the nation out of this current financial/economic crisis. Actually, there is no reason to believe that *either* McCain or Obama will fail to *try* to do more or less the same things as FDR did. Even the Bush regime is currently attempting that!

To begin with, FDR didn't do a very good job of handling the Great Depression either. At first he wanted

to “balance the budget”. He was forced by circumstances to run fairly big budget deficits for several years. In other words he resorted to what we now call Keynesian deficit financing. But he did it half-heartedly, and nowhere near as effectively as was done in Sweden and Germany. Then, in 1936-7 when things seemed to be picking up a bit, he foolishly tried to cut the government deficits again, which led to a resurgence of the Depression in 1937-8. As Davis himself admits, it wasn’t FDR that “ended” the Depression; it was the military Keynesianism from late 1940 on. (And even that is only a half-truth: Military Keynesianism only *interrupted* the Depression. The thing that actually *ended* it was the massive destruction of capital on a world scale in World War II.)

Even Republicans today are better Keynesians than FDR was! Recall Nixon’s comment: “We are ALL Keynesians now!” [Perhaps quoting Milton Friedman!] And the biggest bursts of Keynesian deficits in all history (so far) have been under the current Bush administration.

However, the thing that really bothers me about the Mike Davis piece is that it *implies* that there is some approach that Obama (or anyone) *could* take that would successfully bring this rapidly developing overproduction crisis under control. There is not! Sure, whoever is president can and will continue to engage in massive Keynesianism as long as they can. But in the end that will fail too.

Mike Davis thinks of himself as a socialist, but in reality—with regard to the economy at least—he thinks like a liberal reformer. This crisis is *not* the fault of any individual politician, and no politician will really be able to resolve it. These things are inherent in the capitalist system and the extraction of surplus value from the working class.

Scott