

NOTHING NEW FROM NEW HAMPSHIRE

THE OUTCOME of the New Hampshire primary reinforces the view that nothing dramatic will happen to disturb the American political terrain this time round. Both the candidates and their policies are lacklustre: nothing sufficiently powerful to terminate the dying era - yet. America is in the philosophic doldrums - the calm before the storm.

But the next political upheaval will be qualitatively different from the previous ones. Indeed, EI predicts a paradigm shift in the texture of US (and, come to that, global) politics. But first, what is there about the current situation that encourages us to believe that, at the level of the street, people are beginning to feel that past trends cannot be allowed to continue?

First, President Bush said in his State of the Union speech: "I know we're in hard times. But I know something else: this will not stand." Well, people do not believe him. They read his lips - about taxation - and saw a forked tongue. But opposition candidates are equally unimaginative. And so, given the absence of real choice, enough people will abide by the rule that you stick with the devil you know.

Not for long. Ordinary families are now taking stock of life in the New World, and they do not like what they see. Take the influence of that basic of commitments, the household mortgage. Millions of families are refinancing their mortgages (see page 4): the result is an uncharacteristic extension of indebtedness, which is forcing voters to soberly assess their prospects by peering deep into the future. For good financial reasons - they are committing themselves to repaying mortgages over a 30-year time span - they now have to take stock of the character of their country, to relate the political and economic conditions to their personal prospects.

And they are disturbed, a fact which is finding expression in the ominous statements of commentators. Typical is the depressing assessment by Anthony Lewis in *The New York Times* (February 14): "America is more like the *ancien régime* in France than ever before." A *Time* magazine essay called the social process of disintegration "The Fraying of America" (February 3). Lewis identifies a socially inequitable tax system as being at the heart of the problem. The latest studies reveal that, as the poor get poorer and the rich get richer, the middle class is being squeezed to extinction. Lewis does not offer a radical solution, but he is on the right track.

Why do we expect this dissatisfaction to express itself in something more dramatic, in 1996? Traditionally, control of the American political system has alternated between the pursuit of private interest (Republicans) and dedication to public service (Democrats). But that choice is no longer available. Schlesinger summarises the threat to the power structure in terms of "double failure and double obsolescence". Today, people can draw on memories to conclude that the liberal interventionist state failed, and so did the neo-conservatism of Nixon/Reagan/Bush.

"When the counterrevolution only deepens national troubles, people will see

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a 'double failure' of both welfare-state and free-market alternatives," writes Schlesinger. "The cyclical alternation will lose its legitimacy."

EI agrees.

"The accumulation of discontent will subvert the traditional political order and rush American politics into new and dangerous times." Those words, published in 1986, are prescient: the dangerous times have arrived. Literally. When women and children die in the streets from the stray bullets of gangsters and socially alienated delinquents - as is happening almost every day in New York - we can expect an explosive reaction.

The double failure has arrived, but the 1992 presidential candidates have not risen to the occasion. There is no hint of an understanding of how to change the course of society; yet people will not tolerate the anarchy that now defines American culture.

The warnings have been around for some while, in critiques like Christopher Lasch's *The Culture of Narcissism* (New York: Norton, 1991). People's confidence in America is badly shaken; they have seen the Cold War enemy collapse in disarray, on the grounds of economic failure, but they have not been allowed to bask in self-satisfaction. For, with the mounting levels of unemployment, people whose homes are being repossessed, and who are being made redundant a score of years before retirement realise that there is little to commend "capitalist" economics. A CNN/USA Today survey in January disclosed that 55% of Americans

believe the economy needs a "complete overhaul" - hardly evidence of a complacent attitude to the system that is supposed to provide one's daily bread-and-butter.

The emerging awareness of a deep-rooted crisis is undermining the national identity. This has now found one expression in animosity for a new enemy: Japan. Fuelled by tactless statements by Tokyo politicians, who are characterising American workers as lazy, the calls for protectionism are pushing Washington into flirting with nationalistic insularity - the harbinger of fatal mistakes that will crush international trade and lock the world trading system into a downward economic spiral that could collapse into a geo-political crisis.

A few writers (such as Robert Reich, in *The Work of Nations* [New York: Vintage Books, 1992]) are trying to define a new identity for Americans, but the outcome will reflect latent conditions. Current trends will define the nature of economic activity for at least the next 30 years. Correctly anticipating those trends will generate fortunes, whereas making decisions today based on past behaviour will probably break a few

fortunes. EI will monitor the trends and anticipate the policies that will establish the framework for the jobs market and the investment opportunities for capital in the 21st century.

AS INTEREST RATES FALL... FAMILIES RESCHEDULE DEBTS

