



Economic Update: Noam Chomsky on Prospects & Tasks as 2021 Begins

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Richard Wolff (RD): Welcome, friends, to another edition of Economic Update, this one at the beginning of a new year. So let me wish you all a happy and a better new year. The program, as you know, is about economics, about the income, the debts, the jobs we have or don't. For ourselves, for our children, the economics of the world we live in, and I'm your host, Richard Wolff.

I want to begin by responding to questions many of you have sent to me, the comment about president elect Joe Biden's economic team, and in particular the progressives that are said to be on the team and that are said to reflect the openness of Joe Biden to the progressive wing of the Democratic Party. Let me begin with some general comments here. First of all, the economic team contains a remarkable number of carryovers or holdovers, if you like, from the Obama government that Mr. Biden served a few years back. It's as if the Democratic Party wants to suggest that Mr. Trump was a kind of aberration, a weird four year interlude, and that now we're going to get back to normal or we're going to get back to usual or we're going to get back to business as it was before Mr. Trump. I find this frightening as a probability because it suggests that these folks don't understand that the policies followed before Mr. Trump played a major role in producing Mr. Trump and his electoral victory. Therefore, going back to them strikes me as having not learned the lesson these people claim they have learned.

But let me turn to the "Progressives" that are on the team As best I can tell from my own knowledge, and I do know some of them, there are three: Heather Boushey, Jared Bernstein and the new secretary of the Treasury, Janet Yellen. It seems clear to me that Heather Boushey is the most progressive of those three based on the work she has done, particularly around inequality. Jared Bernstein, associated with the Economic Policy Institute, is part of the progressive sort of Washington, D.C. establishment. And he has been for a long time.

Janet Yellen, I'm a little mystified why she's in that group, I can mention, for on grounds of transparency, that she and I were students at Yale University getting our PhDs at about the same time. I had the same curriculum she did. I had the same professors she did. I do know about her training because it was the same as my own. I was involved when I was a graduate student in the efforts to form a new economics association. It was called the Union of Radical Political Economists. A whole group of us were active in starting that association. It is still in business. It produces its own journal. It runs its own section of the American Economics Association. Janet Yellen, as a graduate student and since, has had absolutely nothing to do with any of that, because I would know, since I have been involved with that all of my adult life. It was revealed a few days ago that since her time as head of the Federal Reserve a few years ago, she has been giving speeches. She has earned apparently in the neighborhood of seven to eight million dollars, giving those speeches, and they include apparently big fat fees from the Goldman Sachs company, something that got Hillary Clinton into some difficulty, you may recall a few years ago. Not usually part of the credentials of progressives for all the reasons you don't need me to remind you about.

So these three progressives are what you have, what they will do on the Council of Economic Advisers or as the secretary of the Treasury is an open question. Are they sensitive to issues of inequality? Absolutely. They say so. And I take them at their word. But these are also people who have never gone outside the consensus of Washington, D.C. And what does that mean? It means they do not question capitalism, ever. They do not raise the issue that maybe some of the problems of inequality have to do with the way capitalist enterprises are organized. You know, with a tiny group of people at the top, the major shareholders, the board of directors, the CEO, making all the key decisions and resulting in - what a big surprise - giving the bulk of the money to themselves in dividends, in huge salaries for the top executives. Isn't that a part of the problem? Well, you won't hear that from them. At least you never have before. Could they change? Absolutely. Could they become open to it? For sure. After all, Roosevelt became open and he was a middle of the road fellow, just like them back in the 30s. But there was this difference in the nineteen thirties, a massive movement from below, the CIO, the biggest unionization drive in American history, two socialist parties and a Communist Party, all working together. That's what made the "New Deal". That's what made a politician middle of the road, like Franklin Roosevelt become a champion of real progressivism. It could happen again, but that will have to depend on whether a movement from below develops. It will not depend on these folks in the Biden economic team.

