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HOMELAND

THE AMERICAN POLITICAL scene since 2000 is conventionally depicted in high colour. For much native—not to speak of foreign—opinion, the country has cartwheeled from brutish reaction under one ruler, presiding over disaster at home and abroad, to the most inspiring hope of progress since the New Deal under another, personifying all that is finest in the nation; to others, a spectre not even American. For still others, the polarization of opinion they represent is cause for despair, or alternatively comfort in the awakening of hitherto marginalized identities to the threshold of a new majority. The tints change by the light in which they are seen.

For a steadier view of US politics, line is more reliable than colour. It is the parameters of the system of which its episodes are features that require consideration. These compose a set of four determinants. The first, and far the most fundamental, of these, is the historical regime of accumulation in question, governing the returns on capital and rate of growth of the economy.¹ The second are structural shifts in the sociology of the electorate distributed between the two political parties. The third are cultural mutations in the value-system at large within the society. Fourth and last—the residual—are the aims of the active minorities in the voter-base of each party. The political upshot at any given point of time can be described, short-hand, as a resultant of this unequal quartet of forces in motion.

What remains unchanging, on the other hand, is the monochrome ideological universe in which the system is plunged: an all-capitalist order, without a hint of social-democratic weakness or independent political organization by labour.² The two parties that inhabit it, Republican and Democratic, have exchanged social and regional bases more than once since the Civil War, without either ever questioning the rule of capital.

Since the 1930s there has been a general, if not invariable, tendency for those at the bottom of the income pyramid—should they cast a ballot, which large numbers do not—to vote Democrat, and those at the top, Republican. Such preferences reflect the policies by and large pursued by the two parties: Democratic administrations have typically been more redistributive downwards than Republican, in an alignment shadowing, without exactly reproducing, divisions between left and right elsewhere. But these are rarely differences of principle. A salient feature of the consensus on which the system rests is the flexibility of relative positions it allows. Policies associated with one party can migrate to the other, not infrequently assuming forms in the cross-over more radical than they possessed in their original habitat. A glance at the history of the past half-century is a reminder of these eddies within the system.

I

Although it was some time before its character crystallized, Roosevelt's victory in 1932 famously opened a new era in American politics. The Depression, marking the end of a regime of accumulation based on the gold standard, high tariffs, low taxation and still early forms of mass production, discredited the Republicans who had long dominated it. Under the shock of the slump, popular pressures—above all, the labour strikes that began in 1934—drove the Democratic Administration beyond its initial measures of financial stabilization and emergency relief towards social reforms and infrastructural programmes that consolidated its electoral base, while the shake-out of least competitive capitals and corporate concentration continued.³ When the sharp recession of 1937

¹ Regime of accumulation: term derived originally from the Marxist work of Michel Aglietta, *Régulation et crises du capitalisme*, Paris 1976, of which an institutionalist equivalent can be found in Douglas Forsyth and Ton Notermans, 'Macroeconomic Policy Regimes and Financial Regulation in Europe, 1931–1994', in Forsyth and Notermans, eds, *Regime Changes*, Providence, RI 1997, pp. 17–68.

² Semantically, a symptom of this closed universe is the transformation in local vocabulary of the term 'liberal' into a merely social or cultural outlook, denuded of reference to the economic principles that have historically defined it elsewhere, since in the US the axioms of the free market are common to all. Thus 'neo-liberal', universal currency abroad, is a lexical embarrassment for those who identify themselves with the indigenous version.

³ First came the off-ramp from gold, passage of Glass–Steagall and NIRA, in 1933; then the Wagner and Social Security Acts, in 1935.

struck, unemployment was soon back up at 12.5 per cent. What transformed the New Deal into the watershed it became was the arrival of massive state demand with rearmament. With the onset of a full war economy, from late 1941 onwards, a new regime of accumulation came of age. The gold standard had gone. Taxation was higher; deficits were no longer taboo; deposit insurance and banking regulation were in place; corporations had concentrated; consumer demand had expanded. These were conditions of the transformation. But the decisive change came with the huge jump in state spending and intervention in the economy, public expenditures soaring from 19 per cent to 47 per cent in two years, when the country was mobilized for war and business returned to the seats of power in Washington to run the industrial drive for victory. Firing technological innovation and wiping out unemployment, the war-time boom delivered American supremacy over the capitalist world after 1945, with an international economic order to fit its requirements at Bretton Woods. The expansion unleashed by the war economy rolled on for a quarter-century of high growth rates at home and unchallenged hegemony abroad.

The political system formed under this regime, though it descended from the New Deal, also differed from it. After the war the Democrats maintained the electoral dominance they had secured in the thirties, when they won first-time voters and second-generation immigrants, once-distant Protestant workers and northern blacks, while keeping a tight grip on their historic stronghold in the racist South. While the two parties divided control of the White House evenly, from 1948 to 1968 each winning it three times, Congress remained for nearly half a century a Democratic preserve; between 1932 and 1980, the Republicans took it just twice, for a pittance of four years. But the underlying political configuration encompassed both parties. After 1937, when the steel strike was broken and the economy slid back into recession, the labour insurgency that had forced the most significant social reforms onto Roosevelt's agenda was spent. The Wagner Act allowed unionization to increase up to the early fifties; but along with growth in membership came bureaucratization and domestication of the AFL-CIO. In 1947, a majority in both parties joined forces to repress militants and strikes with the Taft-Hartley Act.⁴

⁴ For this history, see Robert Brenner, 'Structure vs Conjuncture', *NLR* 43, January-February 2007, pp. 37-40, the most important single text for understanding the evolution of US politics since the New Deal.

Collective labour was one thing, to be curbed wherever it risked becoming unruly. Atomized voters were another, to be courted so long as the price could be afforded. If state spending as a proportion of GDP was no longer at war-time levels, the long boom of the fifties and sixties yielded rates of profit permitting regular wage gains for workers, and tax revenues for continuing public works and social benefits, along with large military budgets. But no regime of accumulation is static, and in due course there was an inflexion. War-time planners in Washington had envisaged a post-war world in which a dollar standard and free trade would deliver export prosperity for US capital via economic recovery in Europe and Japan. The extent of damage in former allies and enemies alike, and the over-riding imperatives of the Cold War, forced this design out of shape. To save capitalism abroad, pure free trade would have to be diluted, local rulers allowed some start-up assistance and a measure of protection for their markets, if they were not to sink back into depression. Recovery came, and as anticipated, American profits with it. But since labour costs were lower abroad, it was more rational for US capital to invest—where possible: Europe rather than Japan—locally in production for local markets, typically at higher rates of profit than available in domestic investment, rather than export to them. With the great expansion of American multi-national corporations overseas, organized labour was further weakened, not legislatively but structurally, from the mid-fifties onwards.

Yet so long as the overall regime of accumulation held, the calculus of party competition kept the parameters inherited from the New Deal in place. Within them, Republican rulers were perfectly capable of out-flanking Democratic predecessors. Truman, whose Presidency was largely barren of domestic legislative achievement, broke more strikes than Eisenhower, whose Interstate Highway Act launched the biggest public-works programme since the WPA. Anti-segregation activism and ghetto insurrections wrested the Civil Rights Act and the War on Poverty from LBJ, with a momentum that outlasted him. It was Nixon, not Johnson, who oversaw the largest increase in social entitlements and economic regulation of post-war history, and proposed the most ambitious anti-poverty scheme, a guaranteed minimum income that no capitalist country has yet instituted. At Congressional level, where in both Houses the most rock-solid single bloc of Democrats was always from the South, Republicans voted in larger numbers than Democrats for the civil-rights bills.

