

Opinion **US politics & policy**

America's booming year from hell

Economic growth is failing to heal a nation torn over identity disputes instead of addressing its long-term challenges

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Americans on both the left and right believe that their republic is on the brink © Graeme Sloan/Sipa USA/Reuters

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The standard history of great powers' decline is that they overextend and go bankrupt. Nothing of the sort is happening to the US. America might be morally exposed to overseas conflicts that lack support at home. At just over 3 per cent of gross domestic product, however, the Pentagon's budget can easily be sustained. Short of a meteor, the US is not going bankrupt. The other road to ruin is moral: the centre falls victim to self-indulgence and complacency. Civilisational muscle turns to fat. It is difficult to reconcile that picture with workaholic US elites. You need to search hard in metropolitan America's packed Orangetheory gym workouts to find a sybaritic overclass.

Yet, for very different reasons, Americans on both the left and right believe that their republic is on the brink. Conventional measures shed little light as to why. Last year the US economy grew by 2.5 per cent, which was up from 1.9 per cent the year before. This year's growth promises to be between those two numbers. The country's performance is in line with the last couple of decades. Compared with every other advanced nation, however, it is stellar. The rebound from the pandemic was also built on homegrown vaccine technology. At 3.7 per cent, US joblessness is close to a 50-year low. Many of the jobs are precarious and low paid — but they beat the alternative.

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SO WHAT IS THE MATTER WITH AMERICA? THERE IS NO NEED TO RECAP THE THREAT that Donald Trump poses to US democracy, or popular doubts about Joe Biden's age. These themes will dominate between now and November. Those who are sick of America's groundhog day election had better move to a cave or another hemisphere. We are barely two months into the republic's year from hell. In 2024, US politics is hitting a perfect storm of partisan loathing in a society where algorithms become ever more skilled at generating outrage among the exhausted majority. Conditions are as good as they get for an outrage entrepreneur like Trump. The rest of this year promises to be nastier than anything we have seen.

The opportunity cost to America is great. In a normal time, the parties would be debating the size of the country's budget deficit, which has ballooned since the pandemic and is forecast to stay high. Do large fiscal deficits pose a threat? If so, should the fix be higher taxes or lower spending? They would also be arguing over the future of the US military. Some believe the country needs to sharply expand its defence budget at a time of polycrisis. Others want to repatriate America's military footprint. History says that civilisations rise and fall on the outcome to such debates. In today's America they barely merit a minute's prime time exposure. These questions are confined to tiny cadres of Washington swamp creatures.

Yet complacency is not the culprit. The US has become a distrustful society and in many respects paranoid. The underlying cause is mutual loathing between two very different Americas. They despise each other's values and are quick to believe the outlandish worst of the other. Social media platforms make sure that they do. To the extent that any real issues will be aired in the campaign, they are mostly zero-sum fights over America's identity. Immigration, women's reproductive rights, fears about crime and questions of diversity will hog most of the airtime. Even if Biden scrapes a victory in November, it would be a leap of faith to believe that would disarm US politics.

In the coming days, for the umpteenth time the US Congress will play chicken over a government shutdown. If it does not take place this time, it will happen the next. The threat of federal closure is now as routine as the seasons. The same applies to the spectre of a US sovereign default. Every Republican move is existential. America's support for Ukraine also hangs in the balance. The high dollar return on support for a smaller nation's survival against America's most dangerous adversary is victim to zero-sum politics. Does history offer a cure? America's disease is a cold civil war. It is questionable what the world's past can tell us about its very specific national brew of good fortune and self-loathing.

Ancient empires embraced strongmen to address instability. In the US case that could break the country. A narrow Trump victory would provoke resistance and the threat of secession by liberal states. A narrow Biden mandate would probably come under siege. Whichever it is, America's enemies are likely to sense more openings. The odometer tells us that the US is cruising along. In practice, the recovery does not seem to be registering.

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