



The header banner features a black and white portrait of Bill Moyers on the left. To the right, the text "BILL Moyers JOURNAL" is displayed in a mix of white and yellow fonts. A search bar is located in the top right corner. Below the main title, navigation links are provided: "WATCH & LISTEN", "THE BLOG", "ARCHIVE", "TRANSCRIPTS", and "TV SCHEDULE".

## TRANSCRIPT:

October 24, 2008

**BILL MOYERS:** Welcome to the JOURNAL.

What a week. As the election gets closer, tempers are rising on all sides. And in all the heat, some important news is getting lost.

We'll get to that in just a moment, but first, many of you sounded off loud and clear after my interview last week with [Mark Crispin Miller](#) about allegations of voter fraud in this year's election.

**MARK CRISPIN MILLER:** What we have in this country, for voting purposes, is a system that is nothing short of scandalous.

**BILL MOYERS:** Many of you who wrote thought the interview was a conspiracy to mug Republicans. I can't repeat on air some of your language, but here are some comments that pass the test of family viewing:

**VIEWER 1:** "[Mark Crispin Miller] lies and spouts moonbat conspiracy theories that not even Mother Jones magazine will endorse." -Scott

**VIEWER 2:** "I was appalled at last night's program with 'Prof.' Miller. His views were so slanted and biased that I found myself totally turned off by him...If the Republicans are committing so much fraud then why did the Dems sweep in 2006?" - Lael

**VIEWER 3:** "Professor Miller states, 'Filling out voter registration forms dishonestly to pick up a couple of bucks, which is what the ACORN volunteers have done, is not voter fraud!' Oh, really? If that's not fraud, what is?" -Gary

**BILL MOYERS:** But hold on. In ACORN's case, the problem isn't fraud at the polls. It's that a number of hired helpers tried to pick up some extra pocket change by padding registration lists with fake names - names like Mickey Mouse, for one. There's no indication that Mickey - or Minnie - have ever actually voted. But if they did it's possible they could have a problem with those electronic voting machines - just like Homer Simpson.

**HOMER SIMPSON:** Oh, one of those electronic voting dealies.

**MACHINE:** One vote for McCain. Thank you.

**HOMER SIMPSON:** No, I want to vote for Obama.

**MACHINE:** Two votes for McCain.

**HOMER SIMPSON:** Come on, it's time for a change!

**MACHINE:** Three votes for McCain.

**HOMER SIMPSON:** No, no, no!

**MACHINE:** Six votes for President McCain.



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## TALKBACK: THE BLOG

Our posts and your comments

## OUR POSTS

November 26, 2008

Do Healthy Options Lead To Healthy Decisions?...

## YOUR COMMENTS

"Thank you Bill. We were glued to the tube watching the Michael Pollan interview. The use of pes..." - *mike and Liz Fessler*

**HOMER SIMPSON:** Hey, I only meant one of those votes for McCain. This machine is rigged!

**VOTER:** I voted for Barack Obama, and it came up John McCain.

**BILL MOYERS:** Reports from West Virginia say early voters are already sharing Homer's frustration for real. A handful of voters there insist that the touch screen voting machines changed their votes, just as Mark Crispin Miller warned last week. Election officials blamed poorly calibrated machines and voter error. But a similar problem has popped up in Tennessee - but there, McCain supporters claim their votes have gone to Obama. So wherever you vote, be vigilant.

Paranoia strikes deep. Here's what [Minnesota Congresswoman Michele Bachmann said on MSNBC's "Hardball"](#).

**CHRIS MATTHEWS:** How many do you suspect of your colleagues as being anti-American?

**REPRESENTATIVE MICHELE BACHMANN:** What I would say is that the news media should do a penetrating expose and take a look. I wish they would. I wish the American media would take a great look at the views of the people in Congress and find out are they pro-America or anti-America? I think people would love to see an expose like that.

**BILL MOYERS:** That channeling of Joe McCarthy backfired big time. In the days following her remarks, way more than a million dollars flooded into her opponent's coffers from outraged voters; the National Republican Congressional Committee even pulled its advertising support; and now, in her Minnesota district, Ms. Bachmann is in a fight for her political life.

As gonzo journalist Hunter S. Thompson said, when the going gets weird, the weird turn pro.

Here where I live, Rupert Murdoch's NEW YORK POST had to take back a report it published last week. The paper claimed that while John McCain and Barack Obama were downstairs in the Waldorf Astoria ballroom swapping jokes at the Al Smith Dinner, Michelle Obama was upstairs, feasting on room service lobster and caviar.

Oops. Turns out there was no lobster and caviar. Turns out Michelle Obama wasn't even staying there. I say you can't make this stuff up, but someone is always trying. So let's get back to the real news.

There's nothing make-believe about this. Remember these scenes of mountain top mining in West Virginia? Companies blow those mountains sky-high to expose the coal, then haul away tons of rock and debris and dump the waste into valley areas. To protect the quality of the water, they're not supposed to pile the stuff within 100 feet of rivers and creeks.

But while we've all been obsessing over Sarah Palin's posh makeover and Joe Biden's latest gaffe, the coal companies have been lobbying the Bush administration to gut the rules even further, to allow them greater freedom to dump massive waste piles anywhere they want - including directly into the water.

