

American Review

GLOBAL PERSPECTIVES ON AMERICA

SECOND TERM AGENDA

John B. Judis
Mary Kissel
Kishore Mahbubani

PLUS

Geoffrey Wheatcroft on 2016
Nicole Hemmer on Nate Silver

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The cycle turns

Like Reagan, Obama wants to transform the American ideological landscape

“I think Ronald Reagan changed the trajectory of America, in a way that Richard Nixon did not, and in a way that Bill Clinton did not,” Barack Obama remarked in one of the most revealing moments of the 2008 presidential primaries. “He put us on a fundamentally different path because the country was ready for it.”

During his Christmas holiday three years later, in 2010, Obama read one of Lou Cannon’s five biographies of Reagan. Shortly afterwards, *Time* magazine superimposed a photo of the Republican hero with his arm around the Democratic incumbent. The cover headline: “Why Obama ♥ Reagan”. The sub-heading: “No, the two never actually met, but we think they would’ve had a lot to talk about.”

It’s no wonder the “Gipper” is a role model for President Obama. Both energised their parties and attracted new voters. Both are thought of as ideologically-driven conviction politicians who would bring much needed change at a time of domestic and international crisis. Both are seen as transformational presidents.

There is, of course, a crucial difference. For Obama, the “transformation” he has had in mind is to undo the Reagan revolution with a burst of government expansion and left-liberal governance.

In recent months, several prominent conservatives — Charles Krauthammer; Patrick Buchanan; Mark Steyn; the *Wall Street Journal*

editorial page, whose board member Mary Kissel contributes to this issue of *American Review* (see pp 35–43) — have recognised that Obama may be fulfilling his purpose.

Recall that in four years he has pushed the largest spending bill in US history, a national healthcare program, major financial reform, and the first income tax increase in nearly two decades. Add to this his administration's plans for sweeping reforms to education, energy, and firearms, and it is clear that, in American terms, Obama's agenda is amounting to the most radical ideological change in generations.

Meanwhile, his Republican opponents are in political disarray. But as the veteran political journalist John B. Judis points out (see pp 22–34), even a liberal Democratic president will struggle to transform the political landscape in Washington, notwithstanding the nation's liberal trajectory. For the President faces not only a determined and uncompromising opposition but also institutional roadblocks to progressive reform.

Our regular columnist Anatol Lieven suggests (see pp 8–13) that Republicans run the risk of disintegrating into a regional party of the South or a rump party of marginalised angry white men. Whatever the merits of his argument, it is certainly true Obama's re-election demonstrated that the demographic transformation of the nation has occurred more quickly than expected. That means as the proportion of minorities (Latinos, Asians, and blacks) increases past 30 per cent of the electorate, the white share of the national vote will continue to decline. Last year, minorities voted for the Democrats four to one.

Republicans are catching the significance of the rapid demographic changes. In a move that received hardly any media attention in Australia in December, South Carolina Governor Nikki Haley chose Tim Scott to fill the Palmetto State Senate seat vacated by Jim DeMint. Here was a conservative Republican governor, who is the daughter of immigrants from India, appointing a Tea Partier who will become the only sitting

African American senator in this Congress. Meanwhile, two front runners for the Republican presidential nomination in 2016 are minorities: Bobby Jindal (the Indian-American Governor of Louisiana) and Marco Rubio (the Cuban-American senator from Florida).

As Republicans try to make sense of last November's defeat, they need to find a way of resonating with Latinos, America's fastest-growing demographic group, on immigration policy. But they may still remain on the political back foot because the Democratic coalition that re-elected Obama is solidly progressive on not just border protection but taxes and entitlements, among other hot-button issues. And despite the fact that Obama has attracted the ire of the Left over his failure to close the Guantanamo detention camp and push an emissions trading scheme, he is nonetheless presiding over liberal changes across the nation while he increases the size and scope of the regulatory state.

As recently as 2008, liberal candidate Obama ran to the right of conservative vice-president Dick Cheney on the issue of gay marriage. Last year, he changed his mind and his U-turn did not hurt his political prospects one jot. In November, voters adopted a same-sex marriage initiative in as many as four states. This was after 32 prior defeats for the issue at the ballot box.

Moreover, the so-called Millennials — those aged between 18 and 29 — are far more progressive on drugs, guns, abortion, and gay rights than their parents. They also take a more dovish view on foreign policy. According to a Chicago Council on Global Affairs survey last year, a majority want America to “stay out” of world affairs.

To the extent that such attitudes prevail, they may contradict the idea that America is *The Right Nation*, as the title of a 2004 award-winning book by John Micklethwait and Adrian Wooldridge has it.

The liberal decades of FDR, Truman, JFK, and LBJ, when Democrats

won seven out of nine presidential elections, recast the shape of American politics. Yet in the period following Vietnam, and especially Ronald Reagan's ascent to power in 1980, liberalism lost its way. Republicans defeated Democrats in landslide presidential elections. Liberalism stood tottering on the brink of historical irrelevance.

Today, liberalism is resurgent and a Democratic president is unashamedly attempting to transform the ideological landscape. The President's inaugural address is further proof that he intends to move the nation in a more liberal direction. What the historian Arthur Schlesinger Jr called "the cycles of American history" may be moving towards the Democrats. ■



Whither the Republican Party

*Demography is working against
American conservatives*

The United States is facing two interlinked domestic challenges which are unprecedented in their scope. The first is the rise of the Latino (and, to a lesser extent, Asian) populations as the chief driver of an inexorable shift towards a non-white majority within the next 30 years. The second are the economic changes which make it impossible to fulfil the American Dream for large parts of the white middle classes by assuring them decent and stable middle-class incomes, let alone the steadily rising living standards of previous eras of US history. How Washington responds to these challenges will determine for many decades to come the health of American democracy and the prestige of the American model in the world.

These challenges portend big implications for the Republican Party, as the chief representative of the conservative white middle class. In coming years, it will change radically, or split into different parties, or experience a long period of exclusion from national power. Of course, it could experience some combination of all three processes. This would mark change not seen since the 1930s — or perhaps since the 1850s and 1860s when the existing two-party division of US politics took shape.

The present demographic shift is not unprecedented in its scale. The mass immigration of the late 19th and early 20th centuries, which brought tens of millions of Europeans to the US, and eventually replaced the old white Anglo-Saxon Protestant and Scots-Irish monopoly on power, was even greater. What is unprecedented about the present shift is that so much of it is accounted for by one ethnicity, Latinos, who — unlike Italians, Germans or Poles — will not abandon their own language through assimilation in America; who come from what has traditionally been regarded as a different race; and who, in the case of the Mexicans at least, have a strong sense that large parts of the USA once belonged to their country and were stolen by force. This does not indicate support for secession, but it does give them a growing self-confidence in pressing for increased rights. Within a few years, some of the key territories conquered from Mexico in the mid-19th century will have Latino majorities, including Texas, Arizona and New Mexico.

Another critical way in which the present demographic shift is unprecedented is that it is taking place in circumstances of economic stagnation and relative and often absolute middle class economic decline. The great era of immigration prior to 1924 took place during a period of enormous and relatively steady economic growth. By contrast, from 1924 to 1965 — during the Great Depression and the years of greatest white middle-class growth — immigration was severely restricted.

The decline of middle-class incomes has been especially sharp since the subprime mortgage crisis in 2007–08. But it forms part of a process dating back to the 1970s. By 2012, the US was almost at the bottom of the developed world in terms of social mobility. By 2009, the US male median wage had dropped 28 per cent in real terms since 1970. The shattering effects of the fall were only temporarily ameliorated by the entry of women into the workforce and a flood of cheap — but ultimately unaffordable — credit. Particularly troubling is the fact that even when in recent decades the US economy has been doing well, very few of the benefits have been passed on to the mass of the population. Thus between 2000 and 2008, when the US economy grew considerably, real median income actually declined by 1.6 per cent.

Some of this deterioration in middle class living standards could have been checked by state action in support of industrial development, but much of it seems the result of global economic shifts beyond the power of any American government to control. And while a recovery of the US economy from recession may improve the situation somewhat, the fact that this tendency has continued inexorably over several decades and through several economic cycles suggests that it is very unlikely to stop when the present recession ends. The white conservative middle classes are therefore faced with the loss of their demographic dominance just as much of their economic dominance is collapsing.

Immigration also plays a part in the economic woes of the white middle class. Just as wages for unskilled and semi-skilled labour are being undercut by Latino migrants (including many illegal immigrants), in high-income professions whites are facing increasing competition from Asian migrants and their children. Writing in the *New York Times* on December 19, sociologist Carolyn Chen noted that Asians account for between 40 and 70 per cent of students at

top public high schools with merit-based admission in New York, San Francisco, and elsewhere. They are only being prevented from achieving similar proportions at elite universities by what amount in effect to unstated racial quotas.

In these circumstances, it is hardly surprising that the past four years have seen explosions of white radical conservative hysteria in the US, exemplified above all by the Tea Party. At the same time, it is clear from the presidential election results and demographic changes that if Republicans continue to follow the lead of the Tea Party they will make themselves unelectable to the presidency. Indeed, once Texas and other states develop Latino majorities capable of asserting themselves politically, Republicans may become unelectable in some of their regional heartlands as well. If the Republicans lose Texas, they will be broken as a real national power.

Winning the Latino vote, however, requires far more than bowing to continued immigration (legal and illegal) and then hoping that cultural and religious conservatism will make sufficient numbers of Latinos vote Republican. Most Latinos remain poorer than the US average, and often highly dependent on state programs for support. Bowing to their needs would require abandoning much of the Republican economic ideology of the past three decades. Moreover, appealing to Latinos will require in the short term giving more and more candidacies and local official jobs to Latinos at the expense of Anglos and may require in the longer term concessions in the area of the official status of the Spanish language.

In a straightforward democratic system, Republicans would have to compromise on these issues or face early eclipse. In the US, however, a combination of the vagaries of the Constitution with nationalist fetishisation of that constitution has given the Republicans the opportunity to fight a series of long and often successful rearguard actions. The composition of the Senate gives hugely disproportionate

representation to a few Midwestern states with small white conservative populations. It takes more than 45 times the number of voters to elect a senator from California as it does to elect one from South Dakota. Even when these states vote for Democratic senators (in protest against some particular Republican candidate or action) these Democrats are generally of a highly conservative character. In addition, as was repeatedly demonstrated during President Barack Obama's first term, the rules of the Senate give tremendous blocking power to a minority of Senators, not just over legislation but executive appointments.

Not only does this system give immense advantages to white conservatives, but the (not unrelated) quasi-religious devotion of conservative Americans to the letter of the Constitution means that they are even less likely to be willing to reach any compromise on this issue.

The House of Representatives presents if anything an even more curious picture when it comes to representative democracy. The Democrats actually won the national vote for the House by a slim majority of 49 to 48.2 per cent, but thanks, above all, to gerrymandering in states with Republican administrations, the Republicans emerged with a majority of 33 seats in a house of 438 members.

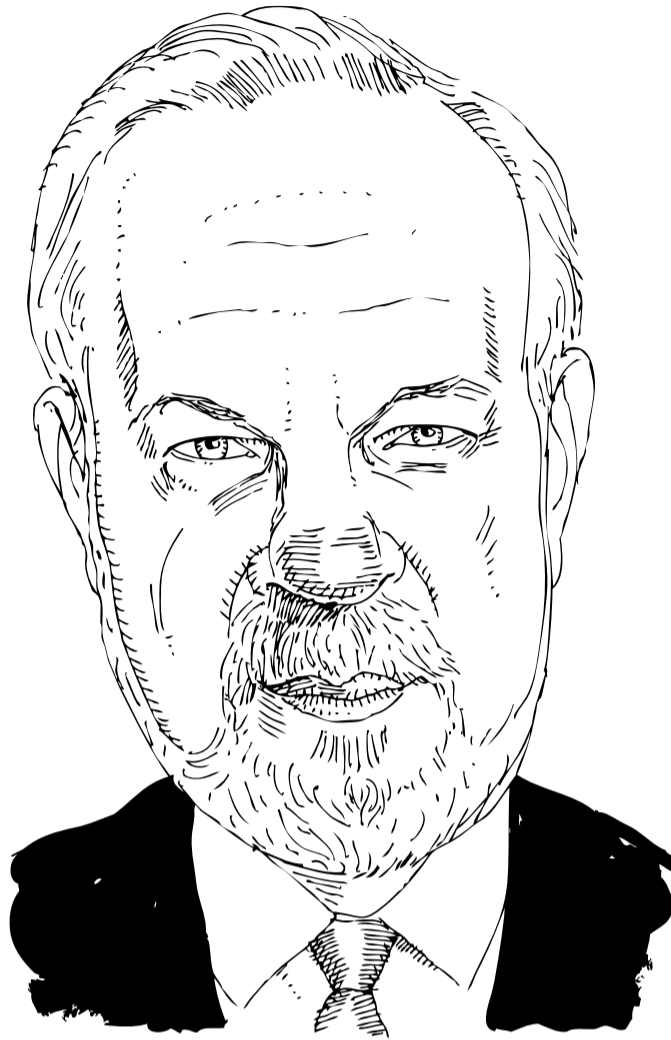
Once again, this gives them the ability to block much of a Democratic administration's agenda. And the Supreme Court, dominated by a conservative majority, has tremendous power not just to cancel legislation and government decisions but even, in effect, to make legislation. Witness the decision to block restrictions on campaign finance, opening the way to even greater manipulation of US politics by private wealth.

It seems highly likely therefore that the decades to come will see a series of ferocious battles over issues like the distribution of

congressional seats, with the courts and the rules of the Senate as weapons and the Constitution as the battleground. On the other hand, as the Latino population grows and Latinos become more politically active and confident, it is unlikely that they will continue to accept an electoral system which is not only so clearly rigged against them but is so clearly lacking in certain basic features of democracy.

This would be a struggle with strong analogies to the fight put up by Southern whites against Civil Rights in the 1950s and early 1960s. It also seems highly probable that, given demographic realities, the end result would also be defeat for the white conservatives. In the meantime, however, US national politics would continue to be extremely polarised, government frequently paralysed, and the image of US democracy badly tarnished.

