Barack Obama And the House upon a Rock

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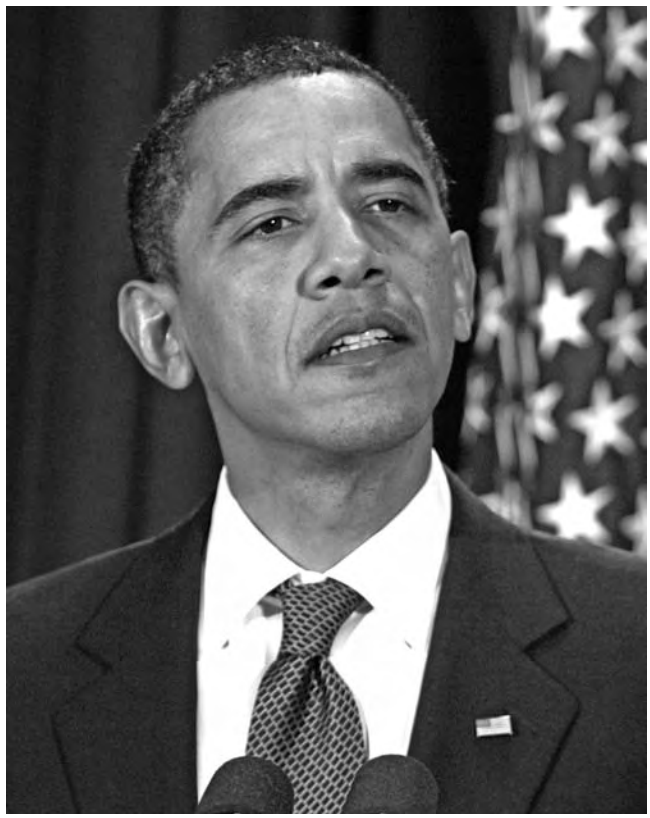

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While it has been said that democracy is not the best form of government, we could paraphrase Winston Churchill and say that it is the least pernicious. As we know too well, there is nothing in the democratic process that assures us that the best candidate will actually be elected. In the case of the election of Barack Obama, the process was legal and legitimate, but until now we cannot say it was the best. We also cannot judge it fully after a single year of administration. We academics —and politicians even more so— tend to talk about his first year in absolute terms as a total failure, although those who accent his wins tend to forget his mistakes. Beyond these judgments leaning to one side or the other, the point is to analyze the context and his leadership.

Obama's Paradox

Undoubtedly, domestically, his electoral victory represented the high point of the civil rights movement, and also a gradual repositioning of the United States as an international leader. However, with all the euphoria of the victory and the hope for change, we tend to leave to one side the analysis about how Obama came to office. We forget that during the campaign, more than a strong alliance among supporters, what was forged was a temporary alliance among voters who all agreed on ousting George W. Bush and who cast their votes to punish the Republicans.[1] Once he was driven out of the White House, that seemingly solid alliance fell apart, and each group began to pursue its own interests. This is where Obama's paradox is situated: between following the demands of his party's rank and file —left, center or more conservative— and listening to the voices of the "independents," who, far from having a common banner, represent a very broad gamut of interests, and, on the other hand, responding to the Republicans' ferocious criticisms.

We should remember that in his inaugural speech, the president underlined that he would govern for everyone. The question is whether that will be possible. Generally, policies are the result of strategic decisions. That is, the policy picked is not the best solution, but the least pernicious among all the possible solutions. But to benefit one group, you have to step on the toes of another. It is not easy to harmonize the Democrats' protectionist demands with the expansionist eco-

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nomic policy supported by the Republicans. What is more, in economics, there are no golden rules for solving problems; it is a matter, rather, of weighing the different strategies, believing in them, implementing them and waiting for them to be seen as appropriate so that they can become self-fulfilling prophecies.