Across the advanced capitalist world, the post-war boom came to an abrupt halt in the early seventies. Profitability declined, wages ceased to rise, and stagflation set in. The common cause lay in the inter-capitalist competition that had been intensifying since Germany and Japan, restored by Washington as forward defences of the Free World, had re-entered the world market in force, often with newer capital stock and superior corporate and banking structures.⁵ Forced to defend sunk capital that could not readily be written off, American firms faced lower margins just as unwelcome social spending and costly regulation were hitting a peak under a Republican president. To cap everything, after cutting the link of the dollar to gold, Nixon resorted to wage and price controls to throttle inflation. Faced with this combination of economic crisis and political profligacy, capital—big and small—sprang into action. The Business Roundtable was set up in 1972. By the end of the decade the Chamber of Commerce and National Federation of Independent Business had doubled their membership, and corporate lobbyists in Washington multiplied over ten-fold; political action committees funded by capital far outdistanced those of labour, and hard-hitting new think-tanks—the American Enterprise Institute, Heritage Foundation, Cato Institute—were at battle stations.⁶ The breakdown of steady growth generated a systematic mobilization against the post-war settlement.

Such was the setting in which the agenda of a new regime of accumulation took shape. The neo-liberal order ahead would include deregulation of markets, de-unionization of labour, decreases in taxation and deflation of the money supply—in effect, a reversion towards norms of the original liberal regime prior to the Depression, minus the gold standard and tariff protection. But there would be two critical differences, in the position of industry and the nature of the electorate. Manufacturing, just burgeoning into mass production in the twenties, with fifty years

⁵ See Robert Brenner, *The Economics of Global Turbulence*, New York and London 2006, *passim*, the fundamental history of post-war capitalism.

⁶ The origins of the AEI go back to 1943, when corporate executives flocked to Washington for roles in the war economy, but its transformation into a conservative powerhouse dates from the seventies: by 1980 it had over 600 corporate sponsors. The Heritage Foundation was set up in 1973, the Cato Institute in 1977. For these developments, see Jacob Hacker and Paul Pierson, *Winner-Take-All Politics*, New York 2010, pp. 118–20.

of expansion ahead of it, would from the eighties onwards contract relentlessly under the pressure of lower-cost producers abroad, displacing capital into finance as the command-centre of the economy, and yet more drastically eroding the position of labour. At the same time voter expectations now precluded wholesale liquidation of insolvent or inefficient enterprises: mass unemployment appeared incompatible with stable capitalist rule. In most capitalist countries of the period, analogous changes took hold. But in the absence of any significant traditions critical of the over-riding prerogatives of private property and free enterprise, and the structural erosion of the power of labour, in America they acquired their purest form. The parameters of the political system shifted to the right everywhere in the West, but nowhere so far and with so little impediment as in the US.

At party level, after a high tide of progressive reform under a Republican president, the backwash of political reaction came with a Democrat in the White House, and an overwhelming Democratic majority—292–143 in the House and 62–38 in the Senate—in Congress. Less state, more market was the solution to the woes of the economy at the arrival of the bicentennial. The keynotes of the Carter Administration were tight money and deregulation, to weaken labour and strengthen business. In Congress, the Democrats lowered the capital-gains tax and raised the payroll levy, while—in one vote after another—rejecting reform of health care, indexation of the minimum wage, consumer protection and improvement of electoral registration. At the Fed, Volcker was entrusted with a hard deflation. Neo-liberalism was now in the saddle. The short-term cost for Carter and his party was high, when the steep interest rates that were Volcker's cure for inflation provoked a severe recession. The electorate was not grateful. But a larger problem lay in the lack of an ideological message from the Democrats capable of embellishing the turn in any terms less dour than the need for belt-tightening. Something more alluring was needed.

Reagan's victory in 1980, as decisive as Roosevelt's in 1932, met the requirement. Neo-liberalism found its popular supplement in an optimism of national reassertion and moralism of individual self-reliance, laced—if not excessively—with faith in the Bible.⁷ This was an ideological

⁷ For the notion of ideological supplement, see 'Testing Formula Two', NLR 8, March–April 2001, pp. 7–8.

encapsulation with which the Democrats were hard put to compete. Though they had pioneered the neo-liberal turn, they were handicapped by identification with the order that had preceded it, in which they had so long been the dominant party. The Republicans, with no comparable difficulty of adjustment, became the natural party of government in a political system whose centre of gravity had shifted structurally to the right. The new regime of accumulation favoured them.

3

Behind the shift in partisan ascendancy lay also sociological changes. The first of these affected the white working class. Hard-hat backlash against anti-war demonstrations and school bussing had already produced a patriotic and racial vote for Wallace in 1968, and a greater one for Nixon in 1972. But with real wages falling after 1972, and fiscal creep biting into take-home pay, workers now also had fewer material reasons for loyalty to the Democratic Party. Carter had abandoned them. Many abandoned him. Reagan won a majority of them in 1980 and a much larger one in 1984. The second change was the shift in population and wealth from the Northeast and Centre of the country to the West and Southwest, where capital was newer and less trammelled, urban patterns more dispersed, traditions of labour organization weaker and frontier imaginaries stronger. There, in California, a revolt against property taxes of home-owners financed by real-estate developers had already passed Proposition 13, putting Carter's Revenue Act of the same year in the shade. For a century, no presidential candidate had ever come from the region. Then from the same springboard came Goldwater, Nixon and Reagan. Finally and most decisively, the South—always the most conservative part of the country, which the memory of Lincoln's victory in the Civil War had for a century made a Democratic bastion—had started to become Republican in the aftermath of Johnson's conversion to civil rights. Its transfer as a regional bloc from one party to the other, the largest single shift in the electorate since Abolition, was gradual.⁸ Thirty years later, when the South was posting the fastest economic growth in the country, it would be close to total.

⁸ At presidential level, Goldwater took six Southern states in 1964; Nixon eight in 1968, and the whole region in 1972. Reagan won all but Georgia in 1980, and swept the board in 1984. But at Congressional level, the Republican breakthrough did not come until 1994.

Sweeping victory at the polls on a platform of freeing enterprise from government at home, and re-establishing American power and confidence abroad, gave Reagan a mandate for a radical shift in what was possible to enact in Washington. Without delay, he pushed through the most far-reaching overhaul of the tax structure on record—lowering rates for all, but heavily weighted towards the rich—and broke the first national strike that came his way, by the air-traffic controllers’ union. These were highly popular moves, enjoying bipartisan support and wide public approval. But though a great political success, the tax-cuts were no remedy for the Volcker recession, and had to be partly retracted, before another round followed in Reagan’s second term. But neo-liberal recipes could no more be taken pure economically than ideologically: in practice, a large dose of military Keynesianism was required to keep growth going, as steep increases in defence expenditure primed demand, generating annual deficits three times higher than under Carter. After 1985, the shake-out of the Volcker recession and a lowering of the dollar, combined with wage-repression and fiscal hand-outs, allowed manufacturing exports to recover, restoring corporate profitability. Yet the performance of the American economy did not substantially improve. The initially high dollar, attracting foreign capital, accelerated the rise of the financial sector and widened the trade deficit. Overall growth was less than in the seventies. By the end of the Reagan era, its epilogue under the first Bush, the federal debt had tripled. The underlying impasse of the long downturn had not been resolved.