Alternatively, the Republican Party may split formally between diehards (like the House Republicans who, before Christmas, refused to back their speaker, John Boehner, in seeking a compromise on taxation with President Obama to avoid the “fiscal cliff”) and pragmatists who are desperate to win enough of the Latino vote to hold key states and gain national office. Further Republican splintering would guarantee Democratic political hegemony for more than a generation. It could lead to a new era of desperately needed reform or to disastrous complacency and stagnation. ■



The great untold environment story

*The Midwestern Great Lakes
are an economic boon*

The American Midwest, that great belt of farms and factories stretching south and west from the Great Lakes, has always lived on nature's gifts. First was the farmland, perhaps the richest in the world. The same land yielded coal and iron, and so the Midwest became the nation's foundry as well as its breadbasket.

So it is natural that the Midwest looks now to raw materials to reverse its decades-long slide into economic decay. These new resources, however, aren't land and coal, but water and natural gas, or shale gas. No one knows yet whether water or natural gas can create the number and quality of jobs in the 21st century that iron and coal did in the

19th century, but a lot of Midwestern cities and states have their fingers crossed.

The water lies in the Great Lakes themselves, the five huge inland lakes that, taken together, account for 20 per cent of the fresh water on the planet, the single greatest freshwater resource in the world. This water has always been here, of course, used for recreation or for shipping that iron ore, but never put to use as a job-creator in itself. In a drying world, the Midwest is beginning to realise that it may be sitting on a big wet gold mine.

If fresh water becomes a lure for new investment, the Midwest is in the best location to take advantage of that. The second-biggest freshwater repository is Lake Baikal in Siberia. The third biggest is the Great Lakes of Africa, in the middle of one of the world's most war-torn regions. Only the American Midwest has the urban infrastructure, transport, institutions, and work force capable of supporting a new, water-based economy.

The natural gas, of course, is just as old, but we are just realising how much there is and what we can do with it. Promising natural gas formations are scattered across the globe, from western China to north-western Australia to Alberta in Canada to the lands around the North Sea. But the most excitement centres on new and potentially rich fields in the Midwest — in Pennsylvania, Ohio, Michigan, and Indiana, and stretching into Illinois and Iowa — exactly the old iron-and-coal-fuelled states that produced so much of the world's steel, auto, auto parts, and farm machinery for so many decades.

It's not that these old industries — farming and heavy manufacturing — are gone. Far from it. Midwestern farms feed more of the world than ever. Midwestern factories produce more and export more than they ever did. But neither supports the region nor its people any more. With farms getting ever bigger and farm machinery ever more sophisticated, farming

employs about 2 per cent of Midwesterners these days. The same is true for manufacturing: globalisation, automation, and the employers' war on trade unions has cut manufacturing's share of Midwestern jobs from 35 per cent in 1970 to 15 per cent now. As the recession wanes, Midwestern manufacturing is reviving, but there's no evidence that this is producing more jobs. Just the opposite; many manufacturers used the recession to retool and automate, getting ready to compete in a global market with fewer workers.

In short, the old industries and the old raw materials can't carry the Midwest any more.

Perhaps water and gas can do the job.

The Midwest isn't going to be the OPEC of water. That is, America is not exporting it. A formal compact between the eight states and two Canadian provinces that border the Great Lakes puts severe limits on diversion of the lake water. Even drought-stricken farmlands outside the Lakes' watershed won't be getting this water.

Instead, it is a magnet for companies that need water, like pharmaceuticals, food processing and some IT industries, and even more for companies that make water-related equipment, like valves, meters, pumps, filters, software, and the like. Milwaukee, just north of Chicago, has taken the lead. It has identified no fewer than 120 local firms engaged in these "water solutions" and has formed the Water Council to promote their city as the freshwater capital of the world. The University of Wisconsin at Milwaukee has set up a School of Freshwater Sciences to lead research. An envious Chicago is beginning to do the same. A new Tri-State Alliance linking Milwaukee, Chicago, and northern Indiana into an economic belt around the base of Lake Michigan is looking at water as one of its first regional projects.

Midwesterners already swim in the Lakes and, in recent years, have

done a good job of conserving them. Now they are realising that any future investors or employers who need a reliable source of fresh water may have nowhere to go but the Midwest, and they better get ready for it.

Most big Midwestern cities — not only Chicago and Milwaukee but Cleveland, Detroit, Akron, and Buffalo — lie within the watershed. Most are industrial wastelands. If they have a future, it may be defined by water.

And by natural gas. The best way to get this gas, tucked into layers of shale, is hydraulic fracturing, or fracking, which injects chemically-treated water into the shale to enable drilling. The environmental risks here are clear — something like razing mountaintops to get the coal inside — and fracking is controversial, but not as much as you would expect.

The reason is that it is already creating thousands of jobs, in the oilfields, in steel mills making pipes, in factories using the gas. All by itself, the shale oil boom looks likely to turn the US from an energy importer to an energy exporter. And it is cheap — about one-fifth the price of European natural gas, giving US industrial users a terrific competitive edge.

Environmentalists hate fracking, just as they are suspicious of any commercial use of Great Lakes water. But this is a region in economic distress. Some of its residents are old enough to remember boom times, when giant factories polluted the air with smoke from a thousand chimneys.

To the workers in those factories, it smelled like bread baking in a thousand ovens. ■



Tweets & Tanks

*The new world of social media
is reshaping the region*

What does social media mean for the big issues of war and peace? Is the endless conversation of Twitter and the blogosphere going to break down barriers of misperception or reinforce the worst kinds of misunderstanding between nations? And when war occurs, how will the new information realm shape its nature and outcome? These have been core questions for this column from its inception. With each passing month, as the popularity of social media booms, the answers get more important — and more confusing.

Indo-Pacific Asia is becoming the global centre of strategic gravity, the region most likely to witness armed tensions between major states in the years and decades ahead. It is a region of power shifts and

competing nationalisms. It is also a region experiencing massive take-up of social media among increasingly middle class populations.

So what happens when strategic competition and the embrace of social media collide?

Consider some staggering statistics. Half of the world's social media users are in Asia — most of them in China, Japan, Indonesia, and India. Internet usage across the region went up something like 14 per cent in 2012; in India the figure was closer to 40 per cent. More than 80 per cent of the region's billion-plus internet users also make use of social media.

Jakarta is the world's most active "Twitter city". Japanese is Twitter's most popular language after English. And as for China — well, Weibo's 300 million users speak for themselves, increasingly to the discomfort of the Communist Party.

Now combine this with what is happening in Indo-Pacific Asia as the tectonic plates of strategic competition begin to shift unsettlingly.

Late 2012 saw a new low point in China–Japan relations since, well, probably the 1940s. In a previous column, I noted the mixed role that social media was playing in the dangerous maritime jousting over the contested Senkaku/Diaoyu islands in the East China Sea. Thankfully, it has been a force for mutual understanding as well as hostility — though signs are that the latter has the upper hand.

Academic and media research shows that Chinese internet chatter throughout the year was dominated by strife with Japan. The election of conservative Shinzo Abe as Japanese Prime Minister in December 2012 brought an outpouring of angry and scornful sentiment from many of China's netizens. A survey of Weibo posts by the Chinese Academy of Social Sciences found that no fewer than 177.4 million

posts referred to the Diaoyu Islands dispute and subsequent anti-Japan protests. Another big topic was the South China Sea dispute with the Philippines.

Of course, on many occasions the Chinese leadership has found it useful to tolerate or even encourage jingoistic sentiment — not least as a way to deflect attention from problems in China's own economic or governance story. But it is fair to assume that even a more assertive Beijing still does not want war, and nor does it want the Chinese people to genuinely want war. The hard-to-control proliferation of nationalist outrage on Weibo is becoming a real problem in that regard.

So even normally hard-line instruments of official information like the Global Times newspaper are now being enlisted to cool things down, with editorials in early 2013 reminding readers that ultimately war would be bad for China.

In South Asia, meanwhile, the dynamic has been almost the very opposite, with sensible individuals turning to social media to encourage reflection and restraint in the face of mainstream media outrage over a recent instance of India–Pakistan bloodshed.

In January, two Indian soldiers were killed in fighting along the Line of Control. One was reportedly beheaded. India's newspapers and especially its hyper-sensationalist 24-hour news channels were quick to accentuate and stoke public anger over this mutilation. Curiously, India's Twittersphere did not see quite the same shade of red.

Indeed, a range of journalists and ordinary citizens took to twitter and blogs to try to convey nuance and context — for instance, the history of violence on both sides — and to play down talk of wholesale national revenge.

If only in a small way, these voices may have helped cool the

atmosphere as political and military leaders on both sides moved to de-escalate tensions. We are thankfully yet to see how social media might influence the course of actual war between India and Pakistan.

In the Middle East, on the other hand, the social media dimension of warfare has already been revealed. In the late 2012 conflict between Israel and Hamas, the world caught a glimpse of the sophisticated and relentless propaganda and information role that social media will play in the wars of the future.

This was an armed clash in which both soldiers and citizens were live-tweeting rocket strikes and troop movements; not so much the fog of war as a blizzard of images and information. In theory, this could undercut either side's advantage of surprise and stealth. Certainly the Israeli authorities were quick to urge citizens to restrain their enthusiasm for publishing details of troop movements.

But in practice, the emerging operational picture may almost have been one of too much information, especially for the side with less capacity to make rapid sense of it all. What a blessing the new world of social media may provide for the ancient strategic art of deception.

Either way, the bar has been raised for war journalism. It has been said that the first casualty of war is truth. In future, the first casualty may simply be the war correspondent's craft. ■

Follow Rory Medcalf on twitter at [@Rory_Medcalf](https://twitter.com/Rory_Medcalf)

Liberal delusions

America moves left, but even a liberal Democratic president will struggle to enact radical reform

By John B. Judis

When Barack Obama took office in January 2009, he invited comparison to Franklin D. Roosevelt, a Democrat who also took office in the midst of an economic crisis. Echoing Roosevelt, Obama promised an initial “hundred days” of achievement, and let it be known that he had been reading Jonathan Alter’s book, *The Defining Moment: FDR’s First Hundred Days and the Politics of Hope*. Democrats, for their part, hoped that, like Roosevelt’s landslide victory in November 1932, Obama’s victory would give way not only to major legislative accomplishments but to a new long-term Democratic majority.

Four years later, Obama still invites some comparison to Roosevelt. Obama won re-election, and by a sizeable four point margin over challenger Mitt Romney, while Democrats strengthened their hold over the US Senate and won back seats in the House of Representatives. These results suggest that something like a political realignment has taken place. Obama can also boast of passing a health

care bill that will make insurance accessible to almost every American, a financial reform bill that will remove some of the temptations that led to the 2008 crash, and a stimulus bill that helped pull the country and the American auto industry out of the worst recession since the 1930s.

But Obama's achievements have fallen short. After a few initial policy successes, his program of economic and social renewal stalled. Republicans were able to force compromises that actually impeded the economic recovery. They were also able to weaken Obama's healthcare and financial reform initiatives. And while Obama may be off to a good start in his second term, he is facing the same determined opposition that Roosevelt only had to meet midway through his second term. That suggests a more complicated, thorny political process than that of the Roosevelt realignment.

One way to understand this process is to draw a distinction between the political system that nominates and elects public officials and what political scientist E.E. Schattschneider called the "pressure system" of non-governmental, non-party lobbies; interest groups; think tanks; and political organisations. The two systems are, of course, related; one influences the other. Nonetheless, this distinction makes it possible to understand how a political realignment, like that which led to Democratic victories (in four of the last six presidential elections), has not resulted in unalloyed Democratic legislative accomplishments but instead in something like legislative gridlock.

The theory of political realignment, first formulated in the 1950s by political scientist V.O. Key and later refined by Walter Dean Burnham, holds that American politics goes through cycles of party dominance where one party has generally — although not without interruption — held control of the presidency, Congress, and a majority of statehouses. Republicans were dominant from 1896 until 1932 (although due to a temporary division in Republican ranks, Woodrow Wilson and the

Democrats took control from 1912 to 1920); Roosevelt and the Democrats were dominant from 1932 until 1980, when Ronald Reagan won the presidency and Republicans took the Senate.

When a party has become dominant, it is not, however, on behalf of a single interest group or idea. Unlike many European parties, American party coalitions are heterogeneous politically and open to fissure. The coalition partners can disagree with each other over a range of issues, but they tend to agree with each other more than with the party's opposition. During the New Deal years, Southern whites and Northern blacks both voted Democratic, while disagreeing over civil rights; during the Reagan years, upscale suburban women often disagreed with the social views of right-wing evangelicals, but, along with their husbands, still backed Republican economic and foreign policy.

The parties have platforms, but these are usually ignored by voters. What is important is that the parties uphold a certain world view, or general outlook. Reagan Republicans opposed the welfare state and the taxes they assumed were meant to fund it; they worried about Soviet world domination; upheld the traditional family against the counter-culture; and believed that business was hamstrung by regulation and taxes. The Reagan coalition brought together the white South and Northern ethnic suburbanites (products of the white backlash against civil rights), small and large business, and the traditionally Republican farm belt and non-industrial Midwest.

This Republican realignment differed from the Republican realignment of 1896 or Roosevelt's realignment. It occurred gradually — beginning in 1968, and not really reaching a consummation. By the time Republicans captured the House in 1994, their popularity had begun to ebb. That was, perhaps, because there wasn't a single cataclysmic event — such as the depression of 1893 or crash of 1929 — that precipitated it and swept aside the opposition party.

The new Democratic realignment began in the 1992 election when Bill Clinton won back the White House after three Republican presidential terms, but like the early conservative realignment, it has suffered several setbacks: in 1994, over Clinton's political mistakes during his first two years; after September 11, 2001, which revived the public's support for an aggressive Republican foreign policy; and in 2010, after Obama's political mistakes during his first two years. But if one were to do a regression analysis of the results from 1992 through this election, one would find a trend away from the Republicans and towards the Democrats.

The new Democratic coalition consists of two groups that used to vote primarily Republican. Professionals (as opposed to managers) were once the most dependable Republican constituency, but they have grown in variety and numbers — from about five per cent of the electorate in the 1950s to about 20 per cent today. Some surgeons and dentists may still vote Republican, but not teachers, nurses, software programmers in Silicon Valley, or entertainment and media professionals. This change is a product of the social revolution of the 1960s, which had its most profound impact on college-educated professionals.

