

ARTUR DAVIS PREVIEWES A PITCH FOR THE STATEHOUSE

U.S. Rep. Artur Davis says he's eager to make an alliance with the Alabama business community if he runs for governor in 2010. Advancing his credentials as a moderate, he says weak control of Fannie Mae and Freddie Mac is to blame for kicking off the financial crisis.

BY BESSIE FORD

Democratic Congressman Artur Davis, who represents Alabama's 7th District in the U.S. House of Representatives, has his eye on the race for governor in 2010.

We caught up with him for an interview shortly before the November election, which saw Davis re-elected for a fourth term. Davis was an active and ardent supporter of Barack Obama beginning early in the presidential race.

Davis was born in Montgomery in 1967, graduated from Harvard University in 1990 and from Harvard Law School in 1993.

The district Davis represents, predominantly African-American, includes Choctaw, Clarke, Dallas, Greene, Hale, Jefferson, Lowndes, Marengo, Montgomery, Perry, Pickens, Sumter, Tuscaloosa and Wilcox counties.

Do you feel handicapped as a congressman from Alabama in dealing with the House leadership, or, put another way, do you think you have gone as far as you can in the House?

For reasons having nothing to do with race, and I wouldn't couch it as having done all I can, but in terms of the House of Representatives, I am a moderate Democrat from a district in a red state, and my views on a range of issues are to the right of



what the Democratic Party leadership would be. That doesn't mean that I haven't been able to do some good, constructive things, but by definition, the Democratic Caucus is ideologically driven and people get advanced who are good team players. I know full well it would be impossible to climb the ranks of the House of Representatives. If I were able to do so, I would have a political profile that would make me unelectable statewide. I did not get into politics to be a career politician. I got into politics because I have particular goals I want to see for my state. I got into politics with an expectation of being a change agent in Alabama. When people say I should remain in the House of Representatives and steadily and quietly build seniority, that just happens not to be what I choose to do with my career. I want to make a difference in this state's future, and that can't be done from Washington, D.C. That is why I am giving a great deal of thought to running for governor in 2010. It is my expectation that if I were to run, what I would be doing in February is announcing the formation of a committee to explore running for governor, and you will get the message of what that implies.

What is the biggest economic issue facing Alabama?

In the short term, as tax revenue declines and our growth is trimmed,

that pushes more people into programs to provide them relief, such as Medicaid. The long-term challenges are two-fold on the economic front. We have a very low level of services compared to other states in the Southeast, and we have a very low corporate tax burden compared to other states in the Southeast. We are going to have to come to grips with the implications of that reality in the next several years. We are not producing a public education system in this state that is attractive to large numbers of middle-income blacks and whites. I am seeing too many resegregated public high schools in this state. We have to make our public schools attractive to all young people.

What challenges, if any, do you face working with a predominantly white business leadership in Alabama?

None based on race. Zero. I think I have a good relationship with the corporate community. If I run for governor, I won't agree with them on every issue, but I will agree with them on many issues. For example, I am not anti-union, and I know some of your readers are. I think we have good unions in Alabama. I happen to think that most business leaders are willing to sacrifice some of their very generous corporate tax rates we have in exchange for a demonstrated product in public education. I know they don't want money poured down a rat hole. If I run for governor, I will be candid about these issues, because too many gubernatorial candidates have made the mistake of running on nothing.

What do you think are the primary causes of the world financial crisis?

I think two things happened at once. I think we went through a period when we deregulated too much. We let the market have a little too much free rein to design exotic financial services and from a social policy standpoint we got too aggressive in expanding the housing market in this country. Both of those things collided, and they produced a climate where essentially the risk

was taken out of the lending for the lender. The borrower still had a risk, and it is called foreclosure. Lenders were able to repackage their mortgages with exotic financial services and securities. If you were the financial services or mortgage industry, you could buy up all these mortgages. It did not matter if a lot of them were bad. We relaxed any restraints on Fannie Mae and Freddie Mac. That's what led us down this path. Eventually we reached that tipping point where there was so much bad debt there was really only one option, and that was bypass surgery. That bypass was the bailout.

What are the solutions?

The bailout was a solution for one specific problem, and it was the problem of the credit markets being blocked. There are other problems in this economy. Unemployment is up, tax revenues are down in my state, and we have a long-running problem of wages being frozen during a period of relatively high productivity. What we have to do ultimately is master our own destiny in this econ-

omy. We have got to free ourselves of our dependence on foreign oil, we have got to free ourselves of our dependence on foreign bankers, and we have got to free ourselves from an economy that is all too dependent on investment abroad.

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Should there be relief for troubled mortgage holders as part of the government solution?

I think there should be, because if we are going into the business of forgiving the risk of financial institutions we have to look at forgiving some of the risks from some of those

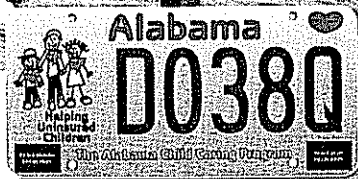
homeowners, because a lot of them were roped into lending deals that were not good for them because of unscrupulous practices in the industry. These are just not people who made unwise decisions. I wish we had done more to help homeowners, and we still need to try. The problem is that the market keeps changing. When the House and Senate passed a bipartisan bill that President Bush signed, it gave Fannie and Freddie the authority to buy back a lot of bad mortgages. Here is the problem. Nobody in the government can tell you exactly what Fannie and Freddie do today because shortly after that bill passed, Fannie and Freddie were acquired by the federal government, and no one knows what role they perform. I wish we could do more, but there is a practical problem here. These mortgages are so sliced up and so delineated that the very task of buying them back is harder than you think.

Bessie Ford is a staff writer for Business Alabama and the editor of the newsletter Inside Alabama Politics.



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