My next update is a kind of respect I want to pay to an enormously important development in Argentina in recent weeks. The Argentine Senate under enormous pressure from a massive movement of the Argentinian people, led by the women of Argentina who have been fighting this fight for a good six or seven years and probably longer. But six or seven years in the public eye. The women assembled a powerful coalition, including many labor unions and many radical social movements. They put them all together. And what did they achieve? They defeated the government on a central issue. The right to an abortion, if a woman wishes

to choose that way of dealing with her own body. The government opposed them. The Roman Catholic Church, the dominant religious institution in that country, opposed them. They defeated the government and they defeated the church, which went to extraordinary lengths, partly because the current pope comes from Argentina, as some of you may know. And the church went all out and it lost. And what's the significance of a mass mobilization from below? The very kind of mobilization I mentioned a few moments ago as making it possible that there might be a progressive Biden administration, because otherwise there won't be and there isn't one now. That kind of a movement that I talked about hypothetically in the United States is already a reality in Argentina. They got the Senate, to the surprise of many, to vote in favor, all women in Argentina will now be able legally to acquire an abortion up until the 14th week of a pregnancy. Before this action in Argentina, one of the largest and most important economies in all of Latin America- only very small parts of Latin America had legalized abortion. Cuba, of course, Uruguay, Guyana and some parts of Mexico. That's it. All the other the main parts of Latin America were steadfastly in the control of governments and the Roman Catholic Church on the question of abortion. Already there are signs that in both Chile and Brazil, large Latin American countries like Argentina, the women's movement there have taken an enormous inspiration to take the same steps in their country. Things are changing south of the border and they will not be limited to questions of abortion. They will go far beyond that to the rest of the social issues burning in that part of the world.

My next update for today has to do with another question many of you have written to us about. This is the disconnect that now exists between what is going on in the stock market, the place where the richest of our rich people hold their wealth and the economic realities facing the rest of us. It is as stark a difference as many of you know, simply from looking around the communities where you live, where you work and where you shop. An analyst at Nomura Securities in New York recently put his finger on it. He says the stock market in New York City is, quote, foaming at the mouth. Well, another way of saying that is it's crazy. But, you know, in its craziness, it reflects the truth. And that truth is the growing distance between the one to five percent of people rich enough to care about what's going on in the stock market. And that's all it is. The majority of people have no stocks. The minority who have them don't have enough to make much of a difference in their lives. The 11 shares you inherited when grandma passed is not making you a player in the stock market. The core of people very small who control the bulk of the shares, 10 percent of shareholders own 80 percent of the shares. They're the ones doing real well. And let's give credit where credit is due. The government of this country, which is in service of this one to five percent at the top, the government has decided to deal with the depression economically we're in with the COVID-19 collapse on top of it by pumping money into the economy to beat the bad. The Federal Reserve has pumped in many trillions of dollars. The Treasury has been spending money it doesn't have by borrowing, and that ultimately comes from the Federal Reserve as well. So we have all this money being created because the mass of people are poor in America now and can't borrow, that money doesn't go in to produce more goods and services

and hire people to produce them because the people of America can't buy the stuff. Millions are unemployed and everybody else is scared to death. So where does the money go if it doesn't go into producing goods and services? Since the demand isn't there. It goes into the stock market where it bids up the price of stocks, which is what the rich people are happy about, because it makes them richer still. That's why the billionaires in America amassed another two trillion dollars while the rest of us were struggling with the COVID-19 disaster. It is a society ripped apart by its inequality. That's a story that never ends well, when a society makes the rich richer while impoverishing the mass of people. We're on that road and Mr Biden better get us off or else we will have another Trump before long. Look, the crises of this society are multiplying. It's a period of decline unless mass action turns it around.

We've come to the end of the first part of today's show. Before we move on, I want to remind you about our new book, "The Sickness is the System: When Capitalism fails to save us from pandemics or itself". Go to "democracyatwork.info/books" to learn more or to get your copy. I want also to thank our Patreon community for their invaluable support. And if you haven't already, go to "Patreon.com/economicupdate" to learn more about how you can get involved.