Now, the Interior Department is one of those government agencies that's practically been turned over to the industries it's supposed to regulate. So as a parting gift, the President's appointees at Interior have now officially proposed granting the coal companies their wish - to dump at will.

There's a 30-day period for public comment and review before the proposal takes effect, so you can find out [how to register your opinion - pro or con - at our site on PBS.org](#).

Now to the story on everyone's mind: just how do the Bush White House and our two presidential wannabes intend to pull us back from the economic abyss? And what don't we know about all those billions upon billions of our dollars being dispatched to banks and financial institutions in our name? Treasury Secretary Hank Paulson tried to assure us this week that, no fooling, there will be strings attached to the \$700 billion dollars approved by Congress.

**HENRY PAULSON:** Institutions that sell shares to the government will accept

restrictions on executive compensation, including a clawback provision and a ban on golden parachutes during the period the treasury holds equity issued through the program.

**BILL MOYERS:** Clawbacks stipulate the return of the more ill-gotten of executive gains, but, believe me, there are so many loopholes in the restrictions on compensation, you could fly a fleet of gulf stream corporate jets right through them. At least [seven loopholes were identified by Oregon Congressman Peter DeFazio](#).

**REPRESENTATIVE PETER DEFAZIO:** The golden parachutes, yeah, they were exchanged for camouflaged parachutes. The execs on Wall Street are still going to get millions. Look at the loopholes there.

**BILL MOYERS:** And take note: since the start of Fiscal 2004, the once mighty five of Wall Street - Goldman Sachs, Morgan Stanley, Merrill Lynch, Lehman Brothers and Bear Stearns - lost around \$83 billion in stock market value. But they reported employee compensation of around \$239 billion.

In other words, the financial engineers who dug this disastrous hole paid themselves almost three dollars for every dollar they lost.

And now this. The cost of all these bailouts to the taxpayer is more than two and half times what we forked over twenty years ago to pay for the Savings & Loan crisis - [a whopping \\$8,750 per household](#). So while you may have seen your retirement savings or college tuition account destroyed or have been on of the 800,000 who have lost their jobs so far this year, the masters of the universe are doing just fine, thank you. Treasury Secretary Henry Paulson is looking out for them.

During his 32 years at Goldman Sachs, where he knew many of the players now floating to earth with taxpayer parachutes, Paulson accumulated \$700 million. And now he says he's afraid that if he clamps down too harshly on compensation for his old friends, they might not be enthusiastic about participating in his plan to save our economy. I am not making this up.

Or this: the 30-nation Organisation for Economic Co-operation and Development - or OECD - is out this week with a [new report on global gaps between rich and poor](#). Guess which great industrial nation had the fourth highest inequality in incomes - behind Mexico, Turkey and Portugal? Right. Us.

Here's precisely what the report says: "Rich households in America have been leaving both middle and poorer income groups behind. This has happened in many countries but nowhere has this trend been so stark as in the United States." Now there's some real spreading around of the wealth - in one direction: up.

**BILL MOYERS:** Watching Alan Greenspan testify before Congress this week, I tried, I tried very hard not to keep thinking of Ayn Rand. I failed.

The philosopher and novelist Ayn Rand was Alan Greenspan's ideological guru, his intellectual mentor. She was also one of the most amazing fantasists of the last century, the author of two of the most influential books of my generation THE FOUNTAINHEAD and ATLAS SHRUGGED, both timeless best-sellers.

Rand was a hedonist, an exponent of radical self-interest, who so believed in unfettered, unbridled capitalism that she advocated the abolition of all state regulations except those dealing with crime. In the gospel according to Rand, the business community was constantly beleaguered by evil forces practicing, are you ready for this? Altruism! Yes, the unselfish regard for the welfare of others was a menace to greed, and Rand would have none of it.

Alan Greenspan met her as a much younger man in New York and, like so many blossoming capitalists, was smitten. He has since downplayed her influence on him, but as Chairman of the Fed for nearly 19 years he seemed quite Rand-like as he watched Wall Street run wild. Yesterday, like an old warrior still in a fog after his armies have been routed from the field of battle, he expressed shock at how his ideology has failed him. He didn't see it coming, he told the House Oversight Committee. The extent of the meltdown is, "Much broader than anything that I could have imagined," a "Once-in-a-century credit tsunami." The wondrous glories of a free market with no need of pesky oversight had somehow gone wrong. Now you tell us.

**ALAN GREENSPAN:** I made a mistake in presuming that the self-interests of

organizations, specifically banks and others, were such as that they were best capable of protecting their own shareholders and their equity in the firms...

**CHAIRMAN WAXMAN:** In other words, you found that your view of the world, your ideology, was not right, it was not working.

**ALAN GREENSPAN:** Absolutely, precisely. You know, that's precisely the reason I was shocked, because I have been going for 40 years or more with very considerable evidence that it was working exceptionally well.