The second key group is women, who, as late as the 1976 election between Jimmy Carter and Gerald Ford, tended to vote for Republicans rather than Democrats. Since then, the “gender gap” has become a key factor in Democratic success. College-educated women were affected by the same forces as professionals, but in addition, many women — and particularly the growing ranks of younger, single women — were offended by the Republican embrace of the religious right.

Two other important groups had voted Democratic since the 1930s, but have now shifted even more dramatically into the Democratic column. Blacks, who had traditionally backed Republicans as the party of Abraham Lincoln, began voting Democratic in the 1930s because of

Roosevelt's support for welfare and unemployment programs, but as late as 1960, Republican Richard Nixon was still getting a third of the black vote. In 1964, the Republican nominee Barry Goldwater opposed the new Civil Rights Act and forged a Republican alliance with the white, Southern proponents of racial segregation. Since then, blacks have become part of the Democratic Party.

Hispanics, or Latinos, also voted Democratic during the New Deal years, but after the Republicans in California began stigmatising Mexican immigrants in the 1990s, they too began to back Democrats by more than two-to-one margins. Fifty years ago, blacks and Hispanics made up less than ten per cent of the electorate. This year, they made up 24 per cent, and, along with Asians, other Democratic-leaning minorities made up 28 per cent of the vote. Support from these groups has, to a great extent, made up for a loss of support among white working class voters who began leaving the party over civil rights in 1968. Outside the Deep South, where whites vote uniformly Republican, Democrats can win elections in many states with 40 to 45 per cent of the white vote.

There is one other constituency that has gone Democratic. In the past, young voters would more or less reflect the prevailing political fashion. Young voters in the Reagan years voted slightly more Republican than Democratic. But beginning with Bill Clinton's campaign in 1992, the youth vote has increasingly become Democratic — and far more so than any other age group. There have been specific issues — like Republican support for the Iraq War — that drove young voters to the Democrats, but most generally, what seems to have turned them is Republican identification with social conservatism. Republican opposition to gay marriage, for instance, pleased some older, white, rural voters but turned off many of the young.

The world view of this new coalition very much reflects that of the professionals. It is socially liberal on civil rights, women's equality, gay

marriage, and immigration; in favour of government protection of consumers and the environment; wary of big banks and corporations without being anti-capitalist; supportive of free trade; and skeptical about overseas military intervention. These new Democrats back national health insurance; they don't support pouring money into cities to rebuild them. They want to rein in hedge funds, but they don't necessarily want to do away with them. They view the Republicans as the party of the selfish rich but lack the populist edge of the older New Deal Democrats. Of course, not all groups within the coalition agree with all of these views. Many African Americans are leery of gay marriage; some labour Democrats would have liked to nationalise the banks and slap tariffs on imports. But the different parts agree more with the professionals' world view than with the primarily anti-government world view of the conservative Republicans.

The Democratic coalition was well on display in the 2012 election. In spite of an economy suffering from a 7.9 per cent rate of unemployment, Obama became the first Democrat since Roosevelt to be re-elected with a majority. (Clinton fell short of 50 per cent twice.) The Democrats increased their Senate majority from 53 to 55 even though twice as many Democratic senators were up for re-election (Senators are elected for phased six-year terms.) Democrats actually won the overall House vote but fell short in seats because, after the 2010 elections, Republican governors were able to gerrymander Congressional districts to favour their party.

Exit polls don't count professionals, but they do count voters with post-graduate degrees, which is a fair approximation. Nationally, Obama won these voters, who made up 18 per cent of the electorate, by 13 percentage points. He won women voters by 11 percentage points; he got 93 per cent of the black vote and 71 per cent of the Hispanic vote; and he won voters from 18 to 29 years old by 23 percentage points. He was able to win from 40 to 45 percent of the white vote in the industrial Midwest and West, and above a majority in

the Northeast.

The Republicans have become an overwhelmingly white party based in the Prairie states, the upper Rockies, and the South (excluding Florida and increasingly high-tech upper South states like Virginia and North Carolina). Romney won Mississippi easily by taking 89 per cent of the white vote. But that's not a formula that can win national elections any longer. Republicans could, perhaps, attribute their defeats in 2008 to George W. Bush's unpopularity, but they can't explain away their defeat in 2012, which occurred in an economy that should have favoured the opposition party. By casting their lot after 1968 with the white South and right-wing evangelicals, they have painted themselves into a corner.

Republican setbacks have not, however, entailed dramatic advances for Obama and the Democrats. After Roosevelt took office in 1933, he immediately overhauled the banking and securities industries and set about altering the structure of agriculture and industry. By the end of his first term, he had signed legislation establishing social security, put the power of government behind the right to unionise, and revived the progressive income tax. In his first year, Ronald Reagan transformed the tax code and began to chip away at the welfare state.

Obama started with a similarly ambitious agenda, but he was impeded at almost every turn. Obama's health care initiative barely passed — and only after being seriously weakened. The administration could have extended Medicare, which is confined to senior citizens, to all Americans. That would have been simpler and more cost-effective and would have benefited American businesses. Instead, the final plan retained insurance companies as expensive intermediaries and was filled with loopholes that allowed their rates to soar.

Similarly, the administration could have revived the New Deal-era Glass-Steagall bill, which separated commercial and investment

banking, and which the Clinton administration, under pressure from the banking lobby, had foolishly repealed. Instead, it passed a Byzantine and easily manipulable law that has not prevented further scandal and excess. And faced with a stagnant private sector, the administration could have helped the states maintain public employment until the private sector paid down its debts, but instead it was bullied by the Republicans into forcing the states to cut spending and jobs. Not even Ronald Reagan had done that during the 1982 recession. As a result, the recovery has lagged.

There are several reasons why Obama, even in the midst of a crisis, had to settle for far less ambitious policies than Roosevelt or Reagan. The first is that he failed to rally the country behind his own policies. He mistakenly thought he could win bipartisan support by operating behind the scenes. He eschewed populist appeals and finger-pointing, initially suggesting that both Wall Street and Main Street were to blame for the crash. He was — as befit the change in his party — a cool professional who didn't like to rail against malefactors. But in the absence of full-throated populist appeal from the President, activists on the Republican Right filled the political vacuum. The Tea Parties emerged as the main grassroots force in American politics sometime during the summer of 2009.

Obama was also frustrated by the separation of powers and divided government that allows opponents in Congress to block White House initiatives. Republicans were able to use a Senate rule requiring a supermajority to end debates to prevent some of Obama's appointments and initiatives from even coming up for a vote. But that's only part of the explanation. In the past, the parties had been very reluctant to use this power to filibuster. Under Obama, the Republicans used it repeatedly, even over minor appointments to block what would have been majority votes in favour. That suggests an additional factor is at work.

Over the past two decades, the Republicans have become an

insurrectionary party that disdains compromise. They used not only the filibuster, but, in the summer of 2011, used what had always been a pro forma debate over raising the federal debt ceiling to demand huge spending cuts from the Obama administration. In employing these tactics, the Republicans defied a long-standing consensus against taking steps that might imperil America's international standing. Republicans were warned that holding the debt limit hostage could precipitate a drop in America's triple-A bond rating, but they pressed ahead, determined above all to defeat Obama and the Democrats.

Finally, there is a third factor that is important in explaining Obama's difficulties in getting his agenda through Congress — indeed, in explaining why some of these initiatives were themselves less than the crisis merited or that Obama himself supported. American political parties have always been somewhat disorganised and decentralised. They have been subject to influence by organised interest groups. During the late 19th century, the railroads controlled many of the state legislatures. In the two decades after World War II, a powerful labour movement squared off against major business groups to shape decisions in Washington. In the 1960s and early 1970s, popular movements, including Ralph Nader's public interest groups, had much to do with social and regulatory legislation that got adopted. Political scientists described this system of interest group influence as democratic pluralism — a democracy of competing groups rather than individuals.

But in the early '70s, in response to the creation of new regulatory agencies and of the threat of an alliance between new left and organised labour, businesses entered politics in earnest. In 1971, only 175 businesses had registered lobbyists in Washington. By 1982, 2,445 had. Businesses established political action committees to influence elections directly. They funded new think tanks and policy groups that, under the cover of scholarly objectivity, published reports and testified on behalf of the businesses that funded them. And they undertook a campaign to prevent the growth of the labour movement and to

eliminate unions from existing plants and offices. They were remarkably successful. The American labour movement, which once represented a third of American workers, now represents barely 10 per cent, many of whom work in the public sector.

Business's influence over American politics has also been reinforced since the 1970s by an alliance with the Republican Party. Groups like the Chamber of Commerce and National Federation of Independent Business, which had once been non-partisan, now give almost exclusively to Republican candidates. In the 1990s, anti-tax activist Grover Norquist, working with top House Republicans, developed a coalition strategy that paired business with conservative social and religious groups. Groups such as the Christian Coalition of America and the National Rifle Association backed business legislation (or joined in blocking Democratic initiatives); in exchange, business either stayed neutral or took the Republican side in battles over guns and abortion.

Of course, labour unions and groups aligned with the new Democratic Party have lobbies and policy groups of their own. But they are dwarfed by those of business. Labour unions account, for instance, for only one per cent of the money spent on lobbying; and single issue groups, which included conservative as well as liberal organisations, for only five per cent. Their best hope for influence has been through the political system itself, but even candidates backed by labour, environmental, or consumer organisations have fallen under business's sway once they got into office.

Business influence in the pressure system has been reflected in the legislation passed over the last thirty years. The American tax code has become increasingly regressive. It favours wealth (including unearned interest, dividends and capital gains) over income and business profits over wages. It has contributed to growing deficits and widening inequality, which helped bring about the Great Recession. During

Clinton's presidency, the financial community succeeded in diluting federal regulations — which also contributed to the subsequent crash.

And the list goes on. Telecommunications companies wrote regulations that preserved an anarchic system and have contributed to America's inferior cell phone network and internet. And in Obama's first term, business lobbies, working with Republicans, were responsible for skewing the administration's healthcare and financial bills.

Business, of course, has always played a large role in American politics, but during periods of economic crisis after the depression of the 1890s or during the Great Depression, significant segments of the business community sought out policies that benefited the public interest or business in general rather than particular private interests. During the last thirty years, that has not been the case. Businesses have sought to protect their own without a view to what is generally in the interests of the public and of business.

American corporations, for instance, are at a disadvantage because they have to include rising healthcare costs for their workers within their costs of production. And some big American companies have periodically urged far-reaching health insurance reform. But when it has come to developing policy in organisations like the Business Roundtable or Chamber of Commerce, the companies that stood to benefit from reform deferred to the insurance companies and to other opponents of any government plan. As a result, even under Obama's plan, businesses will have higher wage and benefit costs than their Canadian, European, or Asian competitors.

Similarly, American industry did not benefit from the repeal of financial regulations during the Clinton years or lax enforcement during George W. Bush's presidency. But goods producers deferred to the powerful financial services lobby when it came to regulating finance. As a result, the US suffered a financial collapse in 2008 and will likely

experience another crash in the decades to come. A far-seeing, less parochial business class might have promoted the kind of regulations that in the 1930s kept the country free of crisis for fifty years. But as business's power and influence have grown, their vision of what benefits them has shrunk.

Will Obama be able to turn things around in his second term? American presidents usually cannot get much done domestically in their second terms. Many of them, like Reagan or Clinton, focus on foreign policy instead. But Obama can't avoid domestic economic issues. Even before being sworn in on January 21, he had to negotiate an agreement with Republicans in Congress to prevent automatic budget cuts and tax increases that would have threatened the recovery. And he will face still another challenge over the debt ceiling and budget cuts in the months to come.

In conducting negotiations over what was called the "fiscal cliff", Obama showed that he learned something from the difficulties he had during his first term about the political and the pressure system. The political system is national and draws upon the support or opposition of individual voters — registered in ballots but also in opinion polls taken between or before elections. The pressure system is headquartered in Washington, and functions best when political decisions are made in private hearings and backroom negotiations.

In his first term, Obama often played into the hands of the pressure system — and of the business lobbies that dominate it. He allowed much of his health care plan to be shaped in White House and Senate negotiations of which the public was barely aware. He took to the hustings on only two occasions over the fourteen months the bill was being debated. In the negotiations over the fiscal cliff, Obama took the issue to the public and framed it in a way that would win national, public support.

As a result, he enacted legislation that eschewed spending cuts and raised taxes on the wealthy, but not on middle or lower income taxpayers. That was a moral victory, but also a victory that will benefit the economy, because the wealthy, who tend to save rather than consume their earnings, will now contribute needed government revenue without imperilling the recovery. Spending cuts or a middle class tax increase could have pushed the United States back into recession.

But Obama's action was still largely defensive. The American tax code remains dramatically skewed towards income rather than wealth and profit. If not reformed, it will not sustain an ageing population and rising healthcare costs. Reform of this kind, however, will require larger Democratic majorities and a challenge to business's supremacy and short-sightedness.

American politics does not appear ready for that kind of reform. It might have been possible during the height of the financial crash when the public was ready to accept radical alternatives and when the powerful financial sector was on the defensive, but that opportunity has passed. It might also be possible if the Democrats can score impressive victories in 2014 and 2016, but the party in power rarely does very well in by-elections, and parties have trouble winning three successive presidential elections.

What looks more likely is a continuing alternation between incremental and defensive change, like those that Obama won in January, and grating political conflict that will lead to paralysis and inaction. The American public does not want this kind of gridlock, but the imbalance between the political and pressure system — and the sharp rightward turn of the Republican party — has dictated it. ■

We the government

Obama won't let debt or sluggish growth slow his plans for an activist, expansive state

By Mary Kissel

Ron Johnson spent his career running a small plastic sheeting company he founded with his brother-in-law in Oshkosh, Wisconsin, before entering politics, and had never been to Washington, DC before winning a seat in the Senate. So it is no surprise that when the blue-eyed accountant sits down with the *Wall Street Journal* editorial board (of which I am a member) in January he whips out a PowerPoint presentation to talk about the realities after January's "fiscal cliff" deal, which has been panned by both sides of politics for good reason. As the pack of 23 slides shows with devastating simplicity, the world's largest economy is living far beyond its means.

