Unhappy America

If America can learn from its problems, instead of blaming others, it will come back stronger

NATIONS, like people, occasionally get the blues; and right now the United States, normally the world’s most self-confident place, is glum. Eight out of ten Americans think their country is heading in the wrong direction. The hapless George Bush is partly to blame for this: his approval ratings are now sub-Nixonian. But many are concerned not so much about a failed president as about a failing nation.

One source of angst is the sorry state of American capitalism (see page 33). The “Washington consensus” told the world that open markets and deregulation would solve its problems. Yet American house prices are falling faster than during the Depression, petrol is more expensive than in the 1970s, banks are collapsing, the euro is kicking sand in the dollar’s face, credit is scarce, recession and inflation both threaten the economy, consumer confidence is an oxymoron and Belgians have just bought Budweiser, “America’s beer”.

And it’s not just the downturn that has caused this discontent. Many Americans feel as if they missed the boom. Between 2002 and 2006 the incomes of 99% rose by an average of 1% a year in real terms, while those of the top 1% rose by 11% a year; three-quarters of the economic gains during Mr Bush’s presidency went to that top 1%. Economic envy, once seen as a European vice, is now rife. The rich appear in Barack Obama’s speeches not as entrepreneurial role models but as modern versions of the “malefactors of great wealth” denounced by Teddy Roosevelt a century ago: this lot, rather than building trusts, avoid taxes and ship jobs to Mexico. Globalisation is under fire: free trade is less popular in the United States than in any other developed country, and a nation built on immigrants is building a fence to keep them out. People mutter about nation-building beginning at home: why, many wonder, should American children do worse at reading than Polish ones and at maths than Lithuanians?

The dragon’s breath on your shoulder
Abroad, America has spent vast amounts of blood and treasure, to little purpose. In Iraq, finding an acceptable exit will look like success; Afghanistan is slipping. America’s claim to be a beacon of freedom in a dark world has been dimmed by Guantánamo, Abu Ghraib and the flouting of the Geneva Conventions amid the panicky “unipolar” posturing in the aftermath of September 11.

Now the world seems very multipolar. Europeans no longer worry about American ascendancy. The French, some say, understood the Arab world rather better than the neoconservatives did. Russia, the Gulf Arabs and the rising powers of Asia scoff openly at the Washington consensus. China in particular spooks America—and may do so even more over the next few weeks of Olympic medal-gathering. Americans are discussing the rise of China and their consequent relative decline; measuring when China’s economy will be bigger and counting its missiles and submarines has become a popular pasttime in Washington. A few years ago, no politician would have been seen with a book called “The Post-American World”. Mr Obama has been conspicuously reading Fareed Zakaria’s recent volume.

America has got into funks before now. In the 1950s it went into a Sputnik-driven spin about Soviet power; in the 1970s there was Watergate, Vietnam and the oil shocks; in the late 1980s Japan seemed to be buying up America. Each time, the United States rebounded, because the country is good at fixing itself. Just as American capitalism allows companies to die, and to be created, quickly, so its political system reacts fast. In Europe, political leaders emerge slowly, through party hierarchies; in America, the primaries permit inspirational unknowns to burst into the public consciousness from nowhere.

Still, countries, like people, behave dangerously when their mood turns dark. If America fails to distinguish between what it needs to change and what it needs to accept, it risks hurting not just allies and trading partners, but also itself.

The Asian scapegoat
There are certainly areas where change is needed. The credit crunch is in part the consequence of a flawed regulatory system. lax monetary policy allowed Americans to build up debts and fuelled a housing bubble that had to burst eventually. Lessons need to be learnt from both of those mistakes; as they do from widespread concerns about the state of education and health care. Over-uniformed and unaccountable, America’s school system needs the same sort of competition that makes its universities the envy of the world. American health care, which manages to be the most expensive on the planet even though it fails properly to care for the tens of millions of people, badly needs reform.

There have been plenty of mistakes abroad, too. Waging a war on terror was always going to be like pinning jelly to a wall. As for Guantánamo Bay, it is the most profoundly un-American place on the planet, and it is just shut.

In such areas America is already showing its genius for reinvention. Both the Republican and Democratic presidential candidates promise to close Guantánamo. As his second term ticks down, even Mr Bush has begun to see the limits of unilateralism. Instead of just denouncing and threatening the “axis of evil” he is working more closely with allies (and non-allies) in Asia to calm down North Korea. For the first time he has just let American officials join in the negotiations with Iran about its fishy nuclear programme (see next article).

That America is beginning to correct its mistakes is good; and there’s plenty of other to be done. But one source of angst demads a change in attitude rather than a drive to restore the status quo: America’s relative decline, especially compared with Asia in general and China in particular.

The economic gap between America and a rising Asia has certainly narrowed; but worrying about it is wrong for two reasons. First, even at its present growth rate, China’s GDP will take a quarter of a century to catch up with America’s. And the internal tensions that China’s rapidly changing economy has caused may well lead it to stumble before then. Second, even if
Asia’s rise continues unabated, it is wrong—and profoundly un-American—to regard this as a problem. Economic growth, like trade, is not a zero-sum game. The faster China and India grow, the more American goods they buy. And they are booming largely because they have adopted America’s ideas. America should regard their success as a tribute, not a threat, and celebrate it.