4

The Democrats were meanwhile adjusting to the parameters of the new order, as the Republicans had done to the old one. Within a year of Reagan’s re-election in 1984, the Democratic Leadership Council was formed to reposition the party in line with the requirements of the time—shedding outdated commitments to public spending, labour or welfare dependents for a ‘new centrism’, champion of a leaner state at home and a more resolute one abroad. By the turn of the nineties, mass movements of any kind—labour, student, black, feminist, rainbow—had vanished from the scene. Picked by the media as the most reassuring candidate from the DLC, Clinton took the Presidency in 1992 on a split vote, Perot dividing the Republican electorate in a recession year. Once in the White House, he took the opposite path to Reagan—raising taxes

to reduce the deficit, in the belief that bond markets held the key to business confidence as the engine of growth. Welfare reform, disciplining outlays to dependents, sent another strong signal to the markets that this was a responsible Administration. The recession faded, the budget went into surplus, and at the end of Clinton's second term, the economy expanded at a hectic clip.

But the boom was no healthier than Reagan's, since the debt expunged from the public accounts reappeared, vastly magnified, in private accounts, household and corporate, in the wake of the financial deregulation that became the signature drive of the Clinton Presidency. The repeal of Glass–Steagall demolished New Deal separation of investment from retail banking, and the Commodity Futures Modernization Act lifted any restraint on trades in over-the-counter derivatives.⁹ With a return to the high dollar, foreign capital flooded into the stock market, while profitability in manufacturing declined once again. In the artificial flush of Clinton's last years, mortgage liabilities were stoked by lavish government loans, corporations borrowed against their own share prices, speculation in hi-tech start-ups exploded, and equities soared. Effectively, asset-price Keynesianism had replaced fiscal-military Keynesianism, doping domestic demand enough to return briefly to higher growth.

Behind this change lay an inflexion in the regime of accumulation operative since the early eighties, comparable to that of the mid-fifties in the antecedent regime. Once again, the change came from abroad. This time it was the full-scale entry of China into the world market that governed it—lowering labour costs dramatically across manufacturing; at once widening and bank-rolling the American trade deficit;

⁹ Celebrating the abolition of Glass–Steagall, Treasury Secretary Summers announced: 'Today Congress voted to update the rules that have governed financial services since the Great Depression and replace them with a system for the 21st century. This historic legislation will better enable American companies to compete in the new economy.' Sandy Weill, head of Citigroup, which had just hired Summers's predecessor Rubin as its chairman, and would be fined \$2.65 billion—the largest such penalty in the history of Wall Street—for its criminality in the WorldCom scandal, would proudly display among his trophies the pen Clinton used to sign the repeal of Glass–Steagall: Jeff Madrick, *Age of Greed*, New York 2011, p. 349. Weill's point-man with Clinton's White House, helping him assure passage of the bill, was Gene Sperling, later a stipendiary of Goldman Sachs, now Chairman of Obama's National Economic Council.

propelling US assembly-lines out to China; fuelling fictive capital at home.¹⁰ The Reverse Plaza Accord of 1995 to revalue the dollar proved the tipping-point, at once for outsourcing of manufacturing to the PRC and insourcing of money for the stock and real-estate bubbles of the end of the century. In contrast to the thirties and eighties, but in this too like the fifties, the change was not primed by an intellectual model, but presented on a plate by global conditions. Banks and corporations, hedge funds and start-ups reaped the benefits of the planetary expansion of the world-capitalist economy under American monetary domination, extolled *ex post facto* as ‘globalization’, and ‘the great moderation’. The inflexion was not a departure from the neo-liberal order as conceived in Vienna, Chicago or Minnesota, but a deepening of it.

Politically, Clintonism appeared to have made Democratic rule competitive with Republican under conditions at the outset less favourable to it: not only speeding up financialization of the economy, while restoring budgetary balance, but transmitting a glow of prosperity to the modest as well as the opulent. In 1996 bankers and voters alike gave thumbs up to the President for a second term, Clinton raising more money than Dole on Wall Street, and taking thirty-one states and close to half the electorate: not a triumph on Reagan’s scale, but healthy enough, with a promisingly wide gender gap—11 per cent—as pledge for the party’s future. Ideologically, the discourse of a Third Way reconciling economic freedom with social cohesion, fortunes for the rich and side-payments for the poor, had superior appeal in a post-Cold War period when uncontested American primacy, with the disappearance of the Evil Empire, made national self-assertion less pressing an issue in popular sensibility. By every standard measure, another Democratic success should have followed.

Clinton’s fellations in the White House, however, cost the party the election of 2000. The contingency of a sexual *bavure* let the Republicans back in by an infinitesimal margin. Yet it so happened that a victory won

¹⁰ ‘This huge supply shock radically changed the relative returns on capital and labour. It made inflation global, meaning that its rates have become highly correlated all over the world, and it subdued long-run inflation. Subsequently risk aversion abated, and in most emerging-market countries the cost of credit has fallen, while the rate of profit has risen. No wonder that credit surged and financed a boom in asset prices’: Michel Aglietta, ‘Into a New Growth Regime’, NLR 54, November–December 2008, p. 72.

by such a chance crystallized a value-division of increasing intensity. Since the sixties, a more or less bohemian counter-culture had developed in the US, rejecting conventional mores and beliefs. Radicalized by opposition to the war in Vietnam, it had served as a convenient target for Nixon to rally a silent majority of law-abiding patriots to his cause. With the fading of war in Indochina as an issue, depoliticization of this area set in. From the late seventies onwards, much of what was once a counter-culture migrated into a less rigidly regimented, vaguely *bien-pensant* sector of mainstream bourgeois life itself, where market forces normalized flouting of traditional taboos into profitable forms of repressive de-sublimation.¹¹ This mutation, of which Clinton could be taken as a tawdry emblem, catalysed a vehement reaction in the ranks of low-denomination religion, pitting no longer a ‘silent’ but a ‘moral’ majority—in reality another minority, of evangelicals—against godless subversion of right living. Self-conceived as conservative, these groups became over time shock troops of Republican electoral mobilization, propelling contrary forces—sympathy for LGBT would be a short-hand today—into the Democratic camp. Here, it is widely believed, lay one root of an increasing polarization of the political system.¹²

5

In 2000 Bush was a beneficiary of this tension. But his campaign was moderate in tone and its success was not due to any overt appeal to religious zeal: capture of independent voters, not turn-out of the already

¹¹ A process foreseen by Marcuse already in the mid-fifties, coining the term in *Eros and Civilization*.