"Every American should understand this," the Senator says, as he pats the pile of paper. The first slide, titled "structural deficit, % of GDP", sports two bright lines: one red for spending, the other green for revenues. The interaction of the two results in a splash of red starting in the mid-1970s, with a brief, green period of surplus in the Clinton era of the late 1990s. Then the deficits reappear as

a vast sea of red stretching through 2036. This is not a partisan estimation: The figures are drawn directly from the White House's Office of Management and Budget and the Congressional Budget Office.

Nor is the imbalance a new phenomenon. The US has been living on borrowed money for a long time, and especially since the advent of President Lyndon B. Johnson's Great Society programs. Between 1959 and 2008, US federal spending averaged 20.2 per cent of GDP, compared to 18.1 per cent of average revenues. The difference now is that imbalance has soared to previously unimaginable levels, thanks to two years of Democratic control of the legislative and executive branches of government, between 2009 and 2010.

The numbers will surprise anyone who believes President Barack Obama's claims of a "balanced approach" to fiscal management. Federal spending as a percentage of GDP in the US is now a stunning 23 per cent, a level commensurate with many struggling European economies. For most of the past three decades, that same percentage in the US was a manageable 19 per cent. Still, even that level is high by historical standards. "Just 2 per cent in 1910," Senator Johnson muses. The only reason the US hasn't suffered a run on its debt is because the dollar is the world's global currency.

Consider the absolute numbers. Federal spending in President Obama's first term reached a record \$14.1 trillion, with a \$5.1 trillion deficit racked up under his watch. The US has had four consecutive years of more than trillion-dollar annual deficits. The binge has had little to do with the Pentagon, as Democrats like to claim. Of that \$5.1 trillion deficit accumulated from 2009 to 2012, only \$611 billion is attributable to wars. Nor is the debt a function of the "Bush tax cuts", which "cost" only \$680 billion over the same period in the government's static accounting.

The vast bulk of the rest of the gaping deficit comes courtesy of the

Nancy Pelosi-led 111th Congress, which passed a behemoth \$830 billion stimulus package in February 2009 that was a vast expansion of entitlements, masked as necessary “investments”. Not a single Republican voted for the stimulus, much of which was wasted — most infamously on fanciful green energy projects that no private sector business would touch, and that ultimately went bankrupt. The inaptly-named Affordable Care Act, also known as Obamacare, was signed into law the next year.

“Obama’s goal is to remake America into a European-style, socialist state with less income inequality in exchange for less economic opportunity.”

Senator Johnson flips to the slide on Obamacare with a grimace. The Congressional Budget Office estimates the new entitlement will cost the US \$2.4 trillion from 2016 to 2025, against \$1.4 trillion in taxes, fees and penalties — all to solve a problem that could have been significantly curbed with tort reforms and commonsense liberalisation of health insurance across state lines. Average healthcare premiums have already risen more than \$5,000 annually. And this is a program that was sold to voters as a money saver.

Even if President Obama and Congressional Democrats wanted to cut spending, which they have shown no interest in doing, the structure of the federal budget makes such cuts politically difficult to achieve without tackling entitlements. In 2012, mandatory entitlement spending on programs such as Medicare, Medicaid and Social Security comprised 59 per cent of the budget, up from only 26 per cent in 1962. By 2022, mandatory spending will eat 64 per cent of the budget.

Oh, and don’t forget the interest on the debt, which will consume

11 per cent of the federal pie, up from 6 per cent in 2012 and 6 per cent in 1962. And that assumes investors don't get spooked by America's deficits and flee the dollar, causing interest rates to spike.

"Bet you didn't know this," Senator Johnson says, waving a slide showing the US and Greek flags. Government debt per capita is \$52,147 in the former and \$35,764 in the latter. US gross federal debt hit \$16.4 trillion as of 31 December, and is projected to reach \$26 trillion by 2025. That's up from \$10.6 trillion at the beginning of President Obama's first term, and \$5.8 trillion at the beginning of his predecessor George W. Bush's first term.

This crushing amount of debt has disturbing consequences. Government borrowing crowds out more productive private sector borrowing, creates uncertainty for investors and suffocates growth. Since the end of World War II, the US economy has expanded by an inflation-adjusted average of 18.5 per cent in the 13 quarters following a recession. The Reagan recovery hit a stunning 19.6 per cent. But the Obama recovery, saddled by debt, higher taxes, and regulatory uncertainty, has been a measly 7.2 per cent.

It is the weakest recovery since the Great Depression and has been accompanied by persistently high levels of unemployment, with many workers falling out of the workforce altogether. The average annual household income of middle-class Americans has fallen to \$50,678 in August 2012, from \$55,198 in January 2009, according to the latest data available. So even though the economy is slowly mending, Americans are worse off than they were when the recession started.

None of this will surprise students of history. No country has ever embarked on a program of higher taxes and government spending and grown in a sustainable fashion. In Europe, Greece, Italy, Spain, and other nations are discovering the limits of profligacy as investors have raised the price of borrowing and the bills for decades of spending have

suddenly come due. In Asia, Japan has endured more than two decades of sluggish growth after a raft of stimulus packages and tax hikes. These policies simply do not work.

Keynesian stimulus does not produce sustainable economic growth because the money government spends is not free; it has to come from either higher taxes or increased borrowing. Government has no competitor to force it to spend money efficiently, nor are public servants enlightened individuals. Their incentives are to accrue money and power for themselves, regardless of whether or not it is in the public interest.

None of this history has informed the Obama administration. If anything, the president has been remarkably sanguine about America's debt burden. Speaker of the House John Boehner, who negotiated the recent fiscal cliff deal for Republicans, told my colleague Steve Moore that at one point during their talks, the president remarked, "we don't have a spending problem". When Boehner kept pressing the wisdom of spending restraint, Obama retorted, irritated, "I'm getting tired of hearing you say that". Vice President Joe Biden ended up doing most of the haggling with Republicans, as he has in the past.

Why would an American leader ignore such grave threats to his nation's prosperity? One explanation is that President Obama doesn't understand economics, given he spent his career in academia and as a community organizer before entering state politics, and then the Senate. But that seems unfair to such a highly educated man, who told the House GOP in 2010, "The major driver of our long-term liabilities, everybody here knows, is Medicare and Medicaid and our health-care spending. Nothing comes close." He is aware, at least superficially, of the numbers that Senator Johnson touts in his slides.

The better explanation is that President Obama is an ideologue of the left who never intended to cut spending or reform entitlements. His goal is to remake America into a European-style, socialist state with

nationalised health care and less income inequality, never mind the slower growth and permanently higher unemployment that results from such redistribution. His rhetoric about a “balanced approach” to fiscal matters is a fiction, meant to paint Republicans as extremists bent on cutting entitlement programs and protecting the rich, rather than as politicians trying to reform welfare programs and grow the economy so the poor can better themselves.

Which means that Republicans will have a very difficult, if not impossible, time striking a bipartisan fiscal deal with this White House before Americans go to the polls again in 2014 for Congressional elections. This is a highly unusual situation, given many of the most productive reforms in the past few decades have happened under divided government under periods of economic stress. President Ronald Reagan would not have achieved his landmark tax deal were it not for the cooperation of Democratic Speaker Thomas “Tip” O’Neill. Bill Clinton could not have reformed welfare without the help of Republican Speaker Newt Gingrich.

Perhaps that is why Republicans have tried so hard to find common ground. In February 2010 President Obama commissioned two retired politicians, Democrat Erskine Bowles and Republican Alan Simpson, to chair a deficit commission to produce bipartisan solutions to America’s fiscal woes. They endorsed sweeping tax reform in the form of lower, flatter rates and fewer deductions, and supported sensible options to reform Social Security, such as raising the retirement age or linking future payments to inflation. (Under White House orders, the widely touted Simpson-Bowles deficit reduction plan didn’t offer any new ideas on Medicare, Medicaid, or Obamacare.) The President ignored their advice.

In 2011, Republicans tried again with their larger House majority — this time, by threatening not to raise the debt ceiling to pay for the Obama administration’s out-of-control spending to get Democrats to

the negotiating table. The two sides agreed to form a bipartisan “super committee” to try again to find a bipartisan solution to the debt problem. The GOP offered to raise some \$250 billion over 10 years by limiting tax deductions. In exchange, Democrats offered to cut spending by \$750 billion over the same period, though without any serious reform to Medicare, Medicaid, or Obamacare — which are, as Senator Johnson’s slides show, the main contributors to the nation’s deficit.

The President unilaterally quashed those negotiations too, telling Speaker Boehner in a closed-door meeting that he wanted a \$1 trillion tax increase before anything else. The two sides eventually agreed to cut \$1.2 trillion from domestic spending and defence over 10 years, starting in January 2013, a process known as a “sequester”. To put those numbers in perspective, the sequester would lop off a measly \$109 billion in federal spending this year, against a more than trillion-dollar annual deficit. Meanwhile, the expiration of the Bush tax rates, plus new Obamacare taxes, were set to wallop the economy even further.

So the President entered 2013 with a strong hand. He had passed Obamacare, ensured tax rates would automatically rise, and had a sequester in hand that would hit programs Democrats like the least, especially the Pentagon. Republicans, on the other hand, had no leverage other than their House majority and the fact that the President had promised on the campaign trail not to raise taxes on 98 per cent of Americans. The fiscal cliff negotiations, as they were dubbed, weren’t expected to achieve much — and they didn’t.

The two sides eventually struck a deal that included the largest tax hike in two decades, in exchange for the extension of the Bush tax rates for the middle class, which both sides could tout as a political victory. Democrats won more spending increases and various carve-outs for special interest groups, such as Hollywood and the green energy lobby. Now prominent Democrats like Representative Pelosi are calling for even more tax hikes, to facilitate yet another round of stimulus spending.

Which brings us back to Senator Johnson's slides, which illustrate the stark choices ahead on the current course. The federal government spent \$3.5 trillion in 2012, up from \$2 trillion a decade ago. Republican Budget Committee chairman Paul Ryan's House budget would still spend \$4.9 trillion in 2022. The Obama budget, which no Democrat in the House voted for, envisions Washington spending \$6 trillion by that year. Social Security is already broke and is projected to have a \$5.1 trillion deficit by 2032.

The only solution to America's debt is to trim spending and grow the economy, as Reagan understood when the US faced a similarly dire fisc in the 1980s. This year's deficit is projected to hit \$1.3 trillion. Raising taxes on the "rich" won't plug the hole — the Obama tax increases this year are estimated to raise around \$60 billion annually. Senator Johnson calculates that if federal revenue were back to normal levels, around 18.5 per cent of GDP in a healthy economy, rather than today's 15.7 per cent, Washington would reap \$435 billion annually.

The challenge for Republicans is "to educate" the public about these realities, Senator Johnson notes, adding that Representative Paul Ryan, the former Vice Presidential candidate, managed to do just that in last year's campaign when he harped on the inconvenient truth that Obamacare funnelled \$716 billion out of Medicare. The Obama administration made an economically weak welfare program weaker while creating another the country cannot afford.

The question for Republicans is which numbers to focus on. Will voters understand something as abstract as the government's spending as a percentage of GDP, or is the comparison to Greece more compelling? Is it better to talk about how quickly entitlement programs are going bankrupt, or how soon America's military will be unable to afford to fight wars on two fronts simultaneously? Is it more shocking to talk about how slow growth is affecting employment prospects for youth and minorities?

These are just a sampling of the many dilemmas Americans will have to grapple with if they don't get the debt under control — fast. Will they? In an interview after our editorial board meeting, Senator Johnson admits “political leaders are prone to misleading the American public”. He continues: “Look at this past election. We spent about \$7 billion; how much did people actually learn? And of course, you have the president who wins re-election basically saying the solution to the problem is just make the top 2 per cent pay their fair share and [have] a ‘balanced approach’ to deficit reduction. Obviously it’s hollow. It has no substance. It’s not going to work.” ■

To pivot, poison, or make peace

Washington's plan to reorient foreign policy towards a surging Asia carries risks

By Kishore Mahbubani

In his second term, President Barack Obama faces three choices in the Asia-Pacific: to pivot, poison, or make peace. So far Obama's contribution to regional strategic discourse has been the word "pivot". After some reflection, his administration wisely decided to drop the use of the word. But the policy behind the word seems to continue, without much reflection. The key goal of this essay is to encourage the Obama administration to engage in even deeper reflection about the Asia-Pacific. In a world where America faces rising constraints on its power and influence, the Asia-Pacific offers some easy opportunities for plucking.

To grasp these opportunities, the Obama administration needs to engage in some radical new forms of geopolitical thinking. The main problem with most American strategic thinkers in Washington is that they assume that 19th century assumptions will continue to work in the 21st century. In short, relations among great powers will always be zero-sum games: if one wins,

the other loses. In practice, American administrations have been careful and nuanced in dealing with China. Nonetheless, as America struggles to retain its number one position in the world against the rapidly rising number two power, China, every gain for China is seen as a loss for America and vice versa.

The main reason why America is pushing for the Trans-Pacific Partnership is to balance China's growing economic clout in the region. Let me be clear about one point: competition among great powers will always continue. The grain of human history does not change overnight. Yet, in the relations among all great powers, there will be a mix of competition and collaboration, with the pressures to collaborate growing ever faster day by day.

In my book, *The Great Convergence: Asia, the West, and the Logic of One World*, I use a simple analogy to explain how the world has changed fundamentally. Before the era of modern globalisation, humanity sailed in 193 separate boats, steered by 193 captains and crews. The 1945 rules-based order existed to prevent these boats from colliding on the high seas. Now humanity lives on the same boat but in 193 different cabins, each with a different captain and crew looking out only for their own cabins. Sadly, the world does not have a captain or crew to take care of the global boat. As a result, if America and China are sailing on the same boat, they have a common interest not to sink the global boat, and to collaborate in managing it. This is why both collaborated closely at the height of the global financial crisis in 2008–2009. At the same time, China's rise has been achieved by accepting and integrating into, rather than challenging, the US-led international order. This strategic decision also demonstrates a recognition that we are sailing on the same boat.

