

# Our Future in the Balance

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In 37 days we will know who Americans have chosen as their next president. Their decision could not be more crucial, not just for the debt-ravaged United States but for the entire world, and the unprecedented events of the past week have given us all a pretty clear picture of what's at stake.

According to the men charged with supervising the US economy, the country (and, hence, the world) faces financial armageddon unless the US taxpayer bails out Wall Street's beleaguered banks. For a sum that exceeds what the US spent on World War II, the future of the country is to be mortgaged to cushion the economy from the follies (if not crimes) of financial cowboys who rewarded themselves handsomely for their creativity in turning bad debt into tradeable product.

Watching from afar, it is tempting to just shake one's head in disbelief as the high priests of deregulation have, seemingly without a moment's pause, nationalised a giant insurance company and now plan to socialise the nation's debt. It has all happened with dizzying speed and not a lot of scrutiny of the immediate and long-term implications.

The financial rescue package advocated by the Treasury Secretary, Henry Paulson, would not only require the US to finance an unprecedented level of national debt but to place in his hands a degree of power not seen before in a peace-time democracy.

Paulson is undoubtedly a man of integrity but he is also a product of Wall Street (he used to run Goldman Sachs, the bank bailed out this week by Warren Buffet). Oughtn't this give rise to scepticism? Does the US really want a former investment banker to be sole arbitrator of which institutions get rescued, while having no responsibility for the burden future generations of taxpayers will inherit?

Polling suggested a third of Americans opposed the bail-out, another third did not understand it, with only a third supporting it. And many in the latter category were flooding Congress with calls telling their elected representatives not to rush this epic measure. Since in 37 days every member of the House of Representatives and a third of the Senate will also face the electorate, these calls carry greater heft than usual. This is a financial emergency that could become a political catastrophe if mishandled.

It is against this background that the performance of the two presidential candidates, Senator John McCain and Senator Barack Obama, needs to be assessed.

McCain's political stocks had plunged along with the market after his comments last week that the fundamentals of the economy were sound. He sought to remedy this by recasting himself as a fiscal lone ranger, dramatically suspending his campaign,

rushing off to Washington and attempting to cancel the foreign policy presidential debate scheduled for Friday night (US time).

As he did with his surprise selection of the wacky political neophyte Sarah Palin as his running mate, he managed to suck all the political oxygen away from his rival. Obama was left to lamely protest that the debate should go ahead since presidents need to deal with more than one thing at a time, but then he too had to dash to Washington in response to a summons from President Bush.

These are dangerous times for Obama.

He risks being once again outmanoeuvred by a rival who has no qualms about dumbing down the political process (a la Palin) or disregarding established conventions (turning up to the debate).

On Wednesday in Florida, Obama gave an impressive press conference outlining the four principles he argued should inform the rescue package. He proposed:

1. An independent, bipartisan board to provide oversight on how the rescue funds were spent (rather than allowing Paulson to act with no supervision).
2. That the rescue funds be repaid to the Treasury once Wall Street recovers.
3. That the Wall Street rescue be accompanied by a similar plan to help distressed home owners avoid foreclosure.
4. That limits be placed on executive remuneration in companies that are rescued.

"This can't be a welfare program for Wall Street executives," he said. He pointed out that the Wall Street collapse is not the only problem with the US economy. The "broke" health care system, the loss of more than 600,000 jobs overseas so far this year, and the unaffordability of college education also needed urgent attention, he argued.

Obama revealed that he has been in daily discussion with Paulson over how to handle the crisis; he has been acting responsibly, in other words. Like a president.

But the current political environment is not lending itself to rationality or responsibility. Political stunts have become McCain's modus operandi. The danger is that it will appeal to voters who don't want to get their heads around the hard details of complex policy issues.

This week, it initially seemed there was congressional agreement to support an amended version of the Paulson package, but it all went pear-shaped during the White House meeting. Rather than this being a bipartisan summit to save America's economy, it turned into a political ambush.

Obama was angry when he left the place he hopes to call home after January 21 next year but would not say what had happened. His colleague, Senator Christopher Dodd, had no such inhibitions, denouncing the meeting as "a rescue plan for John McCain".

Until the last few days, Obama was starting to look as if he had the election in the bag. The question now is: how will Americans (especially those in key swing states) respond to McCain's actions? Will he be dismissed as "reckless" and untrustworthy, as Obama seeks to portray him? Or will voters decide he is an admirable "maverick" who takes risks to better serve the nation?

The next 37 days are going to be a political roller coaster of a kind we have probably never witnessed before. It would be fun to watch - if it weren't so damned serious.

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