And now it is my pleasure to urge you not only to stay with us, because we'll be right back, but to let you know that our guests today, who really needs no introduction, is Noam Chomsky talking about where we are and where we're going. Stay with us. We'll be right back.

RD: Welcome back, friends, to the second half of today's economic update. I am really and genuinely honored and pleased to be able to welcome to our microphones and our cameras, professor Noam Chomsky. Noam Chomsky is Institute Professor Emeritus in the Department of Linguistics and Philosophy at the Massachusetts Institute of Technology MIT. He is also the Laureate Professor of Linguistics in the program in Environment and Social Justice at the University of Arizona. His work is widely credited with having revolutionized the field of modern linguistics. He is also the author of numerous bestselling political works, which have been translated into, literally scores of languages around the world. He has a new book released in January of 2021 called "The Consequences of Capitalism". Thank you very much, Noam Chomsky, for joining us.

Noam Chomsky (NC): Glad to be with you.

Richard Wolff (RD): Good. Let me start off by the question I know many of our viewers and listeners have. What difference do you think the new Biden administration will make in the basics of American domestic and foreign policy, with a particular addition: Do you think that the Trump years now ended will be seen as a kind of temporary aberration, an interruption, or is it more logically a part of an evolving American position in the world?

NC: I don't. As far as Biden is concerned, I think the answer to the question will depend on the level of popular activism that works to press him towards a more, somewhat more

progressive social democratic stand. If there isn't that pressure, he will revert to the Clintonite DNC, Wall Street oriented, neoliberal programs of the past 40 years. But with pressure, he could change. And it's critical especially on truly existential issues, like global warming for example, that we can't delay on doing something about that, or everything else is essentially moot. 17:20

As far as Trump is concerned. I don't think he's going away. He won't be sitting in the White House, but he'll be basically, I presume, trying to run kind of an alternative government in combination with Mitch McConnell, the real evil genius of the Trump administration, whose goal very likely will be to try to make the country ungovernable. The way McConnell openly and proudly tried to do with Obama, making sure that the serious problems can't be dealt with properly. There'll be chaos. They can blame it on the government, probably try to roar back into power. Trump himself has the voting base of the Republican Party in his pocket. Large majority of Republican voters say he's their savior, he's the future of the Republican Party. I don't think this is going to disappear. It has deep roots, many deep roots. It's not unique to the United States. Similar kinds of anger, resentment, contempt for institutions are taking place in every country where the neoliberal assault of the past 40 years has operated- severely damaging the general population, causing enormous inequality, undermining democracy, leaving people angry and frustrated. It's taken many forms. Trump was a genius at tapping the poisonous undercurrents of American society and culture, like white supremacy crucially was able to bring them to the surface. They're not going away either. It's the form in which the resentment and anger, which are quite justified about what's happened for the past 40 years, the form in which it is being expressed. I was just going to say we shouldn't overlook how serious this is. You've probably talked on the program about the RAND Corporation study that came out a couple of weeks ago, where they tried to estimate the transfer of wealth from the working class and the middle class and in their terms "the lower 90 percent of income level" - transfer of wealth from them to the very top of the wealth ladder, that means the top fraction of one percent. Their estimate is about 47 trillion dollars. Not a small change [amount], and that's a serious underestimate, it doesn't take into account everything that happened after Reagan opened the spigot, tax havens, the structure of unions and so on.

RD: Let me continue this line with you for a moment, if I could. This kind of extreme inequality, which has been building, as you say, for 40 years or longer and is now almost accelerating, even though it has been going on for so long, that's a kind of story in human history that doesn't end real well. Do you think that the growing anger, bitterness, rage, envy, whatever you want to call it, will continue to be useful to the right wing more than it has been to the left in developing?