Despite this critical common interest, it will be impossible to remove overnight the enormous distrust that has developed between America and China. Over the past decade or so, the gap between

American and Chinese power has narrowed considerably. And China may overtake America sooner than any American has imagined. Sadly, few Americans have psychologically prepared themselves for this major power shift. I learned this when I chaired a panel in Davos in January 2012 on “The future of American power”. The panellists were all highly distinguished Americans, including two senators, a congresswoman, and a former deputy national security advisor. I asked them whether America could adjust to being the number two power in the world and I was shocked that none could even consider the possibility or dare to discuss it publicly. It is politically suicidal for any American leader to suggest publicly that America could become number two.

*“Don’t expect smooth sailing in
US-China relations in the second
Obama administration”*

According to IMF statistics, in 1980, in PPP terms, America’s share of global GDP was 25 per cent while that of China was 2.2 per cent. In 2017, barely three years from now, America’s share will shrink to 17.9 per cent while that of China will rise to 18.3 per cent. As Americans gradually begin to realise they are becoming number two, there will be an instinctive desire by some policymakers and strategic thinkers to look for ways, consciously and unconsciously, to thwart China’s rise. Many in China fear that America could mount a containment policy similar to the one that it mounted against the Soviet Union. These Chinese fears may be seen by some as unfounded but the extent of Chinese distrust towards America should not be understated. Wang Jisi and Ken Lieberthal have described well the gap in the understanding between America and China. They say:

“On the Chinese side these doubts stem more from Beijing’s application of lessons from past history, while on the US side the doubts tend more to derive from Washington’s uncertainties as to how a more powerful China will use its growing capabilities. In each case, differences in political systems and values significantly exacerbate both the inherent distrust of the other side’s motives and the inability to understand fully what shapes the other side’s attitudes and actions.”

Similarly, in their brilliant *Foreign Affairs* article last September, Andrew Nathan and Andrew Scobell pointed out that “whether they see the United States primarily through a culturalist, Marxist, or realist lens, most Chinese strategists assume that a country as powerful as the United States will use its power to preserve and enhance its privileges and will treat efforts by other countries to protect their interests as threats to its own security.”

With this massive distrust, China’s suspicions of America will not disappear overnight. And some of the suspicions may well be justified. While an explicit containment policy against China will clearly not work (in part because America as well as China’s neighbours have developed highly interdependent relationships with the Chinese economy), America can mount a much more subtle and indeed much more dangerous policy of “poisoning” the well for China. A colleague of mine, Professor Huang Jing, has observed in the *China Economic Quarterly* that even though most of China’s challenges are internal, the “levers” to trigger these internal challenges are external. Some obvious examples are Tibet, Taiwan, the Muslim separatists in Xinjiang, the internal dissenters like Liu Xiaobo, and the blind activist Chen Guangcheng.

America can also cleverly exploit the recent mistakes that China

has made with its neighbours. In September 2010, China overreacted when the Japanese arrested the captain of a Chinese fishing boat in disputed waters, demanding an apology even after the Chinese captain was released. In November 2010, China reacted too passively after the North Korean shelling of a South Korean island, which killed two civilians and two South Korean Marines. In response, South Korea sent an envoy to the award ceremony of the Nobel Peace Prize to Chinese dissident Liu Xiaobo. China's ambiguous positions on the South China Sea have also troubled its Southeast Asian neighbours that have maritime claims there, including Vietnam and the Philippines. No one knows for sure what China's real position is on the "nine dash line" it has drawn across the South China Sea.

If America chooses to be truly Machiavellian in its approach to China, as some neo-conservative intellectuals would like it to be, there is no shortage of subtle levers America could pull to destabilise China. In the list above, I have focused on political levers. But there are equally powerful economic levers in America's hands. The several rounds of quantitative easing that America has carried out have threatened to increase inflation in China. This is why a leading Chinese figure, Chinese central bank governor Zhou Xiaochuan, cautioned that "inevitably, some emerging economies will suffer too much capital inflow" from American QE.

One geopolitical reason China kept buying US Treasury bills was to increase America's economic dependence on China. This would give China some economic leverage to balance its dependence on the American market for its manufactured products. At the height of the global financial crisis in 2008–2009, both President Bush and President Obama sent envoys to quietly and discreetly solicit assurances that China would continue buying US Treasury bills to avoid any loss of confidence in them. China was happy to give these assurances. Unfortunately, one major negative result of this episode was that China became over-confident.

Foolishly, China decided to treat Obama shabbily when he went on his first state visit to China in November 2009. Obama felt humiliated in several ways. For example, his town hall meeting with Chinese university students was not broadcast on national television. Instead, it was only shown on Shanghai local television and streamed online in poor quality with no advance notice for viewers.

This poor treatment of Obama was an unwise move by China. It stiffened Obama's back and convinced him that America has to show its "tough" side to China. It is no coincidence that Hillary Clinton's decision to use the South China Sea issue to embarrass China at the ASEAN Ministerial Meeting took place at the ASEAN Regional Forum in Hanoi in July 2010.

Given this slightly negative trend in US–China relations in the final years of the first term of the Obama administration, it would be foolish to believe that we will experience smooth sailing in US–China relations in the second Obama administration. It is more than likely that there will be more road bumps. Each time a bump occurs, both sides will naturally assume the worse of each other. Hence, US–China relations could easily slip into a troubled road over the next few years.

Yet Obama also faces a unique opportunity to emerge as one of the greatest American Presidents of the 21st century by working hard to forge a relationship between America and China that benefits both countries and also brings stability to the Asia Pacific region and the world at large. Most observers agree that Obama did not deserve to win the Nobel Peace Prize in October 2009. He had done nothing to deserve it then. In the subsequent years, while he promised to bring peace to the troubled relationship between Islam and the West, especially in his brilliant speeches in Istanbul in April 2009 and in Cairo in June 2009, he has left most of the Islamic world disillusioned with his lack of follow-through on those speeches. He hasn't delivered on any of his great promises, especially on the Israel–Palestine issue.

With China, Obama should neither try to give great speeches nor make great promises. Any great speech by Obama will be badly received by China's leaders because, to protect himself domestically, Obama will have to push for democracy in China. American rhetoric on the need for political transformation in China has not been helpful and is received with great suspicion, even by the Chinese people. Nor should he pronounce a "grand strategy" towards China. In the West, it is politically unfashionable to admit that cultural differences exist. But in the 21st century, as we move from a mono-civilisational world of Western domination to a multi-civilisational world, we need to understand that cultural nuances matter. In the West, great speeches are admired. In the East, great deeds are admired. This is why Obama should try to build a strong, mutually beneficial relationship with China by following Deng Xiaoping's method of "crossing the river by feeling for stones".

The key philosophy that Obama should adopt in working with China is pragmatism. There are many areas where America and China can work together to develop a mutually beneficial relationship. And there is an equal number of areas where both can work with each other to reduce distrust. The best way to explain is to look at the three critical dimensions of the US-China relationship: economic, political and military. In all three areas, a significant upside exists.

In the economic sphere, Obama and Xi share a vital common interest. Both face a common challenge of trying to reinvigorate their economies. The American challenge is obvious: there is a political gridlock preventing a solution to America's sharp fiscal problem. And the American economy is no longer generating as many jobs as before.

Fareed Zakaria recently warned that "without a strategy to revive growth, all of our problems get worse, especially long-term debt." He adds that the key to reviving growth is structural reform "as well as investments in human and physical capital". One of the most capital-

rich countries in the world is China. Indeed, China is ready to invest more in the American economy, if Obama can help to create a political environment that welcomes Chinese investments.

China's economic challenges are less obvious, as it is likely that China will continue to grow at around 8 per cent a year. But China also faces the need for structural reform. Yasheng Huang warned in a recent *Foreign Affairs* article that "if China continues with its political status quo, conflicts are likely to escalate sharply, and the pace of capital flight from the country, already on the rise due to declining confidence in China's economic and political future, will accelerate. If not stemmed, the loss of confidence among economic elites will be extremely dangerous for the Chinese economy and could trigger substantial financial instabilities." If both Xi Jinping and Li Keqiang want to increase confidence in China's long-term future, they should encourage more foreign private investment, especially from American multi-national corporations who remain among the most competitive in the world. Hillary Clinton and Tim Geithner used to carry out a high-level strategic and economic dialogue with Dai Bingguo and Wang Qishan. This dialogue can carry on and focus on delivering concrete results in economic collaboration. It is a no-brainer that if the American and Chinese leaders do intensive studies on how the two largest economies in the world can leverage their respective strengths to boost their economic growth, they will find many opportunities to do so. Political distrust has held back deeper economic collaboration. If Obama and Xi focus on their personal priorities to reinvigorate their national economies, they will discover quickly how much both can benefit from greater economic collaboration.

On the political side, there will be a natural temptation to exploit each other's mistakes. In my previous book, *The New Asian Hemisphere*, I explained how the American invasion of Iraq was a geopolitical gift to China. Similarly, any American or Israeli bombing

of Iran would be an even greater geopolitical gift to China. At the same time, aggressive Chinese postures towards Japan or the South China Sea issues would be China's geopolitical gift to America. Several Southeast Asian leaders have already begun whispering quietly to visiting American leaders that they would like to see a stronger American military and economic presence in Southeast Asia to balance the growing Chinese presence.

It is easy to slip into a simple tit-for-tat strategy. However, it is not certain what the long-term benefits would be for either America or China. As Mahatma Gandhi once quipped: "An-eye-for-an-eye-for-an-eye-for-an-eye ... ends in making everybody blind." One does not have to adopt Gandhian virtues to avoid falling into the habits of zero-sum geopolitical games. Simple common sense will dictate that both America and China will lose if these games get out of control.

Take Japan as a case study. Superficially, it would serve American geopolitical interests to see rising tension between China and Japan. Japan can then serve as a geopolitical thorn in China's side. Yet, if the tension escalates, and if right-wing populist nationalist tendencies rise in Japan, the danger of Japan developing nuclear weapons will rise. Most informed observers believe that Japan can develop them in a matter of months, if not weeks, since it has all the necessary components needed to develop them, from stocks of plutonium to advanced rocket technology. A nuclear-armed Japan is a potential threat to both China and America. In short, both Obama and Xi share a common interest in calming the political waters in Japan. Clearly, this is one issue where Obama can demonstrate that he deserved to win the Nobel Peace Prize. By quietly trying to calm the relations between China and Japan, Obama will also win over the trust of the Chinese leaders. Hence, it was wise of Obama not to receive Shinzo Abe in Washington, DC immediately after Abe became Prime Minister.

Similarly, while both the American-encouraged TPP process and

the Chinese-encouraged Regional Comprehensive Economic Partnership are seen to be a zero-sum competition, the reality is that economic connectivity across the Asia Pacific is following economic logic, not political logic, generating greater and greater economic interdependence across the Asia Pacific. Hence, it would be clearly wiser for both Obama and Xi to stop pursuing their separate trade initiatives and instead focus on the common APEC processes that both can participate in. A simple step like this could significantly enhance the level of political trust between America and China.

Finally, and ironically, it is actually on the military front that it may be easier to make concrete progress towards reducing strategic distrust between America and China. If both of them could do some hard-headed rational cost-benefit analysis of what they would gain from a new arms race, they would discover both would lose and lose handsomely. On America's side, it only needs to pose a simple question to itself: if it continues its aggressive naval patrolling 12 miles off China's shores, does it want to live with a world where China's naval vessels carry out aggressive naval patrolling 12 miles off California or New York? It would be sheer strategic folly for America to create such a world. A new win-win arrangement for America and China in the area of naval patrolling will not be difficult to work out.

Similarly, on China's side, the stupidest thing it could do to itself would be to engage in a new arms race with America. Deng learned some valuable lessons from the collapse of the Soviet Union. One big lesson was that it was a major strategic mistake for the Soviet Union to develop a strong military at the expense of economic growth. Like the heavy armour worn by knights in the feudal era, the heavy cost of maintaining this military establishment was one reason why the Soviet Union collapsed. Equally importantly, as demonstrated by the failed Soviet invasion of Afghanistan and the failed American invasion of Iraq, a strong military capability leads to military misadventures as much as positive dividends. Indeed, as it is now virtually unthinkable

for any two major powers to have a direct conflict with each other, any major power that tries to invest more than necessary in developing a military capability is dooming itself to a venture that will produce no real dividends.

One great advantage that the world has today is that Obama and Xi do not look at the world through the lenses of Roosevelt or Stalin, Churchill or Mao. In the era of World War II, it made perfect sense to focus on military strength. But the world has changed fundamentally in the past 70 years. As middle classes explode around the globe, they are converging in their perception of what is really important in their societies. Few want to send their sons and daughters to fight in battle. Major inter-state wars are becoming a sunset industry. In this new global setting, it is sheer folly for any two major powers to engage in any major arms race. Obama and Xi can demonstrate this by carefully and stealthily guiding their countries away from any such arms race. Even if they could do just this and nothing else, they could well go down as two of the wisest leaders of this century. ■

Next stop: 2016

Why on earth are Hillary Clinton and Jeb Bush front-runners for their parties' presidential nomination?

By Geoffrey Wheatcroft

In 1782, William Pitt became prime minister of Great Britain at the age of 24, “Pitt the Younger” taking the office that Pitt the Elder — his father the Earl of Chatham — had earlier held. In 1886, Robert, Marquess of Salisbury, became prime minister. Three of his sons would be members of parliament, and Salisbury brought his young nephew A.J. Balfour into the cabinet before anointing him as his successor at Downing Street (a piece of genial nepotism that gave us the phrase “Bob’s your uncle”). And in 1924, Winston Churchill was appointed Chancellor of the Exchequer, to his intense pride, since this was the office that his father Lord Randolph Churchill had held, albeit briefly.

That was then, now is now. Dynastic politics has all but vanished in England, if you overlook the unlikely Benn family, who have been in the House of Commons for four generations. That is true elsewhere in Europe, with the odd noxious exception such as Marine Le Pen, and in almost all other advanced democracies. After the

British general election of 1997, which brought Tony Blair to power, the House of Commons for the first time in centuries, brief intermissions apart, contained no member of the Churchill family, unless one counts Nicholas Soames, Sir Winston's grandson through his daughter. Today there are no Cecils in the Commons, where a hundred years ago Lord Robert and Lord Hugh Cecil sat, as had Salisbury, their father, and their eldest brother, and as would their nephew, great-nephew, and great-great-nephew. Nor, looking further afield, is there much prospect of another Menzies as prime minister of Australia or Mackenzie King as prime minister of Canada.