For example, in the case of the Recovery Act (the US$787-billion-dollar stimulus package), we can see that the Obama administration has not been effective in communicating its impact. Though it is true that it has been credited with creating only 1.8 million jobs and not the 2.5 million it promised —while what is needed is actually 8 million— given the critical situation, as August Goolsbee said, it did have the virtue of averting a cataclysm.[2] Despite this, the Republicans and the more conservative television channels like Fox News have taken it upon themselves to underline his "failure," giving broad coverage to the Tea Party movement, which opposes any possible tax hike or increase in public social spending, despite the fact that the current deficit is a legacy of Bush's military spending.

The expectations were enormous because Obama promised several changes: universal health care, financial reform, investment in infrastructure, promoting green energy, reducing carbon emissions, creating jobs and improving the economy. But it is precisely the state of the economy that has hemmed him in and made it difficult to swiftly deliver on many of his promises. All these measures are fundamental long-term transformations, and Obama knows that real change takes time.

Although the administration seems to have a clear vision of what it is trying to do and where it wants to go, it has not been adept enough at communicating that message through a well-structured narrative with examples that are understandable for the average citizen. It must not be forgotten that it was also his discourse full of ideas of renovation and hope that ushered the Democrats into office, not just opposition to Bush, since, if it had just been the latter, Hillary Clinton could have been president today. Obama said during his campaign, "But what we know, what we have seen, is that America can change. That is the true genius of this nation. What we have already achieved gives us hope —the audacity to hope— for what we can and must achieve tomorrow."[3]

The Context versus the Promises

The context in which Obama took office was one of the most critical in recent history, comparable only to the Great Depression of 1929. The budget deficit was close to US$1 trillion and the national debt, over US$10 trillion. As Kissinger predicted, the illusion that the economic system could indefinitely be sustained by taking on more debt vanished.[4] Several financial institutions went into crisis or simply disappeared, at the same time that home real estate prices plummeted as swiftly as they did in the Great Depression. Demand dropped in most sectors and, with it, investment.

Many Democrats demanded the president keep his promise of quickly withdrawing the troops from Iraq, but once he took office and had access to all the information, obviously, Obama realized that it was much more complicated than he had thought. We could characterize this as a "paradox of hope": the inexperience of new office-holders for carrying out change is directly proportional to the hope generated. Bush himself had already been confronted with the difficulty of rapidly withdrawing the troops from Iraq: doing it can cause great instability in the region due to the lack of support for nation-building, which can be devastating. The problem is a structural one.

With respect to Guantánamo, we saw that Obama began the process to close the prison as soon as possible, but he also realized that it was not all that easy to transfer these terrorists to the United States, nor is it a simple matter to find jails where they can be well guarded. Public protests have not been long in coming from people opposed to having the trials held in their communities for fear of reprisals or terrorist attacks. While Obama is clearly against the abuses committed in Guantánamo, the solution is not easy either. Setting foot on American soil gives them rights and protections that they lack on the island.

The Obama campaign also promised to take a stand to make up for the fact that the United States had not signed the Kyoto Protocol. However, not much was achieved in Copenhagen, where the goal was that the big carbon polluters like the United States and China would make significant reductions. The so-called green technology that protects the environment

requires big support that for the time being will have to be put on hold. In harsh economic circumstances, thinking about sustainable development will be rare since the accent will be put on immediate, not long-term, profits. Despite this, it is important to mention that the Recovery Act supported "green" programs, and projects oriented to seeking alternative sources of energy are emerging.[5]

Undoubtedly, the first big setback was that the Democratic Party lost its absolute majority in the Senate. Obama's support for the Democratic candidate did little good where the voters expressed their dissatisfaction with the economy. In addition, Massachusetts was a Democratic bastion. Now, the problem is not only the number of seats, but the wide ideological spectrum among Democrats: everything from economically protectionist conservatives to the most liberal supporters of gay marriage. To lead such a diverse group takes great ability, political skill and experience.

Today, we can celebrate Obama's victory on the issue of the health reform. He demonstrated a capability for negotiation to achieve the difficult bi-partisan alliance. While the citizens of France, England, and Canada, among others, enjoy universal health care, in the United States, private medicine and the insurance and pharmaceutical companies get rich at the expense of the ill and senior citizens, who go into debt or even die because they cannot pay the high price of medical care.