NC: Well, I'm old enough to remember an earlier case of this, the early 1930s, my childhood, when something similar was happening. The system had broken down into very severe depression, much worse than now. And there were essentially two ways out. One way out was fascism- which we should remember reached its hideous peak in the most advanced country in the world, the country, which was the peak of Western civilization in the sciences,

the arts, regarded as the model of democracy. It's Germany that became the depths of human history within a few years. The other possible way out was social democracy, which happened in the United States under the New Deal, under tremendous popular activism and pressure. CIO organizing, militant labor actions, political activity swung the balance, and it's a very delicate balance. So far as your question is concerned, we're not in 1929, but there are some similarities and it could go either way.

RD: Any chance in your view of the Democratic and or Republican parties being the place where any of this kind of left wing alternative emerges, and I'm not asking you to predict but- or does it need an independent third, a different kind of political party or formation to get it done? How do you see that question that is on so many people's minds now?

NC: Well, as you know, of course, to form a viable third party under the highly regressive U.S. political system is extremely difficult. It's not out of the question. It should be attempted. Tony Mazzocchi's efforts at a Labor Party - great labor organizer and environmentalist - back in the 90s, might have gotten somewhere, could be revived now. It's going to require a revival of the labor movement. That's going to be crucial. The other possibility is to try to move the Democratic Party a little towards the Social Democratic side of what's called the left here [in the U.S.], it's a strange notion. So Bernie Sanders is called a radical. His views are too extreme to be tolerated in the United States. What are his main views on universal health care? Can you think of a country in the world that doesn't have it? Mexico, Canada, Europe, everybody has it. Free higher education - Mexico, Germany, Finland, almost everywhere. Those are considered too radical for Americans. One of the chief correspondents of the London Financial Times, Rana Foroohar, associate editor, very good journalist, commented sort of semi jokingly, that if Bernie Sanders was in Germany, he could be running on the Christian Democratic ticket- the right wing of the party. That's what's called way too far to the left in the United States. So, yes, a move towards moderate social democracy returning to something of the New Deal style would be a major step forward, but it's not left. It's a step towards moderate sanity. And that can be achieved, I think.

RD: In the interest of the waning minutes that we have. I wanted to ask you a question about political strategy, theory, philosophy, since I know you have been concerned with that most of your life. The relationship between Marxism and Anarchism as impulses, as movements, as traditions, let's call them, have been on again, off again allies, enemies and everything in between.

Do you see either of those traditions or both of them as playing an important role now and in the future in the situations you just described?

NC: The traditions? Yes, but the words probably not. The United States is a very unusual country. We can't ignore the fact - it's a shame, it should be overcome, but it's a fact. I don't know of any other country, except extreme right wing dictatorships, where a person can't identify himself as a socialist. The term socialism in other countries is kind of like saying, I'm

a Democrat. If you're a communist, you can run for political office. Maybe people won't like it. In the United States these are terms of opprobrium. We have such a well functioning propaganda system that ideas that are normal in comparable countries are considered utterly beyond the pale here. So terminology - you have to be careful with it. But the ideas, yes, I think most of the population, judging by attitudes studies, pretty much supports these attitudes and views. Maybe you have to approach them with their own terminology, but yes you can. Take the common thread of left Marxist and anarchist thinking: Working people should control the work environment and the enterprises in which they work. That's an old American view. So common that it was the slogan of the Republican Party under Abraham Lincoln and it was the main driving force for the most effective radical movements in American history: Knights of Labor, the populist movement of the late 19th century. I don't think that's very far below the surface and I think that can be recovered. And that is the lead driving element in the left Marxist anarchist tradition.

R: Noam Chomsky, I wish we had much more time. I am very grateful for the time you have given and I know I speak for my audience, both the listeners and the viewers: Yours is a lifetime of commitment to something that a whole new generation is learning, they want to commit to. And I want on their behalf and for myself to thank you for all that you have done, including being with us today.

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