¹² For dismissal of the idea that significant value-conflicts divide the electorate at large, as distinct from minorities on either side, see Morris Fiorina (with Samuel Abrams and Jeremy Pope), *Culture War? The Myth of a Polarized America*, New York 2005, pp. 15–25 *et seq.*, and (with Samuel Abrams) *Disconnect: The Breakdown of Representation in American Politics*, Norman, OK 2009; supported by Andrew Gelman, ‘Economic Divisions and Political Polarization in Red and Blue America’, *Pathways*, Summer 2011, pp. 3–6, for whom value-conflicts are confined to the upper-middle class and the rich, leaving the rest of the population cold. That polarization is, on the contrary, rooted in conspicuous divisions of popular sentiment and conviction is a leading theme in the work of Alan Abramowitz, *The Disappearing Center: Engaged Citizens, Polarization and American Democracy*, New Haven 2011, and *The Polarized Public?*, Upper Saddle Valley, NJ 2013. There is little doubt that Abramowitz has the better of the argument, for which the hardening division of states into ‘blue’ and red’ columns is the plainest evidence.

committed, gave him the White House. By 2004, this had changed: his three-million-vote victory came in good part from all-out mobilization by the evangelical base the Republican Party could now rely on. But between the base of the party and its high command there remained a significant distance. Belying its reputation as a regime of the radical right, the Bush Presidency was in general domestically pragmatic, not reversing but adapting to the inflexion of neo-liberal accumulation—and legitimization—bequeathed by Clinton. Confronted with the same economic difficulties as his two predecessors—at inauguration, a business-cycle recession; throughout, the intractable pressures of the long downturn—Bush presided over a combination of the fiscal giveaways and military Keynesianism of the first with the asset-price Keynesianism of the second: public deficits triple the size of Reagan's, and a mortgage spree on top of Clinton's, taking housing debt to \$11 trillion at a time when the GDP of the country was around \$14 trillion. Three tax-cuts exceeded Reagan's record in size, if not quite in the extent—pronounced enough—of their tilt towards wealth. Bankruptcy laws were tightened to favour creditors. An aggressive bid to privatize parts of Social Security, an idea already floated by Clinton, came to nothing. With bipartisan support, civil liberties were cut back and defence expenditures doubled.

But like that of the Democratic Administration before it, at home the neo-liberalism of the Republican regime was compensatory in design, requiring its ideological supplement. Sub-prime mortgages, manna for packagers and bankers presented as help to the disadvantaged, were a typical inheritance from Clinton. But however large these would loom economically, they required a social agenda alongside them. Bush had been elected on a slogan of compassionate conservatism, and in office paid his respects to it. The No Child Left Behind Act increased federal spending on education more than any government since the War on Poverty. The Medicare Prescription Bill—in the words of a Democratic observer, 'a massive expansion of the entitlement state'—was the largest extension of health care since the time of Johnson. Even immigration reform, to regularize the position of illegal entrants and tighten employer use of them, though blocked by opposition in Congress—principally but not exclusively from his own party—was attempted by Bush. In the wake of mega-scandals left by financial deregulation—Enron, WorldCom—the Sarbanes-Oxley bill instituted weak checks on corporate fraud, rather than actively enabling it as Rubin and Summers had done. The overall social record was not one of die-hard reaction.

Macro-economically, the direction was set at the Federal Reserve, where Greenspan backed the new round of tax-cuts as a stimulus to growth, lowered interest rates repeatedly to sustain equity prices, and encouraged the spread of sub-primes. But the financial bubble created in the nineties could not be extended forever. In the autumn of 2008, the reckoning came on Bush's watch. Amid general panic at the collapse at Lehman, a meltdown of the banking system was averted only through emergency purchase by the Treasury of \$400 billion of assets at risk on Wall Street. The debacle, an end-product of the Clinton era, ensured the rout of McCain a few weeks later.

6

Democratic victory at the polls, however, was more than a reflex of the crash. It corresponded to a gradual sea-change in the sociology of the electorate, under way since the nineties and long predicted to alter the balance of partisan forces in times to come. The hard-hats won by Nixon and Reagan had shrunk: between 1980 and 2010, the proportion of whites without college education dropped from 70 to 40 per cent. The size of the non-white electorate—black, brown and yellow—had doubled since Clinton had won it in 1992, from 13 to 26 per cent. Since then, no Republican has won a majority of its fastest-growing segment, Hispanics. Most important of all, women had started voting in greater numbers than men in the eighties, and from the nineties onwards, not only has a large majority invariably voted Democratic, but their turnout has increased disproportionately. In 2008, some ten million more women cast a ballot than men. To these demographic dividends were added the gradually cumulative effects of cultural deregulation, as marriage rates tumbled and professions of faith declined. In the fifties, over 90 per cent of American voters under thirty were married; today, less than 30 per cent. Married couples now form only 45 per cent of households, those with children just 20 per cent. More than a quarter of the population no longer describes itself as Christian.¹³

Such corset-loosening—compatible, of course, with any amount of market-friendly conformism—has gone furthest in the two groups

¹³ For these figures, see Abramowitz, *Disappearing Center*, p. 129; *Economist*, 25 June 2011.

historically most affected by the domestication of the counter-culture, youth and wealthy professionals, each now a key Democratic vote-bank. Crucially, it has also wrenched apart the Sunbelt: California, the most populous state in the nation, becoming overwhelmingly Democratic in the mid-nineties, just as the South became overwhelmingly Republican. The net effect of these changes has been to replace what was once something like class politics with what is now closer to identity politics, as the basis of coalition-formation and electoral mobilization. In the process, traditional income determinations have been losing their salience, or warping into their opposite.¹⁴ Emblematically, in 2008 a majority of white voters living on less than \$50,000 a year voted for McCain, a majority earning over \$200,000 a year for Obama. Four years later, eight out of the ten richest counties in the country voted for Obama. In every one of these cradles of plutocracy, his margin of victory was greater than the national average.¹⁵

Financial crisis, demographic change, socio-cultural permutation: at the dusk of the Bush Presidency, all favoured the Democrats. To these the candidate added his own symbolic charge. Obama won the nomination in 2008 because the Democratic Party—for which, like the Republican, first-past-the-post rules, inherited from a pre-modern English oligarchy, form an untouchable system of political closure in the public arena—had for the first time mandated proportional representation in all of its primaries. Had traditional winner-takes-all rules applied, Clinton's wife, scooping the pool in seven out of ten of the largest state delegations,¹⁶ would have won the nomination with ease. In the event, the rule-change produced the perfect candidate for the hour: not only younger, cooler

¹⁴ The most extended case for the belief that there is a continuing, clear-cut economic division between Democratic and Republican electorates, the less well-off opting for the former, the better-off for the latter, is developed in Nolan McCarty, Keith Poole and Howard Rosenthal, *Polarized America*, Cambridge, MA 2008, which argues that the 'income effect' trumps all other determinants of voting behaviour. Appearing before Obama's two electoral victories, their findings risk looking dated in the light of them. In 2012 Obama 'carried only one-third of non-college [sc. working-class] white men, the worst performance since Walter Mondale was buried in Ronald Reagan's 1984 landslide': Ronald Brownstein, 'Why Obama Is Giving Up On Right-Leaning Whites', *The National Journal*, 31 January 2013.

¹⁵ Paul Toscano, 'Obama Wins 8 out of 10 Wealthiest Counties in US', CNBC, 7 November 2012, based on Census Bureau data of average household income 2006–11.

¹⁶ California, Texas, New York, Florida, Pennsylvania, Ohio, Michigan. The provincialism of American political science, and debate in general, is such that this condition of Obama's success has merited scarcely a line of comment, let alone of reflection.

and more eloquent, but magnetic for the minorities on which victory depended. Image, which in a politics of the spectacle always matters more than reality, normally requires projection. But here, in the perception of colour, it was literal, allowing edifying legend (an autobiography under contract before even graduation) to develop around reality with unusual speed and ease.