The battle is just beginning; some state governments have already appealed, arguing that the law is unconstitutional. The insurance and pharmaceutical companies will spend millions to attack President Obama, who has not played hard ball attacking these interests in kind, since the White House thinks that would not be a good strategy. Let's hope they're right. But the most important thing about the health reform is that Obama resumed his role as leader, taking the helm from his advisors. If he had not done this, he would not have achieved such a significant victory. Heilemann and Halperin emphasize the fact that given the vicissitudes of his election campaign, Obama started winning when he took the helm over from his managers.

REBUILDING PRESTIGE

Undoubtedly, one of Obama's great achievements has been improving the United States' reputation in the international concert, after its enormous loss of prestige due to its unilateral policies. This administration has exercised the smart power Joseph Nye talks about, according to which diplomacy and soft power are used in international relations, without forgetting military might, to turn a country into one that appropriately leads the international community.[6] This was achieved after Bush left behind him the image of a Lone Ranger country, shooting right and left.

In the U. S., private medicine and the insurance and pharmaceutical companies make a profit at the expense of the ill and senior citizens. Today, we can celebrate Obama's victory on health reform.

Barack Obama has very rapidly managed to begin to reconstruct the delicate web of relations with the international community. With the help of Secretary of State Hillary Clinton, he has quickly begun to reposition himself as a prestigious world leader.

We should remember that years ago, world leaders supported President William Clinton's successes when he put forward a new democratic creed that included globalization, free markets and democracy. He could count on worldwide euphoria after the fall of socialism, which made capitalism and democracy look like the only possible way forward, as Francis Fukuyama underlined. The disappearance of the Soviet Union led the United States to proclaim "universal" political goals, whose objectives were defined by slogans rather than their real feasibility, but made for a clear narrative that indicated the way the country was going.

Today's international context is very different. The financial crisis reveals the failure of the capitalist model, at least the U.S. version. In the opinion of Nobel Prize winner for economics Joseph Stiglitz, market fundamentalism, that is, the idea that the market on its own can ensure economic prosperity and growth, has come to an end. The legacy of this crisis consists of the need for a new economic debate to achieve solid financial regulations.[7]

Obama is being disappointed by out-of-control capitalism. According to Kissinger, in the past, when small crises occurred, they were not seen as signs of danger, but as mistakes in the developing countries that should be corrected by restrictions that the developed countries did not apply to themselves.[8] Undoubtedly, the current crisis demands a serious discussion to avoid its repetition. The state must help give capitalism a kind face; it has certainly already shown

us the worst it has, the face of savage capitalism: corruption, ambition and voraciousness. It is up to Obama to lead the debate about new ideas for the economy.

According to Kissinger, economic constraints are going to force the United States to define its global objectives in terms of a mature conception of national interests. Naturally, a country proud of its exceptionalism is not going to abandon the moral convictions that it defines its greatness by, but the United States has to discipline itself and follow a gradual strategy to achieve greatness in the accumulation of the achievable. It must recognize the limits of its hegemony and learn to listen to others, looking beyond its own conception of the world. This requires a new dialogue between the United States and the rest of the world. A new order must emerge whose participants support it because they helped build it.[9] Undoubtedly, Obama is not headed in this direction.

Though international prestige has been recovered, unfortunately for Obama, it is the U.S. voters who make the final decision. Time is against him and the November elections could hit him with voter disappointment. We should also remember the other setback Obama suffered with the 5-to-4 Supreme Court decision on electoral financing, overturning the McClosky Act, which had limited the amount of money a company could donate to a candidate. The legal argument was that freedom of expression could not be limited, but it is difficult not to think that behind this is the return of the biggest interest groups to dominating future elections. We could even venture the hypothesis that Obama might not ever have won the presidency if this limitation had not been in place, since what allowed him the win was the support of millions of small contributors who, all together, created a large war chest.[10] Now, if Obama wants to regulate financial institutions and banks, it should come as no surprise that these institutions will invest large sums to get the Republicans back in the driver's seat in Congress.

