

Either way, America will vote to end the New Deal

Michael Barone

American presidential elections are not only referendums on the future but also on the lessons the US draws from its past. The 2012 race is a case in point. The likely result is unclear: Republican challenger Mitt Romney is ahead of incumbent Democrat Barack Obama by a 48 per cent to 47 per cent margin, according to Real Clear Politics. But if it were to happen, a Romney victory would undermine the national story the US has told itself for about 70 years.

That lesson is that, even in straitened economic circumstances, most Americans do not want and will not reward politically a vast expansion of the size and scope of government.

The Obama Democrats came to office in 2009 convinced that economic distress would make Americans more supportive of increasing the role of the state. This was the message passed down from the great historians of Franklin Roosevelt's New Deal, such as Arthur Schlesinger Jr, graceful

writers whose books were bestsellers after the second world war. These authors described a nation in which most voters were grateful for economic redistribution and, every generation or so, would support another round of it.

I take a different view. The New Deal historians based their analysis on the 1932 and 1936 presidential elections. Roosevelt won a sweeping 57 per cent of the vote in 1932, with Democrats gaining support across nearly all parts of the country. He won with an even bigger majority (61 per cent) in 1936. But his gains were uneven. He lost ground in the countryside and small southern towns, while making gains in cities.

These gains, the New Dealers argued, were a response to the redistribution policies of the second New Deal, enacted in 1935, including the pro-trade union Wagner Act, social security, welfare provision and high tax rates on high earners.

There is one problem with this explanation. In 1934's congressional elections, Roosevelt's Democrats made similar gains in cities and suffered similar losses in small towns and farm areas. This could not

have been the result of legislation not yet enacted or proposed. It must have been a response to the first New Deal programmes enacted in 1933, such as the National Recovery Act with its 700-plus wage and price-setting councils. The aim was to break the deflationary spiral by propping up wages and prices. Democrats were rewarded for restoring economic order, not economic redistribution.

In addition, when the effects of redistributionist policies were felt after 1936, they became widely unpopular. The economy went into severe recession in 1937 and companies refused to invest in new workers – a “capital strike”, New Dealers said. Republicans gained 80 seats in the 1938 midterm election. Roosevelt was re-elected in 1940 and

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again in 1944 – but only as a seasoned leader in a time of world war. On domestic issues, polling suggests he would have lost.

The “capital strike” and lingering high unemployment sound much like the American economy today. The Republican gain of 63 House seats in 2010 looks much like the election of 1938. Polls indicate majorities oppose the 2009 stimulus package and the “Obamacare” healthcare legislation.

The proposition that economic distress would make Americans more supportive of big government policies and economic redistribution has been tested and has been disproved about as thoroughly as any abstract proposition can be disproved in the messy world of real-time politics. That is why Mr Obama has not been talking much about the stimulus package or Obamacare during this campaign cycle. Most of his advertising budget and his rhetoric as he barnstorms around the country have consisted of attacks on Mr Romney. This seemed to give him an edge, particularly in the swing states of Florida, Virginia and Ohio, with their 60 electoral votes, until the first presidential debate of October 3.

Mr Romney's sparkling performance, including a spirited defence of free enterprise rather than government as the generator of jobs and economic growth, has put him in a narrow lead in national polls and within clear striking distance of the 270 electoral college votes needed to win.

A Romney victory would refute the lesson taught by the New Deal historians. A narrow Obama victory – and no one expects him to run as well as he did in 2008 – would also undermine it, since he has based his campaign largely on his opponent's deficiencies. The last time a Democratic president won another term as a proud exponent of bigger government was in 1964. Of the three Democratic presidents since, Jimmy Carter was defeated for re-election, and Bill Clinton won only by shifting towards the centre after Democrats lost control of Congress in 1994. Mr Obama chose not to do so. That may prove to be a losing bet, not just for Mr Obama, but for the narrative of the New Deal historians.