Personification of national triumph over race prejudice, vindication of the American dream of success possible for all, devout yet moderate reconciler of divisions, bearer of hope to the disregarded and afflicted, Obama could serve as a hold for any number of uplifting popular identifications. Remote from any ghetto, his actual background and trajectory—like McCain, product of one of the overseas outposts of turn-of-the-century US imperialism (Panama, Hawaii); tutelary grandmother, first female vice-president of a bank in the country; educated at one of America's top private schools (Punahou is worth around \$1 billion); passage through Columbia and Harvard—could only be irrelevant to these. Once invested with the authority of office, looks and aplomb have generated a celebrity ruler—colour relaying style to yield a JFK for a multi-cultural age, attracting much the same kind of *engouement* in the local intelligentsia and its counterparts abroad. In the electorate at large, colour remains more divisive, but its equations have altered. There, in the net partisan balance, a racism that is still widespread, if now largely unspoken, has moved from being a surreptitious asset to a clear-cut liability. Among voters, the prospect of the first only half-white President attracted less hostility than a vision of the first half-black one aroused enthusiasm.

The bearing of colour, critical in delivering victory to Obama at the polls, has been minimal on his record in office. One out of five male blacks has continued to know incarceration under his rule, without a word from the White House on their fate. The indices of black unemployment and poverty have not budged. The business of the Democratic Administration has lain elsewhere. Its first concern was necessarily containment of the financial crisis: the banks had been bailed out under Bush, but in the wake of the crash the economy was in free fall. To check the drop, an emergency stimulus of \$800 billion—the American Recovery and Reinvestment Act—was rushed through, of which tax cuts were once again the largest single component (37 per cent). But this time assorted expenditure on infrastructure, research, energy and social needs made up nearly half the total (45 per cent), for a package

hailed by its admirers as a ‘New New Deal’.¹⁷ Reform of health care, at which Clinton had stumbled, was the next priority. With the backing of the insurance industry and the AMA, and a filibuster-proof Democratic majority in Congress, Obama could now pass an Affordable Care Act seeking to make health coverage universal, and reduce costs enough to pay for itself. To avert further financial mayhem, the Dodd–Frank Bill multiplied new agencies for the oversight of Wall Street, and duties for the existing agencies. To maintain vigilance against terrorism, the Administration extended wire-tapping without warrants under the Patriot Act. Last but not least, the military budget, running at \$629 billion when Bush left office, rose yet further under Obama, to \$707 billion by 2012. The public debt, \$10.7 trillion in 2008, had jumped to nearly \$16 trillion by the end of his first term.

7

How little the parameters of the political system had shifted with the reversion to Democratic tenure of the White House can be seen by the degree of continuity in the agendas of the Bush and Obama presidencies. Both rulers, like Reagan before them, took office in a recession and responded with tax-cuts to goose the economy. Both presided over weak measures to rein in financial excesses. Both extended health-care benefits to gain social support. Both increased federal funding on education. Both sought reform of immigration. Both hiked military spending, and curbed civil liberties. Both escalated the deficit. The principal difference has lain in the size and direction of the side-payments each partisan variant has made, within a framework set by the joint requirements of business confidence and voter appeasement, in conditions of deteriorating economic performance. Under the Republican Administration, the ideological supplement sustaining the regime became a hyperbolic nationalism, powering the strike-back against 9/11, and covering a fiscal tilt to the

¹⁷ The most euphoric billboard for the Administration has been erected by Michael Grunwald, *The New New Deal*, New York 2012, where the stimulus becomes ‘more than 50 per cent bigger than the entire New Deal, twice as big as the Louisiana Purchase and Marshall Plan combined’, ‘the biggest and most transformative energy bill in US history’, ‘the biggest and most transformative education reform bill since the Great Society’, ‘the biggest foray into industrial policy since FDR’, ‘the biggest middle-class tax cut since Ronald Reagan’, ‘the biggest infusion of research money ever’, etc—all this from an author capable of writing ‘nothing in life except parenthood lives up to the hype’ (*sic*): pp. 10–11, 448.

rich. By 2008, the length and outcome of successive overseas expeditions had exhausted this formula, clearing the space for a Democratic alternative somewhat closer to Bush's original appeal, what in the local idiom might be called 'compassionate liberalism', covering an increase in public expenditure and a fiscal tilt towards the less well-off.

The political difference was sufficient to put Obama back into the White House in 2012. But it scarcely alters the boundary-markers in place since the days of Carter and Reagan. The scattered disbursements of the federal stimulus, often undercut by fiscal contraction at state level, have left most of their recipients cold. The centre-piece of Democratic reform, the Affordable Health Care Act, is a much more ambitious scheme than Bush's Medicare Prescription bill. But it is cast in the same mould: an extension of social benefits in exchange for a bonanza to the private health-care industry—the pharmaceutical corporations, their over-priced drugs guaranteed a state-subsidized market in one case; the insurance companies, their over-charged customers expanded by state ordinance in the other.¹⁸ In theory a universal health-care system compelling every solvent adult under 65 to take out private insurance, in practice it is mainly an extension of Medicaid, but one that will still leave about 30 million Americans uninsured,¹⁹ and the rest bewildered in a system of yet more complexity and opacity than before—the bill enacting it is 900 pages long. In due course, sectors of the population will benefit, if not as

¹⁸ In the gratified words of the leading encomium of the Act, complete with White House photo-ops on the cover, 'As for businesses in the US economy's vast health-care sector, they are going to win, on balance, enjoying more customers and opportunities for growth and profits . . . Traders in health-industry stocks know how to penetrate the partisan and ideological fog to see the economic bottom line': Lawrence Jacobs and Theda Skocpol, *Health Care Reform and American Politics: What Everyone Needs to Know*, New York 2010, p. 135; on the day the Act was passed, Wall Street hit an eighteen-month high. The principal architect of the law, Elizabeth Fowler—working under the top senatorial recipient of cash from the health-care industry, Max Baucus—was former Vice-President for Public Policy of WellPoint, America's largest insurance company. Obama then appointed her to implement the Act. Two years later, she returned to her natural habitat as a top executive of the pharmaceutical giant Johnson & Johnson. For a trenchant summary of the political and social nub of the Act, see Edward Luce, *Time to Start Thinking*, New York 2012, pp. 228–31; for a deeper and yet more devastating critique, see Roger Hodge, *The Mendacity of Hope*, New York 2010, pp. 129–49.

¹⁹ For the numbers who will continue to be uninsured, see the estimates of the Congressional Budget Office, cited in 'Court's Ruling May Blunt Reach of the Health Law', *New York Times*, 24 July 2012.

much as those profiting from them, but it is little surprise that enthusiasm for the reform has been so tepid, suspicion so widespread.

By 2012, now all too aware of the modesty of Affordable Care's popular appeal, and the relative invisibility of the effects of Recovery and Reinvestment, the Administration switched over to an attack on the favours lavished on the rich by the Republicans, to far greater political effect. Ideologically critical to Obama's re-election in 2012, the practical import of this turn has been limited: a mere 5 per cent increase in the top rate of income tax on the very wealthy, in exchange for a 2 per cent increase in the payroll tax extracted from those who are not, and the locking in of Bush's tax-cuts for all those earning less than \$400,000 a year as permanent reductions. Surveying the record, a staunch supporter of Obama was moved to complain that a president 'whose platform consists of Mitt Romney's health-care bill, Newt Gingrich's environmental policies, John McCain's deficit-financed payroll tax cuts, George W. Bush's bailouts of failing banks and corporations, and a mixture of the Bush and Clinton tax rate' was being caricatured by Republicans as a threat to capitalism.²⁰ Attempts by enthusiasts to talk up the Administration's achievement as a second New Deal miss the comparator. Its egalitarian sheen belongs with the callisthenic gauze of the New Frontier.