If Obama's work has not been easy with both the House and the Senate dominated by the Democrats, the situation will become even worse if the Republicans take back the Congress. A difficult —but effective— bet would be to concentrate on a single point of the agenda: economic recovery. If he unifies his team around this issue, he might be able to reduce the disappointment and reverse the negative trend in public opinion against his administration. So, more than approval from outside and disappointment internally, it is preferable to win back domestic confidence by strengthening the domestic market and, then, with the impetus this would give the global economy, consolidate international support. The state-of-the-nation speech at the beginning of the year was a good start: returning to a position in the center, he communicated his desire to fight unemployment and alluded to a bright future.

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Conclusions

Obama's practical spirit makes him forget the weight of ideas. And it is not that he lacks them, but rather that his administration has not been able to present a narrative of reality that makes sense of all the president's policies for the average American. In one of his speeches, when referring to the Sermon on the Mount, he mentioned the house upon the rock as a metaphor for the need to re-found society on a more solid basis: economic growth, investment in education, universal health care services and energy generation based on new sources, all of which require great changes and sacrifices if you are thinking in the long term. At the same time that Americans' pocketbooks get noticeably fuller, it will be necessary to put into motion the great policies that will transform the country.

A "must" debate is how to redefine American capitalism. The task is necessary, but by no means easy, because today, the middle class sees Obama as the savior of the banks, and financiers think he is a socialist because he wants to regulate the financial system and because of the high taxes he has levied on their bonuses. It is important to underline that although the president wants to create jobs, he is not expecting them to be in the public sector, but in the private sector. That is, like Roosevelt did with the New Deal, he is expecting to create jobs, but now fundamentally by supporting small businesses.

According to George Packer, the beginning of the Obama presidency has been similar to that of Ronald Reagan, whose popularity at the end of his two terms was incredible, though at the start he had to content himself with a 51-percent approval rate, while Obama aspires to more: he wants to be accepted for his character, for having made the right decisions for the majority of the population.[11] Perhaps all

that remains is to ask whether Obama will be like President Carter, a good man but a bad politician who ended by disappointing even the most liberal, or like Reagan, who it should be recognized went down in U.S. history because he led Americans to where he said he would. To be more precise, will Obama achieve what he himself recognized in Reagan? Heilemann and Halperin quote him as saying, "What I said is that Ronald Reagan was a transformative political figure because he was able to get Democrats to vote against their own economic interest to form a majority to push through their agenda, an agenda that I objected to."[12] Given U.S. impact on the international context, it is to be hoped that it will have a president who is up to the demands of his time, who manages to communicate his message to his own citizens to transform the nation along a path that is not only good for it, but for the entire world. A president who is the right leader to guide the change needed in U.S. society to overcome the crisis and capable of leading the international community toward greater global equilibrium. VM

NOTES

[1] "A country at war, an economy on the brink, and an electorate swept up, regardless of party, in a passionate yearning for transformation," write John Heilemann and Mark Halperin in *Game Change. Obama and the Clintons, McCain and Palin and the Race of a Lifetime* (New York: Harper Collins Publishers, 2010), p. 10.

[2] George Packer, "Obama's Lost Year," *The New Yorker*, March 15, 2010, p. 43.

[3] Heilemann and Halperin, op. cit., p. 237.

[4] Henry Kissinger, "An End of Hubris. The World in 2009," *The Economist* (London), November 19, 2008, p. 67.

[5] In the case of Martinsville, the Recovery Act supported renewable energy projects, conversión of methane gas into electricity and even a bio-diesel-fuel refinery. See George Packer, op. cit., p. 42.

[6] Richard L. Armitage and J.S. Nye, Jr., CSIS *Commission on Smart Power: A Smarter, More Secure America* (Washington, D.C.: The Center for Strategic and International Studies, 2007).

[7] Joseph Stiglitz, "Wall Street's Toxic Message," *Vanity Fair*, July 2009, p. 83.

[8] Kissinger, op. cit.

[9] Ibid.

[10] Heilemann and Halperin, op. cit., p. 92.

[11] George Packer, op. cit., pp. 41-51.

[12] Heilemann and Halperin, op. cit., p. 205.