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Lebanon can overcome its divisions to deter Syria



David Gardner

The murder in Beirut this month of Wissam al-Hassan, a spymaster in a den of regional intrigue, was not just another assassination, one more in a sanguinary sequence the Lebanese have learnt to shrug off before moving on. It looks like an attempt to suck Lebanon, whose 17 sects still bear the vivid scars from their own bloodletting in the 1975-90 civil war, into the sectarian vortex across the border in Syria.

But a more benign outcome is just conceivable: Lebanese leaders are shocked into addressing their rifts and vulnerabilities – including the fears of Hizbollah, the mighty Shia Islamist movement, which stands to lose its Syrian patron if or, more likely, when the Assad regime falls.

Lebanon is the crucible for how the Levant and the wider Arab world handle the combustible question of their minorities. If this mosaic society can help attenuate the bitter struggle within Islam between Sunni and Shia by devising a soft landing for Hizbollah, that could be a big plus for a region in turmoil. Once again, the stakes in Lebanon are high. This assassination could prove as convulsive as the 2005 murder of the former prime minister Rafiq al-Hariri, which forced Syria to end its formal occupation of Lebanon.

Hassan was the chief of the intelligence branch of Lebanon's Internal Security Forces, long at loggerheads with rival security services still under the thumb of Syria and its local allies.

The brigadier general became a fulcrum of the international inquiry into the Hariri case and subsequent murders of anti-Syrian public figures. He also uncovered an Israeli spy network that had infiltrated Hizbollah, a huge embarrassment for a disciplined organisation that operates as a state within the state.

Then, this August, Hassan unravelled an alleged Syrian plot to bomb sectarian targets in northern Lebanon, arresting Michel Samaha, a former cabinet minister close to Syrian president Bashar al-Assad. The evidence in this sting operation appeared so conclusive that Syria's allies, including even Hassan Nasrallah, Hizbollah's combative leader, were stunned into silence.

The Samaha case suggested a sinking Assad regime could no longer protect its own, and that a Lebanese state kept firmly under Syria's malign tutelage for three decades was beginning to reassert itself. The barrage of invective in the official Damascus press against Michel Sleiman, the Lebanese president and former army chief, was eloquent of Syrian sensitivity.

One question now is whether the Hassan assassination was a one-off reprisal or the delayed start of the killing campaign the intelligence chief had disrupted. If the latter, that could degenerate into the sort of car-bombing contest that marked the Lebanon and Iraq wars, and is now becoming a feature of the Syrian conflict, with itinerant Sunni jihadis emerging in rebel ranks.

It is, moreover, hard to overestimate the capacity of the Lebanese political class to self-destruct. At present, and in light of the unresolved sectarian divisions of a civil war with no decisive victors, all the local barons seem determined to keep the lid on. Yet their purchase on the Sunni-Shia fratricide



– not to mention its current frontline in the Sunni fight against Syria's minority Alawites, an esoteric splinter of Shiism – is limited. And it will all too often be the case in Lebanon that somebody, somewhere, is playing with gunpowder.

But the prospect of being caught in the Sunni-Shia crossfire may just galvanise the leaders of Lebanon's minorities to re-engage with its largest minority, the Shia, and their foremost representative, Hizbollah, which risks being caught on the wrong side of history if the Assad regime gives way to a new Sunni majority order hostile to all those who stood with the dictator.

Nothing is quite that simple in Lebanon where, for instance, the Christian communities are divided between support for Hizbollah and the leading Sunni faction headed by the Hariri family. The heavily armed Hizbollah, for its part, has never been willing or able to choose between being a Lebanese national movement or an Islamist vanguard operating as a proxy for its ideological mentors in Iran.

But Hizbollah needs to look to its own future, at a time when Tehran is hedging against the fall of the Assads and shoring up its position in Iraq and Lebanon, where the group's

allotted role is as a deterrent against any eventual Israeli attack on Iran's nuclear programme. All very tricky.

Yet all Lebanon's sectarian parties are in crisis. Its government, dominated by Hizbollah, may well collapse amid the recriminations that have followed the Hassan murder. The opposition, built around Sunni, Christian and Druze factions, had earlier started a debate on transforming itself into a civil movement rather than a coalition of sects – in part to define its aims before the fall of the Assad regime. “Drawing a line under the war in Lebanon will help to end the Sunni-Shia war,” says one influential opposition figure. “We need therefore to end our differences with Hizbollah, not through yet another ‘dialogue’ but by offering a kind of guarantee to the Shia that if the Syrian regime falls, we are not going to make [them] pay the price.”