**BILL MOYERS:** With his ideological blinders stripped away by reality, Alan Greenspan might well do penance by curling up this weekend not with THE FOUNTAINHEAD and ATLAS SHRUGGED but with James K. Galbraith's new book THE PREDATOR STATE: HOW CONSERVATIVES ABANDONED THE FREE MARKET AND WHY LIBERALS SHOULD TOO. In it, the author asks: "Why not build a new economic policy based on what is really happening?" A fundamental question that surely has Ayn Rand and Milton Friedman spinning in their graves.

James K. Galbraith is with me now. Professor Galbraith once served as Executive Director of Congress' Joint Economic Committee. He teaches economics at the LBJ School of Public Affairs at The University of Texas, where he also directs the University's Inequality Project, analyzing wages and earnings and patterns of industrial change around the world.

James Galbraith, welcome.

**JAMES GALBRAITH:** Pleasure to be here.

**BILL MOYERS:** How perilous is this situation?

**JAMES GALBRAITH:** Oh, very much so. This is the big one. I have been working on financial crises since the New York City rescue in 1975. And this is, by far and away, the biggest threat to the system as a whole that we've seen in my lifetime and I think the biggest threat since the late 1920s.

**BILL MOYERS:** Is it possible that the adrenaline of fear could push us over the brink into panic so that we stop acting rationally or deliberately?

**JAMES GALBRAITH:** Fear is a factor. But we have an enormous advantage over our predecessors in 1929. We have the fact that the New Deal happened. And we have the institutions of the New Deal, though they have been badly damaged in the last decade, they are still with us. We have deposit insurance. We have Social Security. We have a government which is capable of acting as the lender of last resort, which can borrow and spend as needed to deal with this crisis.

So here in the United States the capacity to handle the crisis exists. What we need is a government that's willing to use that capacity, that believes in it. And that's where the collapse of the old objectivism of Alan Greenspan is such a fundamental feature of the present situation, and very timely. With the collapse of that system of ideas perhaps the way will be cleared for thinking afresh and clearly about the problems that we face and how to solve them.

**BILL MOYERS:** Well, they have been acting as born-again believers in government intervention.

**JAMES GALBRAITH:** I think, though, that there's still a great deal still to be learned and still to be done. We are going to hear a great deal in the next few weeks about the need for a stimulus package. And a lot of people will be talking about how they will be conceding that the government should get involved short term.

But what needs to be stressed is that we've seen a breakdown of an entire system. The consequence of the failure of regulation, of supervision of the banking system over the past eight years, has been to cause a collapse of trust, a poisoning of the well.

**BILL MOYERS:** Trust?

**JAMES GALBRAITH:** Of trust, yes. Banks -

**BILL MOYERS:** Between?

**JAMES GALBRAITH:** Banks no longer trust each other because they no longer know whether their counterparties are solvent. Customers no longer trust the banking system. Banks no longer trust the people who would like to borrow from them for commercial purposes. This is a poisoned well. It is going to take a fair amount of time for it to be cleaned up.

**BILL MOYERS:** Fair amount of time? What do you mean?

**JAMES GALBRAITH:** My feeling is, if it is done correctly, aggressively, effectively, we could begin to work out of it in three years. But it is not a problem that's going to be solved with a six-month program.

**BILL MOYERS:** What scares you most right now?

**JAMES GALBRAITH:** Well, a week ago or two weeks ago I would have said the possibility that Phil Gramm might become Secretary of the Treasury.

**BILL MOYERS:** Your former Texas soul mate, right?

**JAMES GALBRAITH:** Yes, exactly. Yeah. We have a contest between a philosophy of deregulation, of de-supervision, a philosophy of anything goes. Gramm himself was the architect, a deep architect of the speculative markets that have just collapsed. And an alternative which says that there really has to be a pragmatic approach to these problems. And that's a choice the American public obviously is going to be making in a few days.

**BILL MOYERS:** What's the worst-case scenario you think about late at night?

**JAMES GALBRAITH:** Right now the thing that troubles me most is not the United States. The thing that troubles me most is that the same ideas of deregulation, of free markets, were applied in the construction of modern Europe. And the Europeans don't have the institutions of the New Deal, a central bank that can lend as necessary.

**BILL MOYERS:** Right.

**JAMES GALBRAITH:** Government that can borrow as necessary; that can take the initiative. They have expanded themselves into Eastern Europe in a way in which Communism was replaced by nothing. And a financial collapse is going on there now is, in many ways, more profound than the one we are experiencing here.

**BILL MOYERS:** But we've seen Gordon Brown, the Prime Minister of Britain, step forward in a way that our own government hasn't and try to orchestrate a European-wide response to this.

**JAMES GALBRAITH:** That is true. And that is, you know, collection of the finance ministers getting together over the weekend to try and do this on an ad hoc basis. Mercifully, we have the institutions of government in this country that can act. The Europeans are winging it. They have to go against their charter of the Central Bank, against the Maastricht Treaty and its restrictions on government spending, government deficits. They- that problem is a systemic problem. Our problem is a policy problem. We can solve our problem.