8

Obama's stimulus helped to prevent the American economy from going into a nose-dive in 2010: according to conventional estimates, it saved about 3 million jobs and 6 per cent of GDP, a bit less than the combined impact of TARP and monetary loosening by the Federal Reserve.²¹ Growth remained anaemic—just over 2 per cent across Obama's first term—and unemployment high: officially calculated at around 12 million, or 8 per cent of the workforce.²² But given that the financial crash of 2008 was a bigger shock than that suffered by any other major capitalist country,

²⁰ Ezra Klein, 'Block Obama!', *New York Review of Books*, 27 September 2012.

²¹ Alan Blinder and Mark Zandi, 'How the Great Recession Was Brought to an End', 27 July 2010, p. 7; available on Moody's Analytics site.

²² The true figure, including drop-outs from the labour force who no longer even seek a job, is probably over 14 million: see Mort Zuckerman, 'How We Can End Our Modern-Day Depression', *US News and World Report*, 1 February 2013. Between 2000 and 2011, the economic participation rate dropped from 64 to 58 per cent of the population: Luce, *Time to Start Thinking*, p. 92.

the short-term response to it was effective. With less at risk, the leading European states did worse: over the same period of crisis, growth in Germany averaged 0.7 per cent, France 0.075 and Britain minus 0.2, Italy minus 1.45. Performance has followed policy: fiscal austerity to balance budgets in Europe, fiscal abundance to check recession in America. The key to Obama's political survival, however, was the privilege of US seignorage: the ability of the American state, and it alone, to run what deficit it pleases without much risk of fluttering foreign bond-holders. Even as its trade gap steadily widens, and its public debt rises, the United States remains the central fortress of the world capitalist economy, and in times of general uncertainty the safest haven for property-owners everywhere. Stop-gap as the measures of the Democratic Administration may have been, the hole into which the American economy risked falling was avoided.

The long-term trends of the economy are another matter. Campaigning for re-election, Obama decried the gulf between the super-rich and the 'middle class'—the local euphemism for the rest of the population, American society by definition containing no lower classes—promising to set matters right with juster taxes. Rhetoric and reality have had little connexion. Under Obama, inequality has continued to grow. A year after TARP, when one out of every six Americans was jobless, and labour unions lost a tenth of their membership, the famous 1 per cent at the top of the income pyramid took 93 per cent of all gains, and Wall Street ladled out the second highest pool of executive bonuses on record—\$140 billion. By 2011, while 45 million Americans were on food stamps and median wages fell 2.7 per cent, corporate profits were up 50 per cent since the crash and the Gini index recorded its biggest one-year jump since 2003.²³ Big capital has done well out of the Great Recession, the bigger the better. By the close of Obama's first term, the ten largest banks controlled nearly 50 per cent of all assets and the top two—BoA, JP Morgan—each held over \$2 trillion.

So far there has been little popular protest. The one attempt to arouse it, the Occupy movement, failed to ignite any mass response. Even when its slogans were—all too easily—rendered down into Presidential

²³ Jeff Madrick, *Age of Greed*, p. 397; Daniel Gross, *Better, Stronger, Faster*, New York 2012, p. 52; Timothy Noah, 'The Equality Inaugural', *The New Republic*, 21 January 2013. Median income fell by more during the 'recovery' of 2009–11 than during the 'recession' of 2007–09: Luce, *Time to Start Thinking*, p. 272.

boiler-plate, they still had only a limited take-up. A campaign highlighting the arrogance and egoism of the rich, personified by his billionaire opponent, kept Obama in office. But it galvanized no popular upsurge. Fewer bothered to vote than in 2008; the incumbent lost some four million supporters; his adversary gained half a million. Like his predecessors, the President returned to the White House with the assent of roughly a quarter of the adult population. The predominant mood continues to be not indignation, or enthusiasm; it remains a depoliticized quietism.

9

Just this underlying environment of mass apathy is what lends active minorities a power in the political system beyond their numbers. The polarization of outlooks that is now regularly held to be its greatest bane is their affair. In the vacuum created by the many—an unorganized, passive citizenry dispersed across a vast continent—the passions of the few, those with the will and means to mobilize, take on a peculiar intensity, little affected by the surrounding numbness. But as generally noted, the polarization has been asymmetrical. On the Democratic side, zeal has remained roughly where it has been since the end of the New Deal era: a centrism now animated by far greater detestation for its opponent than before, but otherwise little radicalized in substantive positions, save on cultural issues. On the Republican side, by contrast, radicalization has been marked, in a shift to the right that has attracted a large literature.²⁴ What accounts for the asymmetry?

²⁴ Typically accompanied by wistful hopes for a return to earlier American moderation, often after arguments that increasing social inequality has been a key determinant of political polarization. Thus Hacker and Pierson—after documenting at length the corruption of the political system and its consequences, and then deciding that even if it only ‘nibbles at the edges’ of these, Obama’s record has after all been ‘genuinely impressive’—conclude that nevertheless ‘the guardians of moderation need help’, if ‘a vibrant, dynamic capitalism’ is to prevail: *Winner-Take-All Politics*, pp. 301–2, 304; while McCarty, Poole and Rosenthal, after producing striking correlations between rising inequality and increasing polarization, express the wish that ‘the Sam Rayburns, John Heinzes, Dan Rostenkowskis, Sam Nunns and so on, would return and bring some sense back into our politics. As citizens, we hope moderation returns before serious cracks in our institutions occur’: *Polarized America*, p. 203. Rostenkowski was, of course, jailed for corruption, and then pardoned, along with runaway financier Marc Rich and others, by Clinton on his memorable last day in office. Among the authors is a one-time occupant of the Kenneth Lay Chair of Political Science at the University of Houston.

It is not new. The structure of the all-capitalist ideological universe—a mental firmament in which the sanctity of private property and superiority of private enterprise are truths taken for granted by all forces in the political arena—is such that, at any given point of time, there will tend to be more elasticity to the right of its centre of gravity than to the left, since the basic belief system lends itself to stronger articulation, and readier appeal, in unalloyed rather than dilute form. This did not hold in the emergencies of depression and war during the thirties and early forties, when the role of the state in sustaining the market and defending the nation was too plain to be generally denied. But as soon as peace returned, a reaction set in, of which Taft–Hartley laid down the first marker.

Since then four features have, over time, come to set the political culture of Republican foot-soldiers apart from those of any conservative party in Europe. The first and most fundamental is a degree of hostility to the state, rooted in frontier traditions and empowered by the American creed, all but unknown elsewhere. The second has been the development of a type of nationalism peculiar to the United States as the capitalist superpower in the struggle with communism, inherently more hyperbolic than that of any other Western society. The third has lain in the party's capture of the South, the fastness of a New World racism, originating in a colonial slave society without equivalent in the Old, which has become an undeclared holding in the affective portfolio of the party. The fourth comprises new brands in the long-standing market for religious bigotry, attaching themselves to the Republican cause as secularization started to lap Democratic constituencies. These were not simultaneous but successive accretions in the palimpsest of the Republican base. Two of the four—race and religion—were late transfers from the Democratic bloc, where the Bible Belt and Jim Crow were originally at home; civil rights had been pushed through Congress by the troops of McCulloch and Dirksen, and Nixon's plumbers would not have given a pastor the time of day. Even a third, expansionist nationalism, was only an intermittent passion: the stalwarts of Taft's generation were isolationist, not imperialist. But in due course, the Cold War brought empire, Johnson delivered race, Falwell inducted God into the party.