As Hizbollah's leaders calculate the odds in the power politics of the region, such an approach would be reassuring to many of their Shia constituents, drain some of the sectarian poison coursing once more through Lebanon and give them more reason to ponder their survival.

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The country is a crucible for how the Arab world can handle its minorities

The A list
Euro states should sync their budgets
Co-ordinating fiscal policies might lead to a reduction in imbalances and promote growth, writes Lorenzo Bini Smaghi
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Another good idea botched by a sloppy government

Janan Ganesh

Governments are often said to have a “defining” policy, a particular item of their programme that reveals something bigger and broader about them. But we usually flatter our rulers by citing a measure that captures what they are trying to do. In fact, a policy only truly defines its authors if it embodies their pathologies as well as their aspirations, their flaws as well as their virtues. For Tony Blair and Gordon Brown, former UK prime ministers, it was tax credits. These redistributive payments eased hardship and made many lives better, while also costing a huge amount and giving rise to an impenetrable bureaucracy. In its generosity to the poor, but also its complexity and costliness, the policy was typical New Labour.

The Conservatives who lead this government assume they are defined by fiscal austerity, but it does not actually reflect their most fervent convictions. After all, David Cameron and George Osborne were happy to go along with Labour's munificence until 2009, when the collapse of the public finances forced the political

class to commit to some measure of cuts. Alternatively, Tories increasingly like to think they are defined by Michael Gove's education reforms, but this is not quite correct either. Choice and competition among schools reflect Conservative principles surely enough but the policy is being implemented with too much vigour and discipline to typify a government that is more often slapdash and complacent.

No, this government's defining policy comes to life on November 15, when voters elect police commissioners to oversee their local constabulary. The idea is to increase the accountability of the public service least touched by reform over the years. Ministers believe that the crimes that trouble voters most – the supposedly low-level blights of vandalism, burglary and antisocial behaviour – are not always taken seriously by police. Denis O'Connor, who retired as chief inspector of constabulary over the summer, agrees. The prime minister hopes that people power will correct this. Commissioners will be able to set constabulary budgets, determine local policing priorities and even fire chief constables.

The idea is authentic Cameron.

Long before austerity, in his early years as Tory leader, he espoused a different vision of government: not so much smaller as looser and less centralised. He insisted on the distinction between society and the state, and defined himself not against debt but dirigisme. So came the idea of allowing voters to elect their police chiefs, as well as to set

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up their own schools and enjoy access to unprecedented amounts of government data. Although this zeal for giving power away was felt most fervently by Steve Hilton, then Mr Cameron's closest adviser, it was shared by the Tory leader himself. In the 2010 general election campaign, the Big Society became a bad slogan for a promising set of ideas, most of which have survived in government.

The plan for elected commissioners reveals another truth about the

prime minister. For a politician who is outwardly consensual to the point of blandness, he shows a willingness to pick fights with vested interests that is both admirable and foolhardy. Teaching unions, health professionals and many charities are already ranged against his government.

Recently augmenting their number is the police. The resignation of Andrew Mitchell as chief whip over a row with Downing Street police guards was a peripheral skirmish in the larger struggle between reforming ministers and wary officers. Planned changes to police pay and conditions are the primary *casus belli* but chief constables also curse commissioners as a populist incursion into their fiefdoms. The magisterial disdain for the idea shown by Sir Ian Blair, the former chief of the Metropolitan Police who is urging people not to vote on November 15, is something to behold.

There are always public sector grandees with an unshakable belief that their profession is fine as it is, and Sir Ian is a classic of the genre. The public may not agree, but his yearning for a low turnout looks likely to be met anyway. For if the commissioners policy captures this government's desire to shake up

perhaps the most centralised state in the west, it also encapsulates its sloppy, halfhearted approach to implementing that vision. The fact that the elections are being held in November, a chilly death zone for electoral turnout, is bad enough. But the government has also failed to cultivate impressive candidates, leaving the field dominated by familiar and uninspiring faces from party politics. Mr Cameron has not acted as a salesman for the policy. All this evokes the government's attempt to install elected mayors in 12 big cities outside London. Sheer neglect ensured the idea never stood a chance; mayors were rejected by nine cities in referendums last May.