**BILL MOYERS:** Isn't our government winging it, too? I mean, the NEW YORK TIMES this week-

**JAMES GALBRAITH:** Yeah.

**BILL MOYERS:** Had a long story saying that Secretary of Treasury Paulson was behind the curve at almost every turn.

**JAMES GALBRAITH:** That's no doubt true. First of all, the crisis had been developing for a year. When it broke, he sent up a three-page bill to Congress. Many people said that's a power grab. My view was it was a punt. It said to the Congress, "You take this ball. You write the legislation," which Barney Frank and the other leadership of the Congress actually did do. And they came back. And eventually they passed a bill. And Paulson has been improvising ever since. He's done a number of

things that actually I was recommending as early as the 25th of September in the "Washington Post". Guarantee all deposits in the banking system. Support the commercial paper market. Take out equity investment in the banks, effectively partially nationalizing them. All of these things which were unimaginable in mid-September are now policy, even though they were, strictly speaking, part of the bill.

So we are improvising very fast. The next problem is going to be that the economy needs to be dealt with, not just the financial sector. The fact is we have a million homes in foreclosure. That number's going to be rising. It could be two and a half or five million in a few months. We are going to have to take very significant steps to try and keep people in their homes, to try and minimize the amount of abandonment, the amount of blight, the amount of sort of permanent damage to the houses out there and to the people who live in them.

**BILL MOYERS:** Yeah, that's one calamity I wanted to ask you about. You own a home on which the value of it is far less now than the mortgage that you have to pay off. What do we do about that?

**JAMES GALBRAITH:** You renegotiate the mortgage. And that is something that has to be done on a case-to-case-by-case basis with government help. That is what, in the 1930s, Roosevelt established a Home Owners' Loan Corporation to do. And we're going to need to go back to that model and do something similar. Sheila Bair, the head of the FDIC-

**BILL MOYERS:** Federal Deposit Insurance Corporation.

**JAMES GALBRAITH:** - has proposed something quite similar.

**BILL MOYERS:** And so has Governor John-

**JAMES GALBRAITH:** So we're-

**BILL MOYERS:** -Corzine of New Jersey is coming forward with something like that. Details to follow. But I know he's groping with that. Other governors are, too.

**JAMES GALBRAITH:** Yeah.

**BILL MOYERS:** Can they do it on their own at the state level?

**JAMES GALBRAITH:** No. It is going to require federal organization and federal funds. And the states have another problem, which is states and localities fund themselves from the property tax and the local economies.

**BILL MOYERS:** Right.

**JAMES GALBRAITH:** Those are collapsing. So they need support and help to maintain their public services, to keep their staff, their civil servants on payroll so that you don't complicate the housing problem, among other things.

**BILL MOYERS:** And since there's no private capital from that they can borrow now, where do they go?

**JAMES GALBRAITH:** Well, they have to - the federal government is going to have to provide both operating revenue and support for capital investment by state and local government.

**BILL MOYERS:** What about the other calamity? The other calamity is that people nearing retirement and the elderly, have really been hit hard in their pension plans. What happens to them?

**JAMES GALBRAITH:** Well, you can't make people whole individually because everybody made different portfolio choices. Some were more in the stock market, some less. Those who were more in the stock market have been hurt harder. What you can do is protect the population as a whole. And we have a system for doing that. It's called Social Security.

It supports today about 40% of the American elderly population has basically no other income. It's more than half of the retirement of maybe 50 or 60% of that

population. Social Security benefits, except for inflation adjustment, haven't been raised in a generation. We ought to think about replacing the losses to some degree in the aggregate that have occurred in the markets by raising Social Security benefits and particularly raising them for the poorest and most vulnerable.

**BILL MOYERS:** For a temporary measure?

**JAMES GALBRAITH:** Well, I'm in favor of doing it on a permanent basis.

**BILL MOYERS:** But, you know, you and everybody else have been reading or talking to or calling for more spending, more spending because that's the only way you say to get capital into the system. But where's that money going to come from, Jamie?

**JAMES GALBRAITH:** The government has no problem with money. What we're learning, first of all, is that the dollar remains the anchor currency of the world. The euro is the one, is the currency that's collapsing right now, not the dollar.

Uncle Sam's credit is excellent. Uncle Sam can borrow short term for practically nothing these days. Everybody wants to have Treasury Bills and bonds because they're safe. Uncle Sam can borrow for 20 years at 4.3%. That's the same rate that the United States could borrow at for 20 years in the last month of the Eisenhower administration. So from our point of view, we're actually well placed, I mean, as the government of the United States is well placed to take the lead in pulling the country and the world out of this crisis.

**BILL MOYERS:** But even Barack Obama's website calls the deficit America's "Domestic Enemy." Even he's aware of the fact that the deficit's beyond sight.

**JAMES GALBRAITH:** Well, the deficit isn't beyond sight. The deficits in the Bush administration in relation to the size of the economy were never all that large. They were certainly larger than they were under Clinton, but that was in part necessary because of the changed economic situation, the collapse of the dot-com bubble in 2000.

The United States government's credit is good. The deficit is a financial number that people are going to have to get used to because there is no way in these circumstances of avoiding an increase in the deficit. One of two things can happen. The government can take action and help stabilize the economy in which case we will have more spending but also more employment.

Or the government cannot take action and let the economy collapse in which case we will have much less tax revenue. The deficit is going to be larger either way. There is no way of avoiding that. The only question is do you work to have a good economy or do you accept a terrible economy?