This was a cocktail to intoxicate the Republican base. The high command, since Reconstruction solidly anchored in big business, remained more sober. In a pattern that started in the fifties, outbreaks of

extravagance from below would be checked by realists from above, one wave or eddy after another breaking against *raison de parti* in electoral competition. McCarthy was finished off by the Watkins Committee. The Birch Society was put out of court by Buckley. Goldwater was crushed at the polls. Even Reagan, for the purists, in the end disappointed. Gingrich deflated. Robertson imploded. The latest such squall, the Tea Party, is unlikely to be more lasting.²⁵ Even in a year when commentators all but unanimously pronounced the Republican Party in the grip of a collective dementia of extremism never witnessed before, no firebrand came near to winning its presidential nomination, which ended in an easy victory for the most conventional establishment candidate on offer. Its Congressional delegation—in the words of one authority, ‘light years’ to the right of the party in 2000–04²⁶—re-elected *nem con* as Speaker the epitome of a low-wattage Mid-Western pol of the old school.

This is not to say that little has changed since the nineties. The greater weight of the South within the Republican bloc, and loss of the coastal West, has hardened and narrowed American conservatism. The cards of race and religion have become a losing suit; empire has passed to the hand of its opponent. As an appeal, anti-statism remains—the Tea Party itself marking a shift from moral to fiscal fanaticism.²⁷ In the United States, where there are more owners of small businesses than

²⁵ For the continuities in the politics of the popular Right in the US, see the essays written between the mid-fifties and mid-sixties by Richard Hofstadter. ‘The modern right wing, as Daniel Bell has put it, feels dispossessed: America has been largely taken away from them and their kind, though they are determined to repossess it.’ Noting that ‘the entire right-wing movement’ was not only dotted with fundamentalist preachers, but ‘infused at mass level with the fundamentalist style of mind’, Hofstadter reminded his readers of how passionately the small-town and rural Protestants of the 1920s had defended cultural values that were resurfacing in the Goldwater period, when—*plus ça change*—‘the largest single difficulty facing the right wing as a force within the Republican party is its inability to rear and sustain national leaders’. The Tea Party is less outré than many of its forebears, for whom Eisenhower’s nomination meant ‘eight more years of socialism’, and Dulles was a ‘Communist agent’: *The Paranoid Style in American Politics* [re-edition], Cambridge, MA 1996, pp. 23, 73, 78–9, 45, 28.

²⁶ Theda Skocpol, *Obama and America’s Political Future*, Cambridge, MA 2012, p. 47.

²⁷ Survey data report that ‘nearly half of Tea Party supporters say they have not heard of the religious right or have no strong opinion about it—and about one in ten Tea Partiers express strong disagreement with religious conservatism’: Theda Skocpol and Vanessa Williamson, *The Tea Party and the Remaking of Republican Conservatism*, New York 2012, p. 36.

trade-unionists, a social basis for that exists in the stratum of minor employers who populate the Tea Party and make up 40 per cent of the new Republican cohort in the House. But taxes have lost their buoyancy as an issue, now functioning more as a shibboleth of defence than attack. Dispirited by the defeat of 2012, but insufficiently shaken by a national outcome statistically still quite tight, the party has plainly lost its bearings. But careers are likely to matter more than convictions as electoral realities unfold. Opportunism is no monopoly of Democrats. In the past, timely conversions have made of many a former Republican moderate an intransigent conservative.²⁸ Corrections in the opposite direction can be expected among the ultras of today.

IO

Meanwhile, the Democrats have the upper hand. Demographic projections favour them, as millennials and Hispanics loom ever larger in the electorate, and whites decline.²⁹ Ideological advantage has shifted in their direction too, and is set to increase, as race and faith become handicaps rather than assets in the construction of an electoral majority, and the country no longer looks so endangered abroad. After the adventitious victory of 2000, the War on Terror offered the supplement of a hyperbolic nationalism for the Republican consolidation of power in 2004. But with the winding down of the battle against terrorism, as previously against communism, the administration of empire ceases to require the atmospherics of national emergency. Just as in the nineties the strategic baton could pass without incident to Clinton, for a social readjustment of the formula for neo-liberal rule, so today Obama can

²⁸ Cheney was once a critic of any crackdown on campus protests, calling for 'greater understanding and moderation in responding to student concerns and disorders'; Rumsfeld, a young moderate in revolt against his moss-back elders; Gingrich, a follower of Nelson Rockefeller; Mitch McConnell, a scorner of the Nixon Administration as 'at worst completely reactionary and at best totally indecisive': Geoffrey Kabaservice, *Rule and Ruin*, New York 2012, pp. 267, 132, 242, 320.

²⁹ For a coruscating analysis of these trends, and the concomitant tensions within the Republican bloc, see Mike Davis, 'The Last White Election', *NLR* 79, January–February 2013, pp. 5–52, which also offers the most telling account of the consolidation of Republican power at state level in its bastions of the South and Midwest, and their importance in the 'odd and complex orrery' of the US political system at large, where at federal level the Supreme Court circles in another generally conservative orbit: pp. 12, 46–7 ff.

give it a cultural turn without fear of being outbid in an imperial security auction, leaving the Republican version reduced to the inferior draw of bare tax phobia.

Amplifying the gap between these appeals is the Democratic grip on the mainstream media. To all intents and purposes, the Republican megaphones on talk radio and television now speak only to the converted. Opinion formation where it matters, among the well-off and well-educated, and the independent segment of the electorate, is the territory of the dominant print media. There, the one-party regimes of red-state lore have a blue counterpart. In the capital, just under 90 per cent of bureau-chiefs voted for Clinton in 1996.³⁰ University departments are only a little less monolithic, close to 80 per cent voting for Kerry in 2004.³¹ In 2012, the leading newspapers in every key city outside the South—New York, Los Angeles, Chicago, Philadelphia, Denver, Boston, Washington—endorsed Obama. With a President at long last attuned to their sensibilities, press and academy have a spring in their step.

Demography and ideology are not the only terrain on which the balance of forces has changed. In the mid-seventies, before the onset of the new regime of accumulation, the campaign costs of a successful challenge to an incumbent in Congress averaged around \$100,000. By 2002, they were \$1.5 million. Total expenditure on presidential contests rose more gradually, from a plateau of some \$300 million across the eighties and nineties, to \$400 million in 2000, before jumping to \$850 million in 2004, when Bush and Kerry raised over \$400 million apiece. Four years later, Obama threw off any restraints of public funding to pile up a war-chest of over \$800 million, crushing McCain in the largest financial landslide in American history: a margin of 68 to 32 per cent, far exceeding his majority at the polls, and leading the way to new heights for the politics of money. Once in office, the President wasted no time setting a further record in the quest for cash. Within five months of his inauguration, Obama was already on the trail calling for donations. By mid 2011, with elections over a year away, he had attended more fundraisers than Carter, Reagan, the first Bush and Clinton combined, and was on course to overtake all five of his immediate predecessors put

³⁰ Thomas Edsall, *Building Red America*, New York 2006, p. 101.