To be sure, dynastic politics are very much the fashion in, for want of a better euphemism, less developed countries, from the Philippines to Argentina, whose President Cristina Fernández de Kirchner only holds her office in the first place as the widow of President Néstor Kirchner. Or see both India, with the Nehru–Gandhi dynasty, and Pakistan, where the twenty-four-year-old Bilawal Bhutto Zardari has just entered politics in the footsteps of his mother and grandfather, which shows pluck if nothing else, since Benazir Bhutto was assassinated and Zulfikar Ali Bhutto was hanged.

But there is one other country where birth, marriage, family connection and dynastic alliance continue to play a dominant political role. And that, curiously enough, is the nation that believes it overthrew old corruption and kingly rule to become the land of the free and give the world government of the people, by the people, for the people. Every country is sustained by what Giovanni Giolitti, the Italian prime minister at the beginning of the last century, called beautiful national legends. For Americans, one of their legends is “from log cabin to White House”, the idea that worth can triumph over obscurity and adversity, and that political opportunity is equal to all. A mere glance around Washington shows how false this belief is.

No sooner had Barack Obama been re-elected this past November than feverish speculation began about the next presidential election four years thereafter. Specifically, as one headline ran, could it be “Clinton v. Bush in 2016?” This sounds very much like a case of Yogi Berra’s “déjà vu all over again”: just over twenty years ago, Clinton defeated Bush for the presidency. But then, “Clinton v. Bush” meant Bill Clinton winning against George H.W. Bush. The reprise envisaged for 2016 would be Hillary Clinton against Jeb Bush: Bill’s wife against George H.W.’s son, or rather his second son, after George Bush the Younger served two terms as president in between the first Clinton and Obama.

Few Americans ever stop to ask what such dynasticism says about their democracy, or indeed what either of Jeb or Hillary has done to merit the most important political office on earth. Clinton’s career especially is a very curious reflection on democracy, meritocracy, and feminism, not to say on the self-promoted myth of American egalitarianism. Far from becoming more open as the past century progressed, some of the highest offices in the land have been increasingly restricted to members of certain families.

“Clinton’s career is a curious reflection on democracy, meritocracy, feminism, and the self-promoted myth of American egalitarianism”

In part this is a consequence of the dysfunctional American political system. Thanks to the ideologists who drafted the American constitution, the US lacks the blessings of parliamentary government, whose essential definitions are that there are a separate head of state and head of government, and that the head of government is whoever

commands a majority in the lower or representative house of the legislature. The advantages of such a constitutional arrangement become more obvious every time one looks at Pennsylvania Avenue as it runs from the White House to Capitol Hill.

More like a monarch than a prime minister, the president is elected directly, and separately from the legislature. Thus he may or — as at present — may not enjoy the support of Congress. And direct election, along with the limitless expense of American campaigns, has encouraged the growth of personality-driven politics, and in consequence of dynasticism. “Clinton” and “Bush” have brand-name recognition, and they are both marketable.

That should scarcely confer on them any hereditary right of succession, and yet that is the only explanation for “Bush v. Clinton 2016?” British prime ministers will have served as members of parliament before reaching Number 10: for nearly forty years in Winston Churchill’s case, twenty in Margaret Thatcher’s. There were no equivalent years of such hard political toil at all in Hillary Clinton’s case. To be fair to the Bush brothers, George W. and Jeb, they could at least claim to have run something, as governors of Texas and Florida, but Clinton’s story has been one of inexplicable entitlement, part of a larger pattern of “heritable right”.

With what might have seemed either magnanimity or cunning, Barack Obama chose as his first secretary of state his defeated rival for the Democratic nomination in 2008, Senator Hillary Clinton of New York, wife of President Bill Clinton. Following her departure from the State Department, Obama has nominated to replace her Senator John Kerry of Massachusetts, the unsuccessful Democratic candidate in 2004, whose mother came from the Forbes dynasty of rich Boston bankers. Four years before Kerry lost, the Democratic candidate, also defeated, was Bill Clinton’s vice president, Al Gore, son of Senator Albert Gore Sr of Tennessee.

He was beaten in 2000 by George Bush the Younger, son of George Bush the Elder, whose father was Senator Prescott Bush, a Wall Street banker as well as a senator from Connecticut. And now there is Jeb Bush, Bush the Elder's younger son, who was Governor of Florida from 1999 to 2007, overlapping with W's presidency.

Over the years, the family has spread its wings and acquired new roots, or claimed to, while reinventing itself in the process. The offspring of an unmistakably WASP, Ivy League, New England clan have turned into populist Southerners, even adopting new religions in the process. Like his forebears, George the Elder is an Episcopalian, the most patrician of American churches, but George the Younger is a Methodist as well as a Texan, and Jeb is a Roman Catholic as well as a Floridan — Methodism and Catholicism being both decidedly more popular in following than Episcopalianism.

At any rate, both George Bushes, father and son, actually won presidential elections. Today the Republicans are licking their wounds after the resounding defeat of Mitt Romney by Obama. Romney lost the election at a time of financial crisis, economic recession, and much hardship for very many Americans; with American troops stuck in an unwinnable war in Afghanistan; and many other woes besides. Some months before the election, the conservative columnist George F. Will of the *Washington Post* said that if the Republicans couldn't win the presidency this year they should get out of politics. He had a point, but then the nihilistic conduct of Congressional Republicans might indeed suggest a kind of death wish.

But the Republicans' problems, and the sprouting of Bushes, are not more remarkable than the career of Hillary Clinton, which is really one of the oddest things ever seen in any democratic country. Indeed she didn't have a political "career" at all until she was well into her fifties, when one was created for her by her husband as a form of recompense. Until the last days of Clinton's presidency, his

wife had never run for, let alone won, any kind of elective office whatever, not for the House of Representatives or a state legislature, not for governor or even small-town mayor. Nor had she worked in any administrative position except on the occasion when her husband put her in charge of his proposed health-care reform, in the course of which fiasco she exhibited all the failings, from incompetence to petulance, which have marked her ventures in public life since.

She is a most wooden speaker, quite without her husband's gift for glib if shallow blarney, and any idea that she is a woman of intellectual gifts should not survive a reading of her footling book *It Takes a Village*. All in all, nothing she had ever done until the tail-end of her husband's erratic and lurid years in the White House could possibly justify the way that, having spent her life in Illinois, Arkansas, and Washington, she turned up in New York and demanded to become a senator as if by right.

What's more, she did. She was nominated and elected, and spent the next eight years on Capitol Hill. Once again, an objective view would suggest that nothing she did in her time in the Senate justified her candidature for the presidency, although Bill Clinton, who remains widely if unaccountably popular, did everything he could on her behalf. One has known errant husbands who tried to placate their wives with lavish presents of clothes or jewellery; this must be the first time a man hoped to atone for his infidelity by giving his wife not frocks and rocks but the presidency of the US.

After Obama had won the Democratic nomination and been elected, Hillary Clinton said — privately, sourly, and correctly — that her support for the Iraq war had tipped the balance against her. In fact it was worse than that. Her first year in the Senate saw the September 11 attacks. The following autumn, in October of 2002, she was one of the large majority of senators who passed a resolution authorising the use of force against Iraq, a blank cheque to President

Bush and a shameful abdication by Congress of its fundamental constitutional right to declare war.

She then did nothing to halt or even criticise the administration's drive to war — or not until years later, by which time the Iraq enterprise had gone horribly wrong. But then her chief characteristic has been her expediency. As the *Washington Post's* Richard Cohen put it, she has always been “dead centre in American public opinion, foursquare for what's popular and courageously opposed to what's not”. By the beginning of 2007, with eyes now fixed firmly on the White House, she belatedly deplored the fact that removing the Iraqi dictator had been an “obsession” with Bush.

“From almost the first day they got into office,” Clinton said, the Bush administration was “trying to figure out how to get rid of Saddam Hussein.” She seemed to think she should be congratulated for this brilliant insight, noticing years too late what anyone with eyes to see and ears to hear had realised at the time, and she made no apology for her own part in encouraging that obsession. Having championed the war when it began, and when most Americans supported it, what value was her repudiation of it once most Americans had decided that it had been a mistake? And what had she thought that Bush was going to do with the congressional resolution if not use it as exactly he did?

By election year in 2008 she was once again as bellicose as Bush had ever been. Clinton said that if she were president and the Iranians attacked Israel, “we would be able to totally obliterate them”. She rattled her sabre again over the sharp little conflict between Russia and Georgia that summer, demanding that Georgia, and Ukraine as well, be admitted to NATO, a ridiculous proposal that, if acted on, might have precipitated an international war.

That is to say nothing of the way that her campaign against

Obama was tainted by a kind of genteel racism. Bill Clinton suggested that Obama was unelectable by comparing him with Jesse Jackson, which had a very audible undertone. Hillary then said that “hardworking Americans, white Americans” would never vote for Obama, which wasn’t even an undertone.

Anyone who follows American politics from afar must have been struck, and shocked, in recent years by two responses towards President Barack Obama. One is the envenomed — and quite irrational — hatred from the Right. The other is the sheer sycophancy of the liberal media. Five or six years ago it was quite possible to see that Obama was an intelligent and engaging man while also recognising that he was gravely over-rated and under-tested. No one knew whether he had in him the steel to cut through bitter conflicts, or what it takes for the hardball of everyday politics, and events since have suggested that he did not.

That did not stop an awestruck clique from treating him even before he reached the White House as a combination of Jefferson, Lincoln, and Franklin Delano Roosevelt. To be sure, nothing any American has done or said in this respect could match the sheer absurdity — or even indecency — of the awarding of the Nobel Peace Prize to Obama almost before he had been inaugurated. That looked bad enough at the time, but it looks positively macabre after the ensuing years, when Obama — and Secretary Clinton — did nothing at all to revive the supposed Israeli–Palestinian “peace process”, while using political assassination by drone attack as a standard form of statecraft.

And yet there have never been such beneficiaries of sycophantic adulation as the Clintons. Roger Cohen of the *New York Times* now acclaims Hillary as a great Secretary of State. Perhaps he forgets that, at the time of her appointment to that office he wrote that “If anyone can persuade Israel that its self-interest involves self-criticism, that

occupation is corrosive, that its long-term security demands compromise, and that a new Palestine is emerging, it's Clinton.”

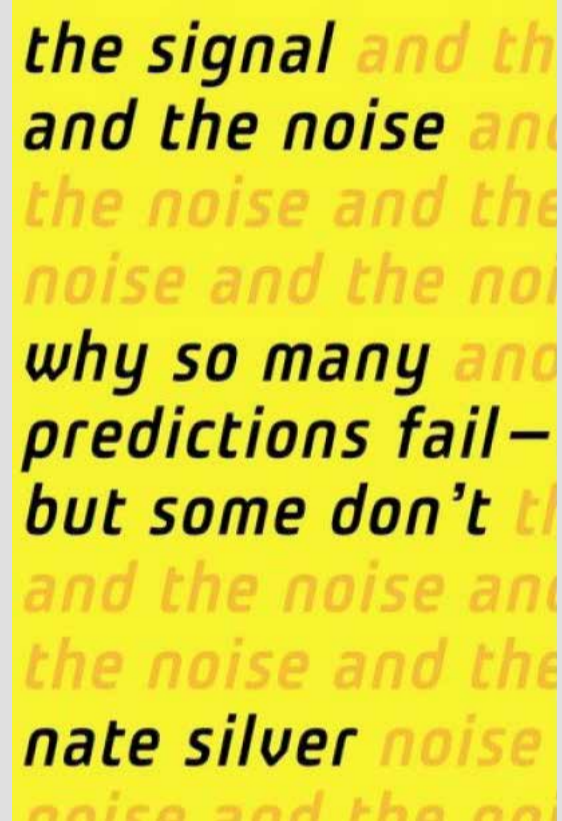
What does all this say about the woman who was a “great” secretary of state from 2009 to 2013? For that matter, what does it say about the US that she ever became secretary of state, or a senator, or a presidential candidate? Without the name Bush, George the Younger would never have reached the White House, and without the name Clinton, Hillary Rodham would never have held high office. Americans are fond of lecturing other countries about the merits of democracy and meritocracy. Maybe it is time they spent less time fretting about misgovernment elsewhere, and looked harder at themselves. ■

In praise of Nate Silver

Inside the mind of America's most well-known forecaster

In the months before the 2012 election, conservatives launched an all-out assault against the polls. Despite a sluggish economy and a disastrous first debate, polls showed President Barack Obama maintaining a consistent, if narrow, lead over Mitt Romney. Such numbers contradicted the Right's conviction that the election was a referendum on Obama's failed presidency.

So they revolted. Insisting pollsters were oversampling Democrats, right-wing pundits predicted a Romney landslide. Even sober analysts like George Will of the *Washington Post* declared Romney would win by more than 100 electoral votes. On election night, campaign analyst Karl Rove attempted to explain to Fox News viewers why Romney would win, despite ominous early results. Anchor Megyn Kelly responded with the question of the year: "Is this just math that you do as a Republican to make yourself feel better, or is this real?"



The Signal and the Noise: Why So Many Predictions Fail — But Some Don't
by Nate Silver
Penguin Press, 2012

Nate Silver's book *The Signal and the Noise* is about precisely that: the math we do to make ourselves feel better. Like Karl Rove's, our therapeutic math may not be real, but it has real consequences. From blown poker bets to the global financial collapse, our inability to set aside our biases when predicting the future can have catastrophic effects.

Which is where Silver comes in. Nate Silver became a household name in 2008 thanks to FiveThirtyEight.com. The website aggregates and analyses polls, then generates the probability a candidate will win. In 2008, Silver correctly predicted the winner of the presidential race in 49 of 50 states.

In 2012, Silver's model continued to forecast an Obama win even in early October, when polls tightened and conventional wisdom held the race was tied. This led pundits across the political spectrum to question his objectivity. Yet Silver stuck with his model, and bettered his 2008 record by accurately predicting the results in all 50 states.