**BILL MOYERS:** What are the negative effects of a soaring deficit?

**JAMES GALBRAITH:** Well, the one thing I would have worried about is that we might not find lenders who are willing to provide funds to the U.S. government, that the Chinese or the Japanese might decide that they would rather be in some other currency and that we'd then have trouble with inflation. But that's not going to happen.

It's not going to happen because, as it turns out, the major alternative, the euro, simply isn't viable as a reserve asset for the rest of the world. It's the dollar or nothing. So the United States basically can finance itself to the extent necessary to deal with this crisis. And I'm right now quite sanguine about that, quite confident that we won't face a problem.

**BILL MOYERS:** You call your book THE PREDATOR STATE, what do you mean predator?

**JAMES GALBRAITH:** What I mean is the people who took over the government were not interested in reducing the government and having a small government, the conservative principle. They were interested in using these great institutions for private benefit, to place them in the control of their friends and to put them to the use of their clients. They wanted to privatize Social Security. They created a Medicare drug benefit in such a way as to create the maximum profit for pharmaceutical companies.

They used trade agreements to extend patent protections for various interests or to promote the expansion of the corporate agriculture's markets in the third world. A whole range of things that were basically political and clientelistic. That's the predator state.

**BILL MOYERS:** You call it a corporate republic.

**JAMES GALBRAITH:** It is a corporate republic.

**BILL MOYERS:** Which means that the purpose of government is to divert funds from the public sector to the private sector?

**JAMES GALBRAITH:** I think it's very clear. They also turned over the regulatory apparatus to the regulated industries. They turned over the henhouse to the foxes in every single case. And that is the source of the decline in, the abandonment of environmental responsibility, the source of the collapse of consumer protection, and the source of the collapse of the financial system, all trace back to a common root, which is the failure to maintain a public sector that works in the public interest, that provides discipline and standards, a framework within which the private sector can operate and compete. That's been abandoned.

**BILL MOYERS:** We saw what Alan Greenspan said yesterday. But did you see what the chairman of the Securities and Exchange Commission, Christopher Cox, said? I mean, it was one of the great recantings in modern American history. Quote, "The last six months have made it abundantly clear that voluntary regulation does not work."

Now, we all know that the government can screw up, too. We all know that government can make serious mistakes. What kind of regulation do you think we should have that doesn't poison and punish entrepreneurial talent but protects the public interest?

**JAMES GALBRAITH:** Well, first of all, anyone who thought, up until six months ago, that voluntary regulation could work was either being dishonest or delusional. Voluntary regulation is regulation that, by its nature, you can evade. And what happens is that the people, who are most intent on evading it, on not respecting the standards, come to take over the process. Their profits are better. And so they drive the complying firms and businesses to the wall. They out-compete them.

You need to have a mandatory system so that the firms which are more technologically progressive, which are safer, which are more complaint, which provide, which are prudent in the financial sector, which maintain credit standards so that those firms have a competitive chance. That's the first purpose of regulation.

It is a framework which it favors, when it's done properly, it's a framework which favors the more efficient, the more progressive, the elements that are prepared to work within the guidelines set by a larger public purpose.

**BILL MOYERS:** What kind of regulation do you think might be most effective?

**JAMES GALBRAITH:** The, well first of all, we need to clean up the mess that's there. And that's going to include a fair amount of legal intervention, criminal prosecution, malfeasance. There was a lot of fraud in the housing sector, in the, amongst the loan originators, amongst the appraisers. This all needs to be investigated. And people need to be moved out of positions in the financial industry that they have abused.

The regulatory system going forward is going to have to be basically like a utility. It's going to have to treat banking like a utility with limitations on growth, on rate of return, and on credit in such a way as to be much more transparent, to make it much easier to evaluate financial products that are traded. None of this over-the-counter, occult, too complex to value stuff.

We need to end the offshore tax havens and other ways in which institutions have hid out from their responsibility to the country to pay their share of taxes. And we need to have a set of prudential standards that are reasonable and that basically can put the business of finance on a sustainable footing. It'll be a much less glamorous business going forward. But it will be more reliable for the country as a whole.

**BILL MOYERS:** You are such an experienced economist in your own right. But I

hesitate to bring the spirit of your father to this table. He would have been 100 last week had he not died two years ago, right? And his classic book, of course, one of his classic books is "The Great Crash of 1929". Is the situation today comparable to what happened when your father was a young economist?

**JAMES GALBRAITH:** It is. The situation today is very similar to the moment of panic and collapse that we saw in 1929. And for very similar reasons. An abandonment of the supervisory responsibility that should have been applied to keep the speculation and the fraud and the abuse from getting out of control. So there's going to be a major period of correction. And dad, in writing this in 1955, talks about how memory fades and how eventually, although so long as people remembered '29 it wouldn't be repeated, eventually it would be forgotten and the underlying speculative impulse would come back. So the book, in addition to being a great read, is really prescient in a very balanced way. But I will say that we're not going to go back to 1929 because in 1929 we hadn't had Roosevelt. We hadn't had Kennedy and Johnson. We had had them now. So we have a body of history to work with.