Many Americans, unfortunately, are unwilling to do so. Politicians seeking a scapegoat for America’s self-made problems too often point the finger at the growing power of once-poor countries, accusing them of stealing American jobs and objection when they try to buy American companies. But if America reacts by turning in on itself—raising trade barriers and rejecting foreign investors—it risks exacerbating the economic troubles that lie behind its current funk.

Everybody goes through bad times. Some learn from the problems they have caused themselves, and come back stronger. Some blame others, lash out and damage themselves further. America has had the wisdom to take the first course many times before. Let’s hope it does so again.

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America and the Middle East

More U-turns, please

American policy in the Middle East is changing, and could usefully change some more

BARACK OBAMA’S presidential-style progress through the Middle East and Europe this week stole many headlines (see page 40). But that should not be allowed to divert attention from some surprising policy shifts by the man who, last time we checked, was still the actual president of the United States. George Bush has just made at least one-and-a-half U-turns in the Middle East. They have serious merit. If he now makes another turn and a half, he may bequeath whoever succeeds him something unexpected: the beginnings of a decent American policy for this troubled region.

Mr Bush’s first U-turn was on Iran. For several years now the world has applied economic sanctions, part of a policy of carrots and sticks designed to make Iran come clean about a nuclear programme which it claims is peaceful but which many governments believe to be a quest for the bomb. Until last week, however, America had left it to Britain, France, Germany, Russia and China to dangle the carrots. America itself was all stick. America’s partners have held countless meetings with Iran to offer technical and economic rewards if the Iranians only stop enriching uranium. Mr Bush, having consigned the mullahs to an “axis of evil” in his first term, refused to let Americans attend. That has helped the Iranians to claim that whatever the other countries were offering was never enough; what use the blandishments of lesser powers if the superpower was determined on hostility and regime change?

So it is good that Mr Bush at last let a senior member of the State Department join the latest talks, in Geneva on July 19th. This produced predictable cries of “appeasement”. The Wall Street Journal fumed, accurately, that Iran had done nothing to earn this “warm shoulder”. That misses the point. By showing that it is willing to engage, America knocks away a central argument of the Iranian hardliners. Most Iranians crave good relations with America and the wider world. Though the policy of carrots and sticks might still fail, it stands a better chance of success if America can prove, while keeping up the sanctions, that a deal really is available if Iran will compromise.

Mr Bush’s U-turn on Iran was voluntary. The simultaneous change in Iraq seems to have been forced upon him, so qualifies as only half a turn. Even so, the fact that America and Iraq are both suddenly talking about a “time horizon” for the withdrawal of troops is not a bad thing. At the least, it underlines the growing confidence of the government of Nuri al-Maliki (pictured with Mr Obama) as the fighting dies down.

For the present, of course, such talk is best kept vague. A premature withdrawal, whether it is prompted by over-confidence on Iraq’s part or American impatience under a President Obama, risks unleashing a renewal of sectarian killing and a return to chaos. But provided both governments remain flexible, it is useful for Iraqis and Americans alike to be reassured that Iraq is a sovereign country and that America has no right or intention to stay any longer than it is welcome.

If lame ducks could fly

It may seem absurd to suggest more U-turns for Mr Bush during his few remaining months in office. But one fairly simple one would be to show towards Syria—also once a member (though added as an afterthought) of the axis of evil—the same guarded flexibility that he is now showing towards Iran.

This would require eating a modest slice of humble pie. Syria’s dictator, Bashar Assad, has been an irritation to America. He has let jihadists into Iraq from Syria and given weapons to other foes of America such as Hizbullah in Lebanon and Hamas in the Gaza Strip. He may have ordered the killing of a former Lebanese prime minister. Forcing Syrian forces to quit Lebanon after that country’s “cedar revolution” in 2005 was one of Mr Bush’s few achievements in the region.

Still, Mr Assad has managed somehow not only to survive American pressure but also to make himself a force to be reckoned with. Israel recognises this and has lately begun indirect negotiations with Syria through Turkey. Hard as it is, Mr Bush should follow the example of France’s president, Nicolas Sarkozy, and do his bit to jolly such peace talks along. If nothing else, an opening to Syria would put further useful pressure on Iran, which is otherwise miserably short of Arab friends.

The final half turn? Mr Bush cannot make up in months for his years of neglect of Palestine. But he could do his successor a favour by drawing, as Bill Clinton did, a clearer picture of the territorial price any president will expect Israel to pay for peace with the Palestinians. Everyone knows that this will have to include sharing Jerusalem with a Palestinian state and handing over the bulk of the West Bank. Yet even presidential candidates as audacious as Mr Obama find this strangely hard to say out loud before they are elected. By saying it himself Mr Bush could at least help the next man make a quicker start.