It is still possible that commissioners will, over time, become mighty fixtures of public life. Crime is an enormous frustration for voters and compelling candidates will come forward if they can see that the office carries weight. However, the botched launch of the idea is all too typical. This government's wish to remake the British state is largely commendable. Its tenacity in seeing it through is too often lamentable.

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Microsoft and Apple confront a tough new tech world

Jason Pontin

There is a smug maxim in Silicon Valley and the places that imitate it: “To survive, you must destroy your company every x years” (where x varies according to how much the speaker wants to stress the pace of technological change). Sometimes attributed to Intel's former chief executive Andy Grove, it is a maxim more often repeated than observed. But it can be a lovely and startling thing when a large, publicly traded company takes a big bet by replacing its core product.

Microsoft's new Windows 8 operating system, which went on sale last Friday, is the most dramatic gamble by a technology company since Intel abandoned the memory market to make semiconductors in the 1980s. Windows is a civilisational tool; there are more than 1bn Windows users around the world but when, after being given a new personal computer by their IT manager or buying a new device for themselves, those users boot up the new OS, they will recognise nothing.

Gone is the familiar “Start” button and user interface Microsoft has used since it launched Windows 95, 17 years ago. In its place, users will find a screen of shifting colourful tiles. If they have set up a Microsoft account with Outlook, their email, calendar and contacts will appear automatically; if their Microsoft account is linked to Facebook, the faces of their Facebook friends will begin blinking in a People tile and the photos they have posted will float into a Live tile. To its new users, Windows 8 will seem as personal – and as non-corporate – as their smartphone or tablet computers. That is the whole idea.

Windows 8 can be used with a conventional personal computer with

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a mouse or touchpad, but doing so is confusing. The operating system works best with a touchscreen, where users can swipe tiles and icons. To show off the new functionality, Microsoft is selling its first computer, the Surface – a \$499, touchscreen tablet whose cover is a small keyboard, so that the device can also function as a small laptop.

Windows 8 and Surface are elegant and innovative, not qualities one associates with Microsoft's products. They are mostly the work of Steven Sinofsky, president of the company's Windows division, who keeps a much-read blog at MSDN, the Microsoft developer network. There, defending the radical change in the design, he wrote: “The new Windows 8 user experience is no less than a bet on the future of computing, and stakes a claim to Windows' role in that future.”

Last week the crush at Microsoft's Times Square store reminded some of the crowds at the launch of an Apple product – which must have been Microsoft's hope. But Mr Sinofsky's bet also has the logic of desperation. A decade ago there were no competitors to Microsoft's core business of developing and selling “platforms”, the software upon which other developers' software must run and with which hardware must work. Today, the web is the platform for most computing and Apple's iOS (the operating system of the iPhone and iPad) and Google's Android are the platforms for mobile devices. The sharp edges between business and consumer computing have melted. Microsoft had no choice but to try something new.

It is instructive to compare the launch of Windows 8 and Surface with Apple's most recent release, the iPad mini. There's nothing wrong with the mini: for Tim Cook, Apple's chief executive, it must seem to fill an important niche – the market for tablets that can be held comfortably in one hand, where Amazon's Kindle and devices based on Android now dominate. But there's nothing innovative about Apple's small tablet. It's just more of the same. One cannot imagine the late Steve Jobs, Apple's departed CEO, taking any pride in the thing.

It is an interesting historical moment for the two founding companies of the personal computing revolution. Microsoft knows it is slowly dying but declines to accept its fate. Apple, flush with cash, does not yet have to admit that with the death of its tutelary genius, it has lost its way. But secretly, its executives, designers and developers must fear that something is badly wrong. Jobs always said that technology companies began to die when salespeople and bean counters started making the decisions.

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