**BILL MOYERS:** There's a precedent, you're saying, that there are tools there if people want to use them.

**JAMES GALBRAITH:** Tools, not only precedent, there are institutions. There's a government structure. And if we use them, we can avoid, we can't avoid '29. But we can avoid 1930 and 1931, 1932, when-

**BILL MOYERS:** When-

**JAMES GALBRAITH:** -output fell by a third, unemployment rose to 25 percent of the labor force and a third or more of the banks in the country closed and people lost their savings. In fact, we are already in a position of moving to take steps to prevent that from happening. We need to recognize, though, that we can never go back to a system of this kind of buccaneering finance driven, Wall Street-led economy in which a group of people who are profoundly unqualified to run the country are, in fact, dictating policy from perches here in Manhattan.

**BILL MOYERS:** But there are capitalists like Steve Forbes, I just read a long article by him in the current issue of "Forbes Magazine," who argue that people like you are going to go too far and that it was actually the government's excesses and failures in the '80s and '90s that contributed to what began to happen in 2007 with the meltdown. And that if you have your way, people like you have your way, you will criminalize business. You will raise taxes and dry up the economy. You will take government unchecked into the same kind of catastrophe that unchecked Wall Street has carried us. How do you answer a Steve Forbes?

**JAMES GALBRAITH:** Well, first of all, I very much agree with him, that it was failures of government that were responsible for this. It was the actual failure, the abandonment, the neglect of the supervisory regulatory responsibility. That's at the root of this.

Just as you cannot prosper without a private economy, you cannot prosper without an effective autonomous government capable of thinking for itself, capable of balancing things out, of standing for other interests, of standing for labor and consumers and for the public interest as a whole. If you don't have that, you're going to get these pyramids, these bubbles, these epidemics of fraud and abuse, and ultimately the collapse of trust and the collapse of the economy itself. That's what's happened in the predator state.

**BILL MOYERS:** I wrote down something you wrote elsewhere, that struck me. You wrote that after World War II our American system wasn't imperial. Quote, "We spoke instead of community, of freedom, of common purposes and common values. And the world took us seriously because we had paid our dues." What's happened to those values?

**JAMES GALBRAITH:** Well, it's clear that world has lost its confidence in the responsible role of the United States. Iraq is viewed by the world as reckless and self-serving rather than being a necessary step to protect the mutual security.

In the financial sector, the world viewed us as a safe haven because they believed we had effective systems for legality, transparency and security. That's taken a hard knock. But we are rescued for the moment by the fact that other people's systems turn out to be even worse. I believe that you can turn a page and that you can rebuild the position of the country in the world community if you do so in a way

which is fully credible. New people, new philosophies, new policies.

**BILL MOYERS:** The book is THE PREDATOR STATE: HOW CONSERVATIVES ABANDONED THE FREE MARKET AND WHY LIBERALS SHOULD TOO. James K. Galbraith, thanks for being with me.

**JAMES GALBRAITH:** Thank you.

**BILL MOYERS:** All over our country people are hurting. The statistics of unemployment and foreclosures reveal the magnitude of the distress but not the individual experience of people who lose their paychecks one month and their home the next. For millions of Americans the daily struggle to make ends meet is normal, but these hard times now compound their distress beyond despair.

Last Sunday I stopped at a small Baptist church on the West Side of Manhattan, in the neighborhood known as Hell's Kitchen. For a hundred and fifty years this neighborhood has been cauldron of human life, made famous by waves of immigrants packed in tenements, clutching at scraps of opportunity among the slaughter houses, speakeasies, bordellos, breweries, gambling halls, and street gangs. Hell's Kitchen became notorious for murder and mayhem.

These days, the chic nestles with the tawdry "Diamonds on top of a dung heap," someone wrote: towering condos, rising above designer boutiques... trendy restaurants alongside worn old buildings like Metro Baptist Church on 40th street, right at the exit of the Lincoln Tunnel, where buses roar up from beneath the Hudson River into mid-town Manhattan.

The small congregation here offers after-school programs for neighborhood children, food pantries for the hungry, and on Sundays, a house of worship for people to sing, pray, and share their concerns for friends, kin and neighbors. There they were, all listed in the church bulletin, name after name:

The Alvarez Family, and their 16 year old daughter awaiting kidney transplant from her mother

Jean, brain tumor, surgery this week

Son of Willie, court date later this month

A friend of Katie, lost job at Lehman Brothers

Friend of Paula, marital problems

Wife of Charlie, Alzheimer's disease

Corinne, experienced short remission but cancer has returned

Ty, recently kicked out of home & discerning future

James, serving in Iraq

And on it went, a procession of personal dramas, as the buses rumbled up from the tunnel, the noise and fumes punctuating the service. The traffic made it hard at times to hear my old friend of 50 years, James Dunn, who was there to speak, but his message was lost on no one.

He spoke of "The humility that befits all humanity", "the hurt that afflicts every heart," and, "the hope that comes with community," an old theme in American history.

My friend said, "There is strength in the company of others, from "We, the people" to "We shall overcome." Back outside, on the streets of Hell's Kitchen, those names kept resonating in my head.