The Signal and the Noise, however, is not an end-zone dance (it came out before the 2012 election). It is instead a nuanced study of the role predictions play in our lives. As he ranges from climate change to basketball tournaments to swine flu, Silver uncovers a noisy world full of false leads and meaningless patterns that hide the signal — the reality — we are trying to track.

Moreover, he argues, the world is getting noisier. While “the era of Big Data” will in time enhance our predictive capabilities, at the moment it generates massive volumes of noise. Sorting through that noise — separating good information from bad — is the challenge of our age.

Complicating that task is our tendency to seek out data that confirms our biases. Daniel Patrick Moynihan famously said, “Everyone

is entitled to his own opinion, but not his own facts.” In the era of Big Data, though, that’s no longer the case. With 2.5 quintillion bytes of new information produced daily, it is not hard to pull together numbers that support our arguments. Republicans had no trouble compiling evidence of a hidden Romney majority. All they had to do was treat certain polls as bellwethers rather than outliers, *et voila!* A Romney landslide was imminent.

Silver accepts that we bring biases to our predictions. “Pure objectivity,” he writes, “is desirable but unobtainable in this world.” What he has little time for are peddlers of predictions who play on these biases. In an early chapter on pundits, Silver notes television experts get predictions right about half the time — the same as flipping a coin.

Punditry, it turns out, is bad for accuracy. Drawing from a 2006 Philip Tetlock study, Silver delivers bad news for academics crossing over into commentary. Tetlock found the more academics appeared in media, the worse their predictions became. The reason? Punditry values entertainment, boldness, and contrariness far more than accuracy. If an expert happens to call it right, that’s great, but accuracy is the icing, not the cake.

Weather forecasters face the same problems. Meteorology is the big success story in Silver’s book. The combination of scientific models and human adjustments has made weather predictions the gold standard for probability-based forecasts. But local forecasters and weather websites introduce inaccuracies to boost ratings and (ironically) credibility. Thus the “wet bias”: over-predicting rain because viewers are more forgiving of showers when there’s a 30 per cent chance rather than a 10 per cent chance.

But a botched call on election night or a rained-out picnic pales in comparison to other inaccurate predictions. Over-predicting the effects

of climate change damages scientists' credibility and weakens public commitment to policy interventions. Under-predicting the risk of mortgage defaults triggered a global financial collapse. So figuring out the biases that skew our predictions is a matter of some urgency.

Silver dedicates the second half of his book to improving forecasts. It is this project that transforms *The Signal and the Noise* from a study of predictions into a roadmap for change. Because Silver believes in probability modelling — that is, determining the chance something will happen rather than a simple yes-it-will or no-it-won't — he advocates we become Bayesians.

Bayesian reasoning requires users to incorporate past beliefs into future predictions. Silver embraces this approach because it requires us to recognise our biases. Bayesian models begin with a statement of our assumptions: the first step toward accounting for them. As Bayesians, we can no longer fool ourselves about our objectivity or claim “the numbers speak for themselves”.

To some extent, then, *The Signal and the Noise* is the ultimate self-help book. Silver is suspicious of experts and wary of government regulation. Our fate, he tells us, lies not in our leaders or institutions but in ourselves. A more predictable, data-driven future is possible, but it first requires better self-knowledge. “Before we demand more of our data,” Silver writes, “we need to demand more of ourselves.”

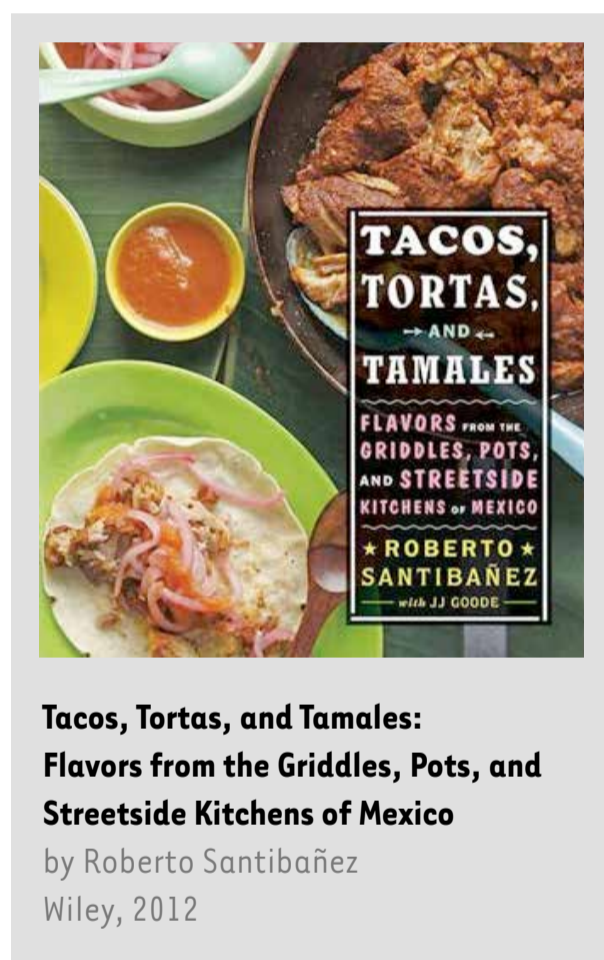
Bayesian reasoning may not have prevented Mitt Romney's loss in November. But it would have saved Rove and Republicans the public meltdowns and *mea culpas* that followed Obama's victory. What's more, finding the signal through the noise would give us a clearer picture of things as they are, better equipping us to advance our vision of how things ought to be. ■

Latino sizzle

How Mexican food entered American popular culture

If one were to randomly drive the streets of central or eastern Los Angeles on most evenings, one inevitably would capture a scent that would immediately rouse one's stomach and taste buds. The aroma would consist of meat cooking on a grill, sometimes emanating from a taco stand or burrito truck, or even from a dark corner in an empty lot where several people would be queuing to eat a meal on the fly. On weekend nights, the smell would be additionally captivating and the demand for its consumption much higher.

What would be cooking, you may ask? Mexican food. Probably beef or chicken — succulent, marinated and always tasty — and there would be lots of it and very difficult to resist. White smoke would be rising from the grill, Mexican banda music or Spanish-language radio would be playing in the background, men in *vaquero* hats chatting loudly. But what would also confound the out-of-town observer are the different types of people from different ethnic backgrounds arriving from other parts of the city just to partake in the scene, and, of course, the very delicious food being served.



For a brief moment, gone would be the perception that LA's streets are unsafe, because the intensity of the aroma and the desire to sample the food being cooked would be so compelling. This is Los Angeles, and whether in the *barrios* of East LA, the tony neighbourhoods of West LA, downtown, mid-city, the valley, or Hollywood, the setting would be similar. Here, and in other parts of the US, Mexican food is a part of American culture, deeply embedded and almost more American than Mexican itself.

For years, a common misperception was that predominantly Mexican or Central Americans stood in lines waiting for food to be cooked by perfect strangers on city street corners or in food trucks in the middle of the night. Not so. Often the meal of choice not only in Los Angeles but throughout the US, Mexican food is now found on menus everywhere across the country and indeed the world. A search on the internet for others who have expropriated the taco and moulded it to their liking will produce the Norwegian taco, the Seoul taco, and even the Kung Fu taco. The fact is that we are in the midst of a Mexican-American food obsession that has led to tortilla-wrapped meals being a staple across the world.

A spate of recently published books highlights this rising — and probably permanent — trend that is Mexican-American cooking.

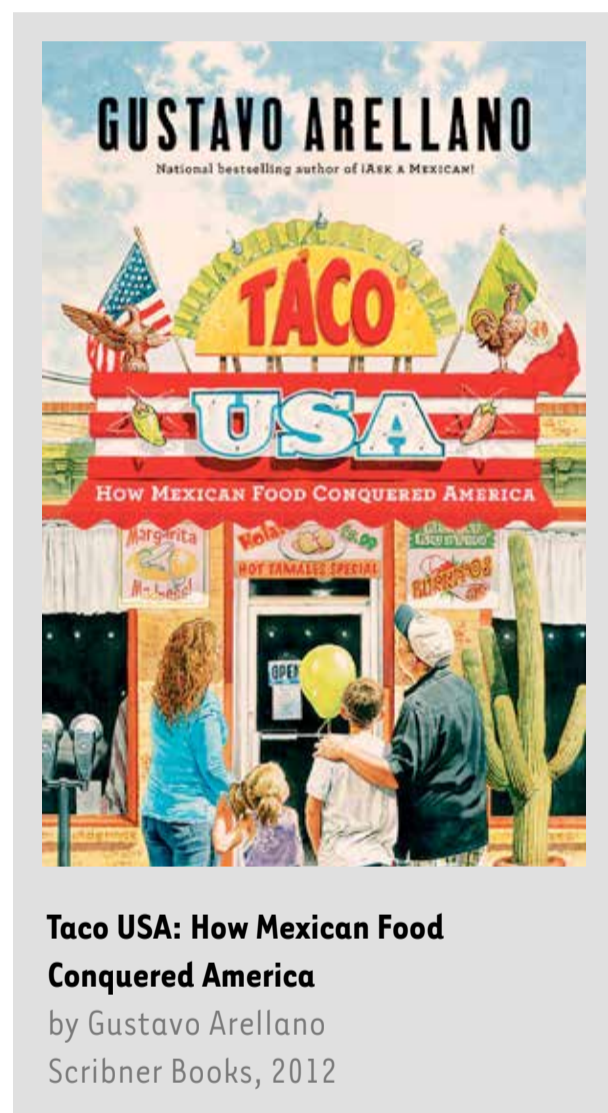
Roberto Santibañez, a food critic, author, and chef of Mexican descent recently published the highly acclaimed *Tacos, Tortas, and Tamales*, a cookbook certainly worth devouring. In learning the art of preparing Mexican cuisine, as is indicated in this marvellous cookbook, one understands why the appeal is so strong. Santibañez, a proprietor of very popular restaurants in New York City, focuses on modern-day Mexican “street” food. His focus is not on America's streets but on what Mexicans today are preparing in Mexico — from the source itself. What better way to learn than from the food's origins?

The book does not disappoint. It covers an array of recipes that include the big three items (tacos, tamales, and sandwiches, or *tortas* as they are called in Mexico), but also salsas and condiments (think tomatoes, lemons and hot spices), in addition to desserts and beverages (so much more than just margaritas!).

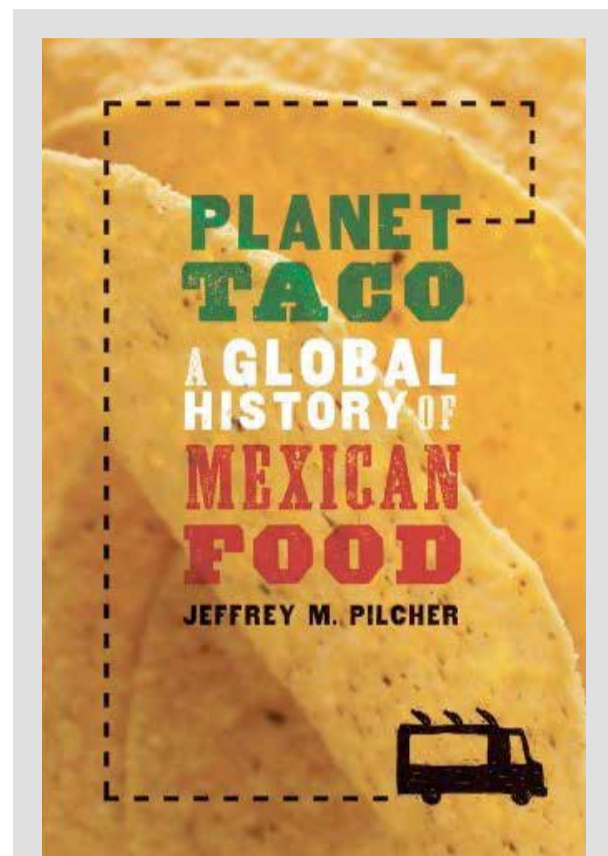
Santibañez is a master in preparing this art and he attributes his enthusiasm to his years observing his own culture and, as he calls it, the “food paradise” that is Mexico City and other cities across the country. The book includes well-written anecdotal introductions to every chapter in addition to mouth-watering photographs that compel one to try many of the recipes, all of which seem manageable and even fun. Very little is obscure and most ingredients are found throughout the world, further emphasising the simplicities of Mexican cuisine, as well as the spiciness, intensity and even sweetness in some of the guidelines he offers. Because Santibañez focuses on modern day — one could say

pedestrian — Mexican cuisine, it is a stark reminder to anyone why Americans (and many across the world) find this food so alluring. The food is always perceived as fresh, unpretentious and simply very tasty.

In *Taco USA: How Mexican Food Conquered America*, journalist Gustavo Arellano argues that what is considered today to be Mexican food is more an American concoction. The book is full of an assortment of interesting trivia: from the influence of chocolate on Mexican fare to how *Doritos* came to exist to the role of the always dangerous tequila in all of this.



Like most things American, Mexican food today has been dabbled and experimented with so much — in addition to being franchised and promoted in the old fashioned American way, with an infusion of intense marketing and expansion — that it is multifaceted, and, some would argue, almost too Americanised. Arellano does not argue that any of it ceases to be Mexican in nature per se, but that it is unique because it has been tampered with as much as it has. He consistently reminds us, however, that the key ingredient and most important quality of the food is that it is indeed of Mexican descent — his reason for it being in such high demand across the globe.



Planet Taco: A Global History of Mexican Food

by Jeffrey M. Pilcher

Oxford University Press, 2012

Arellano takes his readers through a journey that is never controversial, despite a few stark realities: that tacos were popular in the US before the influx of Mexican immigration in the latter half of the 20th century; that franchising Mexican food only works in the US, and not in Mexico, no matter how hard US businesses try; and, most predominantly throughout the book, that what is usually called Mexican food in the US is rarely ever authentic. While one surely cannot ignore the influence and ubiquity of salsas of various types; the preparation of so many condiments, fruits, and vegetables; and certainly the tortilla-based cuisine in various shapes and styles, Arellano reminds us that these are more recent versions of the food found only *outside* Mexico.