³¹ Neil Gross and Solon Simmons, 'The Social and Political Views of American Professors', Working Paper, September 2007, p. 36.

together—the second Bush included—in their re-election bids.³² In the 2012 campaign, Obama doubled his takings again, this time matched by Romney, the two candidates between them raising \$3.2 billion in their own name, and with respective front organizations, a grand total of \$7 billion.³³

In this deluge of money, the Democrats now have the edge. In 2004, the Democratic National Committee already raised more than the Republican. To traditional spigots—the entertainment industry, trial lawyers, labour unions, Silicon Valley—the party has added not only a cash-flow unmatched by its opponents from loyalists on the web, but a veritable downpour of funds from the health-care, real-estate and banking industries. Ties to the financial sector formed in the nineties have only strengthened over the intervening years. In 2007–08, the Democratic Senatorial Campaign Committee raked in four times as much money from Wall Street as its Republican counterpart.³⁴ The shift in corporate allegiance is in part simple recognition of which party is in the ascendant, and in a position to return the most favours. But it also reflects rational calculations of which is a better stabilizer of capitalism in a period of turbulence, when the economy needs further pump-priming and society a rhetoric of diversity and inclusion.³⁵ On its side, the Democratic Party is using its new-found wealth to build a nationwide party machine more powerful than anything so far in prospect across the aisle, converting Obama's campaign hoard into a 'non-profit' organization to keep its supporters at action stations for the duration. Its planners look forward with confidence to an era of continuous political dominance.

³² Brendan Doherty, *The Rise of the President's Permanent Campaign*, Lawrence, KS 2012, pp. 82–3, 149, 167.

³³ Federal Election Commission, 31 January 2013.

³⁴ From 1999 to 2006, the top five Senatorial recipients of cash from securities and investment firms were all Democrats—in rank order: Schumer, Kerry, Lieberman, Clinton and Dodd: *Winner-Take-All Politics*, pp. 226–7. In 2002, when the top recipient in the House was Rahm Emmanuel, two-thirds of the roll-call of largest campaign donors poured their money into the party of the common man, as Truman liked to call it: 'perhaps surprisingly' is the artless comment of McCarty, Poole and Rosenthal in *Polarized America*, p. 140—within their framework, it would be more accurate to say, incomprehensibly.

³⁵ In Hodge's crisp formulation, 'Politics, we might say, is the continuation of business by other means': *Mendacity of Hope*, p. 8. In 2008 Goldman Sachs alone lavished three-quarters of its funding on the Democrats, with Citigroup not far behind: p. 46.

In themselves, Obama's two victories fall short of a turning-point in the political system. Neither their scale nor their setting compare with those of Roosevelt or Reagan as historical landmarks. FDR took 42 states with 57.4 per cent of the vote in 1932, 46 states with 60.8 per cent in 1936; Reagan 44 states with 50.8 of the vote in 1980 (but with a third party candidate, a nearly 10-point lead over his Democratic opponent), and 49 states with 58.8 per cent in 1984. By contrast, Obama won 28 states with 52.9 per cent of the vote in 2008, and 26 states with 51.1 per cent in 2012. His margins of victory were not only smaller, but declined after his first term, where theirs increased. That does not preclude subsequent dynastic consolidation under Clinton II: the scissions of change within the system can alter. The more important difference lies in the structural context of the Obama Presidency. Roosevelt and Reagan took office when the previous regime of accumulation had exhausted itself, and the lineaments of a new one were to hand. In the thirties, there was no shortage of ideas in the Brains Trust or outside it—the Stockholm School, Keynes, Schacht—for how to overcome the Depression, even if it took time for the New Deal to make some use of them. In the eighties, a neo-liberal counter-attack—the Austrians, the Chicago School, Lucas—had long been in preparation, with an arsenal of prescriptions for dealing with stagflation to hand. Today, the regime of accumulation in place has fallen into disarray. But, objectively, it is not yet in acute crisis; and subjectively, the landscape is barren of ideas that might adumbrate a new one. It is this underlying impasse which has produced a political scene at once closely and deeply divided.³⁶

³⁶ For the novelty of this configuration, see Ronald Brownstein's commanding study *The Second Civil War*, New York 2007, pp. 17–19 ff, *passim*. He points out that Republicans were easily dominant up to the Depression, Democrats during the high tide of the New Deal. Then, from the late thirties to the mid-sixties, the political system was closely but not deeply divided, Democrats and Republicans routinely crossing party lines in an era of bipartisan negotiation. Since then, it has become both deeply and closely divided. The observation is acute, but its periodization is weakened by a tendency to elide partisan policies and electoral preferences, leading Brownstein to date the beginnings of the third era from Reagan's Presidency, on the grounds that it detonated ideological passions that intensified conflict between the parties. The country, however, was not closely divided under Reagan, who commanded huge majorities in the Electoral College throughout. It is only under the last three Presidencies that deep but close division set in. The unfamiliarity of this development, underlined by Brownstein, is left largely unexplained by him. In general, it

In America, immediate difficulties have been met with lame-Keynesian remedies: excess of public expenditure over revenue, quantitative expansion; in Europe, lacking the imperial prerogative of printing money, with semi-Austrian recipes. Neither offers an answer to the prolonged slowdown of the advanced capitalist economies that set in forty years ago, and the *fuite en avant* into ever new forms of debt creation to avert the danger of a traumatic shake-out.³⁷ This is a regime of accumulation that has enormously enriched a few, but failed to restore dynamism to the Atlantic world or its Japanese extension, and left the system more precarious than when it came into being. In its hour of political triumph, the Obama Administration faces economic pressures that offer little opportunity for either the social reforms of Roosevelt or the fiscal donatives of Reagan: threatening deficits, escalating entitlements, sputtering growth. Cultural surrogates offer a temporary way out: changes that cost little or nothing—legalization of undocumented immigrants, gun control, marriage for all. Beyond them, the leeway looks small.

Since the emergence of a new regime of accumulation in the eighties, the Atlantic political systems have known two kinds of dominance: an organic formula for neo-liberal rule and a clear-cut electoral sweep. These may coincide or diverge. The most coherent and effective expression of an ideology, and decisive victory at the polls, are not always the same thing. In Britain, which pioneered the turn, Thatcher achieved a comprehensive hegemony without ever winning a majority of the electorate, the Conservatives of the period never getting more than 44 per cent of the vote. In the United States, where the terrain was more favourable, Reagan combined an organic formula for the turn with large majorities. In the nineties, the Third Way regimes of Clinton and Blair offered variants on the legacy of their predecessors, functioning at once to deepen its grip and anaesthetize its impact. Fair-weather formations, the first was cut short before it could be undone by the retribution eventually

is striking how blind even the most accomplished American political science or sociology is to the economic history structuring shifts in the political system. For the latest example, see the exchanges between Theda Skocpol, Larry Bartels, Mickey Edwards and Suzanne Mettler in *Obama and America's Political Future*, all of which proceed as if their subject could be discussed without so much as a glance at the fortunes of American capitalism.

³⁷ The most powerful analysis of the political logic at work in successive phases of this process is provided by Wolfgang Streeck, 'The Crises of Democratic Capitalism', *NLR* 71, September–October 2011, pp. 5–29.

visited on the second for the economic costs of their tenure. Theirs was a 'weightless hegemony'.³⁸ Today, electoral victories much like those they achieved are commonplace in Europe, with still less staying-power behind them, as so many reflex reactions to crisis without conviction of exit from it. In the US, the regal rights of the dollar have mitigated the effects of the crash. But the system-wide deadlock in the regime of accumulation persists, politically over-determined by the local *Kulturkampf* of colours and mores. The upshot is the unbalanced balance of partisan forces at which commentators wring their hands today. The neo-liberal order has become a political no-man's land, in which no organic formula of rule is now in sight.

³⁸ Susan Watkins, 'A Weightless Hegemony: New Labour's Role in the Neo-Liberal Order', NLR 25, January–February 2004, pp. 5–23.