During lunch, I overheard people at a nearby table talking about the ugliness of our politics, and while I know this, too, is a recurring theme in American history, I tried to imagine how foreign this campaign must seem to the reality of everyday life for the Alvarez family, Willie, Corinne, James, and the others among that "fellowship of

suffering" for whom life right now is a series of sighs and a stream of tears. How foreign and fraudulent the politics of sleaze, the polarizing almost savage pursuit of power that strokes the paranoia in us in order to divide and conquer.

When this election is over, no matter who wins, there will be much to repair, if we have the will for it. So it seems a good moment to introduce you to someone of the next generation who hasn't given up on either our humanity or our future together.

Mark Johnson is the co-director of a remarkable documentary about the simple but transformative power of music: **PLAYING FOR CHANGE: PEACE THROUGH MUSIC**.

**MARK JOHNSON:** Well I think music is the one thing that opens the door to bringing people to a place where they are all connected. It is easy to connect to the world through music, you know. Religion, politics, a lot of those things they seem to divide everybody...

**BILL MOYERS:** The film brings together musicians from around the world - from blues singers in a waterlogged New Orleans, to chamber groups in Moscow and a South African choir - they celebrate songs familiar and new, to touch something common in each of us. Here is one you might recognize:

**VARIOUS SINGERS/MUSICIANS:**

Oh yeah, my darling, stand by me  
 No matter how much money you got, all the friends you got,  
 You're gonna need somebody, to stand by you  
 When the night has come. And the land is dark  
 And that moon is the only light we'll see  
 No I won't be afraid, no I won't shed one tear  
 Just as long as you people come and stand by me  
 And darlin', darlin', stand by me, oh stand by me  
 Oh stand, stand, stand by me  
 Come on stand by me  
 When the sky that we look upon  
 When she tumble and fall  
 Oh the mountains they should crumble into the sea  
 I won't cry, I won't cry, no I won't shed a tear  
 Just as long as you stand, stand by me  
 So darlin', darlin', stand by me, oh stand by me  
 Please stand, stand by me, stand by me  
 Oh baby baby,  
 Darlin', darlin', stand by me, oh stand by me  
 So darlin', darlin', stand, oh stand, oh stand, stand by me,  
 Come on stand by me  
 Stand, oh won't you stand, oh stand, stand by me, stand by me,  
 When the night has come, and the land is dark,  
 And the moon is the only light we'll see,  
 I won't be afraid, I won't be afraid,  
 Not as long, not as long as you stand by me

**BILL MOYERS:** The filmmaker is Mark Johnson. He's a Grammy award-winning producer and engineer and a film director who has worked with some of the most renowned musicians and producers in the field.

Mark, welcome to the JOURNAL.

**MARK JOHNSON:** Thank you so much. It's an honor to be here.

**BILL MOYERS:** What in the world prompted you to do this?

**MARK JOHNSON:** The idea came about ten years ago, here in New York City. I was in a subway station on my way to work. You know, every day in the subway, people are just running around like crazy to get wherever they have to go.

**BILL MOYERS:** Oh, tell me about it.

**MARK JOHNSON:** But this particular day, I was in the subway and I heard these two monks playing music. And they were painted head to toe, all in white, wearing robes. And one of them was playing a nylon guitar and the other one was singing in a language that I didn't understand and I imagine most people didn't understand.

**BILL MOYERS:** Everybody was just standing around. I've done that. Yeah.

**MARK JOHNSON:** You know, there were about 200 people just stopped. Didn't get on the train and started watching this music. And I looked around and I saw people with tears in their eyes. And I saw jaw dropping. And I just saw this collection. And it occurred to me that here is a group of people that would normally run by each other. And here they are, collectively coming together. And it's the music that brought them together.

So it really inspired me. And it occurred to me that when there's no separation between music and people, when music is just happening and people can walk by and it can affect them, that this is an opportunity for us to really find a way to bring people together.

**BILL MOYERS:** A hundred musicians took part, right?

**MARK JOHNSON:** Yes. Yes.

**BILL MOYERS:** Ten years, it took you.

**MARK JOHNSON:** Ten years it took me.

**BILL MOYERS:** Did you ever think of just giving up?

**MARK JOHNSON:** You know, I remember, as I started this project, it started to build more and more importance. And I remember at some point or another, realizing that we were going to represent the eyes on the faces of the kids on this planet.

And that that was going to be our motivation. So there was no chance we were going to stop. Because the truth is, they need us to inspire each other and to create a better world. I mean, there's so many problems now with the economy and with war and a lot of depression. But at the end of the day, there's also so much hope because I can assure you, all over the world, people are beautiful and they want to unite together.

**BILL MOYERS:** But there are also some very ugly situations in the world. And you went into the heart of some of them. What took you to those places to try to sprinkle this hope you talk about?

**MARK JOHNSON:** Well, I think that in order to really unite people, you know, we have to show that in our darkest situations and in the places with the most struggles in the world, that we can find a way of uplifting each other out of it. I remember hearing somebody that said, you know, "The last person who knew why we were fighting died a long time ago."

We all know the world is changing. And we get to decide if it's changing for the better or if it's changing for the worse.

And so with music, it opens up these doors that ordinarily wouldn't be opened.