The fact is, as Arellano demonstrates, Americans seem to have more of an obsession with the food than probably Mexicans themselves.

Americans authoring Mexican cookbooks? The arrival of Tex-Mex food? Salsa outselling and outproducing the all-American staple known as ketchup? How is all this possible? Arellano examines these questions with solid details and shows his readers how Taco Bell (100 per cent American) epitomises the issue. In all, Arellano captures his readers' attention by emphasising why Mexican-American food will survive. His vignettes are charming (Mexican-American NASA astronauts dreaming of Mexican food while in space?) and his examples are amusing and captivating. As Arellano shows, the food is everywhere and it is loved by most:

“Mexican food is at our state dinners, in elegant presentations and in our school cafeterias, packaged as chimichangas or in bags of Fritos, in convenience stores heating on rolling racks, waiting for the hands of hurried customers. Mexican food sponsors college football games and buys naming rights for sporting venues. Mexican food commercials blanket television airwaves ... fills our grocery aisles, sits in our freezers and pantries, is the focus of festivals ... and yet while there are more Chinese restaurants than Mexican in America, Mexican food is the easier sell.”

The fact is it has been around longer than General Tso's chicken or the American pizza and arguably even the world-famous hamburger. It is not authentic, but even Arellano thinks that is OK; it is still Mexican.

Jeffrey Pilcher contributes to the argument with a stellar study of the history of Mexican food. The University of Minnesota cultural historian relies on countless oral histories and archival documents and newspaper accounts to relay to his readers the evolution of a part of American culture. In *Planet Taco: A Global History*, Pilcher also tackles the question of authenticity, the universal reach and influence of Mexican food, and what Mexicans in different geographic regions of

Mexico eat. He shows us that cultural differences within Mexico point to different styles and methods of preparation for Mexicans themselves: that there is no nationalised or uniform way to prepare food. Indigenous background, geography, modernity, level of education, and class all influence what Mexicans choose to eat.

With a historian's touch, Pilcher provides very important background information that both students of history and the average layperson will appreciate. His discussion includes the history of corn crops, the influence of pre-Hispanic origins, the impact of chocolate and the *chile* (among other vegetables), as well as the Creole and French (yes, *French*) imprint on Mexican food today.

Pilcher also dives into how the taco specifically became world renowned. He explores the fast-food nature of Mexican-American food and how that is perceived within Mexico. He also manages to capture the essence of the demand of this very special food *within* America's borders. The narrative is lively and convincing, and he manages to include even a few recipes and inspiring photographs that encapsulate the history of something special within US borders.

Pilcher's book is balanced and a sound read. His ability to tell a good story while showcasing some of the problems with "Yankee ingenuity transforming Mexican culture" within the US raises both an appreciation for the consumption and understanding of Mexican fare, but also of the nature of globalisation and the long arm of American business. Still, Pilcher shows how and why Mexican cuisine has become globalised on its own and why this matters.

All three authors — Santibañez, Arellano, and Pilcher — show their readers exactly why Mexican food remains the hot item on menus everywhere. But most importantly, they demonstrate how Mexican culture is deeply embedded into mainstream American culture. Whether or not Americans recognise this and appreciate it is another story. ■

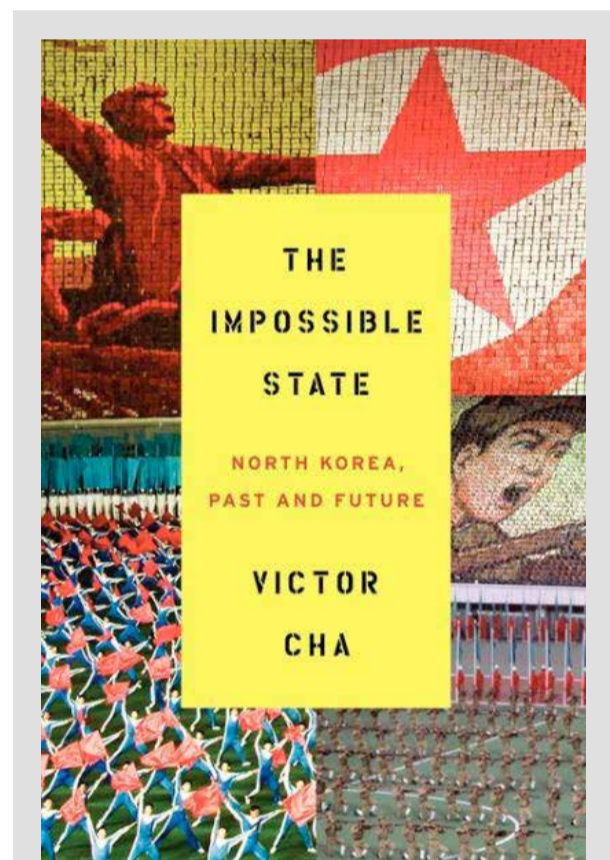
A reminder of evil

The gulag solidifies the Kim family regime

The central focus of US policy towards North Korea over the past two decades has been Pyongyang's attempt, which has succeeded, to acquire a nuclear weapons capability, and its proliferation of weapons technology to other rogue states such as Iran and Syria. Much less attention has been paid by US policymakers to the internal nature of North Korea.

One exception was President George W. Bush, who was deeply moved by reading a memoir of a former prison camp inmate, *Aquariums of Pyongyang: Ten Years in the North Korean Gulag* by Kang Chol-hwan and Pierre Rigoulot. In 2005 Bush instructed his cabinet that they should all read this book, and he made human rights a part of his stated policy on North Korea. However, Bush has been the exception.

North Korea internally is perhaps the worst place on earth. So argues Georgetown University professor Victor Cha in his excellent book *The Impossible State*. Though it covers a range of issues central



**The Impossible State: North Korea
Past and Future**

by Victor Cha
Ecco, 2012

to US foreign policy, including the nuclear question, one chapter of Cha's book gives a succinct analysis of the abominable conditions of life in the world's last remaining totalitarian communist state.

At the top of the North Korean political pyramid sits the Kim family tyrant: first the Great Leader Kim Il-sung, succeeded by his son the Dear Leader Kim Jong-il, and finally the grandson Kim Jong-un. The leader is treated as a deity and his proclamations considered the products of great genius.

Beneath the tyrant, North Korean society is divided up by the *songbun* system into three main social categories: the loyal, the waverers, and the hostile. The loyal are the elites of the Korean Workers Party, the military officers, and the security police, who have access to better food, housing, and education than the rest of the population. The waverer category consists of the majority of peasants and workers. The hostile category consists of former collaborators with the Japanese colonial bureaucracy, former landowners, businessmen, and the families of defectors. They live under the worst economic conditions and deprived of rights to adequate food, housing and university education. Every Korean is defined by social category, which determines access to social goods and services. It is not just one's own actions, but also the behaviour of one's family or ancestors which determines which social category one is in. Guilt by association is an important operating principle of the regime.

The whole social structure is upheld by ruthless force and terror, with informers denouncing real or invented crimes to the regime in order to advance their status. Underpinning it is a network of forced labour prison camps, the number of inmates of which is uncertain, but Cha estimates they hold between 200,000 and 300,000 prisoners, and that one million people have already died in these camps. One can be arrested and imprisoned for the most trivial acts considered subversive by the regime, such as being heard singing South Korean popular music,

or watching pirated tapes of South Korean soap operas. One can also be arrested for one's social background or the behaviour of one's relatives. There is no judicial process involved. One is guilty as charged. Prison authorities can and do beat, torture, rape, and kill inmates as they wish. The North Korean gulag is the most brutal form of slavery.

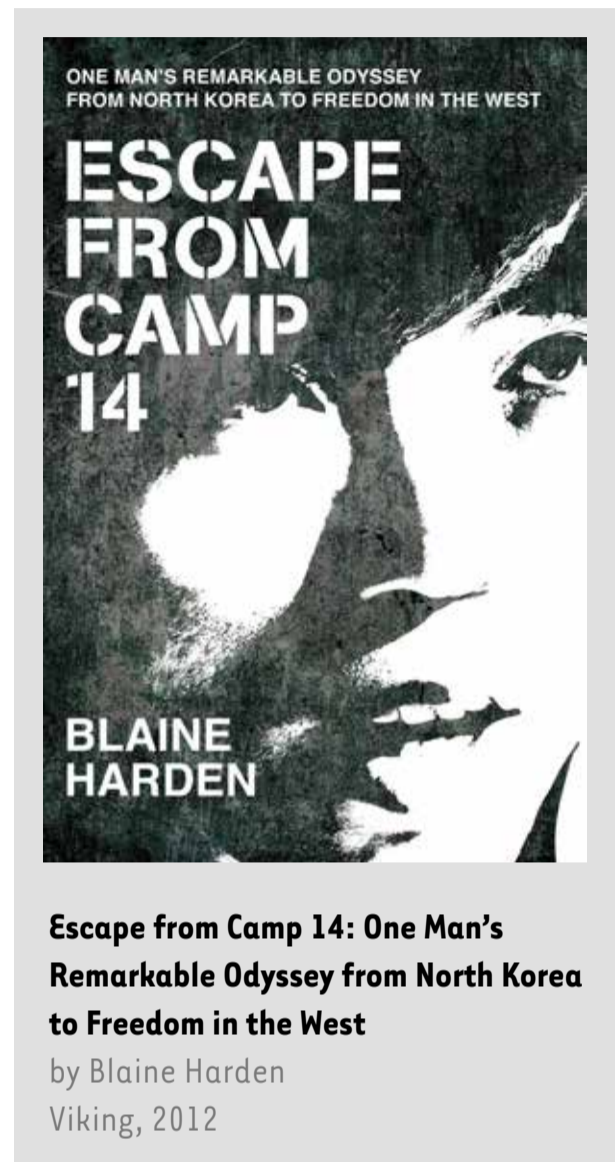
There are two types of camp: "re-education zones" where inmates who learn and memorise the works of the Great Leader and the Dear Leader can possibly be released after some years, though after release they are always kept under surveillance by the state's intelligence services; and "total control zones" where prisoners are never released, and are expected to die at an early age from starvation, disease, beatings, or execution. Camps are surrounded by barbed wire and electrified fences, with intermittent armed guard towers manned by soldiers with automatic weapons. Attempting to escape from a camp is punishable by death.

Although the roots of North Korea's totalitarian state are to be found in the system created in the Soviet Union by Joseph Stalin, the Kim dynasty has ratcheted up the level of oppression to exceed even Stalin's.

The nature of the North Korean regime can best be grasped by the memoirs of survivors of the prison camp system. One has recently been provided by Blaine Harden's searing account of the life of Shin Dong-hyuk, the only person to have ever escaped from a North Korean prison camp. It should be compulsory reading for US President Barack Obama and his cabinet.

Shin was born in a "total control zone" camp, where the overriding issue was finding enough food to live on and avoiding beatings by the camp authorities. Prison rations were not enough to survive on, so catching rats, snakes, frogs and insects became an obsession for all inmates.

Shin was born to parents who conceived him in an arranged “reward” marriage that was determined by the camp authorities. He knew of no world outside the camp and his parents never talked about one. Shin never felt any love for his parents and they showed no love for him. In fact love was an alien concept to the boy. So too was friendship. In the camp, one’s outlook and attitudes were formed by the lurking threat of starvation. As a result the impulse was to inform on one’s parents as well as one’s schoolmates or fellow workers, in return for which one could hope to receive better food rations. Informing was not merely encouraged by the authorities, it was officially mandatory. To not inform when one knew of a “crime” having been, or about to be, committed by a relative or associate was punishable, sometimes by death.



The most shocking scene in the book is Shin’s witnessing of the public execution, by hanging, of his mother, and by shooting, of his elder brother. They had been planning to attempt to escape the camp. Even more shocking is the revelation that their plans were exposed by Shin himself. He resented his mother and brother, and felt that by informing on them, his life situation could be improved. However, the school superintendent attempted to take the credit for Shin’s report. As a result, Shin was arrested, imprisoned in a tiny underground cell, and tortured for days for failing to inform on his mother and brother.

Eventually Shin plotted his own escape from the camp with another inmate. How the two expected to penetrate the electrified fence is not

clear. But Shin's luck was that his fellow inmate reached the fence first, was killed by the electric current, but brought down enough of the wire to create an opening and Shin was able to run over the corpse while receiving an electric shock that injured but did not kill him. After weeks of travelling by truck and rail in the northern regions of his country, Shin was able to make it to China, and after six months there was able to find asylum in the South Korean consulate in Shanghai, and was later flown to South Korea. He eventually received a US visa, where he resolved to become a human rights activist.

Shin was deeply traumatised by his camp experience only after he was able to compare it with life in the rest of the world, and as he slowly acquired feelings of trust and even affection towards others. Eventually he acquired profound feelings of guilt for having betrayed his mother. One of my conclusions from this book is that North Korea's regime has created a materially and culturally deprived society in which the majority of the population is physically and mentally retarded.

There is no possible justification for the continuing existence of the North Korean totalitarian state. However there have been four factors which have militated against the overthrow of the regime prior to this point. The first is that the North Korean people, subject to the most pervasive system of repression the world has ever seen, are themselves incapable of doing it. The second is the fact that a majority of South Koreans are driven by material and status ambitions, and are indifferent to the fate of their fellow countrymen in the north. They are unwilling to pay the economic, let alone the military price, of overthrowing the North Korean regime and reunifying the country under a democratic government. The third factor has been the attitude of China. Though it does not necessarily like the unpredictable Kim family dynasty, China does not want to see a democratic, pro-Western, US-aligned state on its border.

The final and most important factor in preventing the overthrow

of the North Korean regime has been the fact that North Korea holds the South Korean capital, Seoul, hostage. Located only 35 miles south of the Demilitarised Zone, Seoul is within range of thousands of North Korean artillery pieces buried in mountain caves just beyond the DMZ. In any conflict between North Korea and South Korea or the US, the North Koreans could make good on their threat to turn Seoul into a “sea of fire”.

The concept of economic reform, on the model of China, has so far been rejected by the regime. Tragically, unless and until North Korea undertakes an action that directly threatens the security of the United States, or perhaps Japan, the North Korean regime is here to stay. ■



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