**BILL MOYERS:** Why did you choose "Stand by Me"?

**MARK JOHNSON:** I chose "Stand by Me" - or it chose me as it may have been, because I was walking in the streets in Santa Monica, California where I live. And I heard the singer, Roger Ridley, playing the song on the street. And I was maybe a block away, and I still heard him. And I remember running back over to catch the performance.

**ROGER RIDLEY:** No matter who you are. No matter where you go in life. You're going to need somebody to stand by you.

**MARK JOHNSON:** And when the song ended, you know, I was so moved by him, his voice sort of representing everything to me that music is, with soul and perseverance and talent all wrapped into one voice. So I approached Roger and I said, "Hey, you know, if I come back with some recording equipment and some cameras, I would love to take this song around the world and add other musicians to it."

**BILL MOYERS:** What do you hope comes from this?

**MARK JOHNSON:** Well, I mean, with Playing for Change, my ultimate thing would be that people understand that in a world with all this division, it's important for us to focus on our connections.

**BILL MOYERS:** You are starting some schools from this, called Playing for Change, right?

**MARK JOHNSON:** Many years back, my brother, Greg Johnson, who's been a huge source of inspiration for me, he had given me a Christmas gift which was a photo book called "A Day in the Life of Africa." And in that book was one photograph that he had framed for me.

And the caption was something along the lines of, "One of the more dangerous townships in South Africa finds solace through backyard jazz." And I had this picture on my wall for years. And it served as a symbol for me and for the crew that I was traveling me.

And so, I did some research. And I found out that the band leader was the upright bass player named Pokei Klaas. And he is the upright bass player you see in the "Stand by Me" video with the children in front of him.

**BILL MOYERS:** Right.

**MARK JOHNSON:** And so when we traveled down to Cape Town, South Africa, and we were going to eat at a restaurant, and we heard this music down the street. So the crew and I, we walked down there to hear their music. And when the band was over, we asked Joe Peterson, who was the singer in the band, "Have you ever heard of Pokei?"

And he said, "Oh, yeah, Pokei. He's my best friend. I'll take you to see Pokei." So the next day, we all got in a van and we drove out to Guguletu township. Which is passing thousands of shacks and an incredibly humbling experience. And we went out there and we show up and we meet Pokei. I remember there were a number of little homes in the backyard. And a lot of sorrow because there was a lot of HIV in the area. A lot of poverty.

So we decided, okay, we'll put on a little concert in the backyard because the people here need something to celebrate.

And I have never in my life seen something more beautiful when the people came out of their little homes and just started dancing and celebrating this music. And it was almost a form of an exorcism where all the sorrow was gone and they were now filled with all this joy and connection to us and to each other. And so we asked Pokei, as we had all the musicians along the way, you know, "Well, what can we do to give back to your community?"

I mean, they let us in their homes. They fed us. They give us their music. They told us their stories in the world. And Pokei said, you know, "The kids here, they really need a music school. They need some hope. They need something that can give them some inspiration." And so just this - a couple months ago we went down there with some shovels and we built the first Playing for Change music school in that exact spot. In the backyard.

And now it's a chance for kids to get together, to have something positive to look forward to. And what we're doing with this foundation is we're going build hundreds of schools around the world. And installing them all with recording equipment and cameras. So that people can log on to the internet and they can watch recitals and concerts in the schools we're building, to kind of break down that whole distance barrier.

**BILL MOYERS:** Did anybody ever say to you, "Mark, don't be naive"?

**MARK JOHNSON:** Oh, absolutely. Absolutely. But to me, naive is thinking that there's any other choice. You know? The only choice we have is to come together. And to inspire each other because that's the way that we'll create a better world for us now and for the kids tomorrow.

And the other truth is, I mean, you know, a lot of people are living in a world of fear. But we don't even know how long we're going to be in this world. So there's really no reason to fear anything. The most important thing is while we're here, let's make a

difference together. That's what Playing for Change is trying to represent.

**BILL MOYERS:** We'll link your [Web site](#) to our [Web site at PBS.org](#) and people can find out more about Playing for Change. What's next for you?

**MARK JOHNSON:** Well, to continue to build schools around the world. The beautiful thing about Playing for Change is that it never ends. And so that we're going to continue to connect more and more musicians around the world. Build the family together. And build more schools.

**BILL MOYERS:** Mark Johnson, we'll close with your favorite song on the DVD, "One Love."

**MARK JOHNSON:** Thank you, Bill.

**VARIOUS SINGERS:**

One Love, One Heart  
Let's get together and feel all right  
Let's get together and feel all right  
One Love, One Heart  
Let's get together and feel all right  
As it was in the beginning  
So shall it be in the end  
Let's get together and feel all right

Let them all pass off their dirty remarks  
One Love  
There is one question I'd really like to ask  
One Heart

Is there a place for those hopeless sinner  
Who has hurt all mankind just to save his own?  
Believe me

One Love, One Heart  
(Foreign Language)  
I see the sun  
(Foreign Language)  
Let's get together and feel all right  
(Foreign language)

**BILL MOYERS:** That's it for the JOURNAL.

I'm Bill Moyers, we'll see you next week.

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