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What's 'in' is now 'out'

By: **Mark Penn**

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As Monty Python used to say, “No one expects the Spanish Inquisition” — which is another way of saying that no one expects the unexpected. And recent unanticipated political and financial events are a good reminder that everything could change in one fell swoop.

In a sense, the worsening financial crisis should come as no surprise — hedge fund managers I’ve met with over the past year and a half predicted almost perfectly what would happen. And Hillary Rodham Clinton was the first presidential candidate to warn repeatedly of financial danger while the president, Treasury secretary and Federal Reserve chairman all downplayed it.

Now the voters have shifted in Barack Obama’s direction, largely because he seems better able than John McCain to tackle these types of complex problems but also because the last Democratic president, Bill Clinton, performed so well during times of economic concern. In such situations, voters now instinctively reach for a Democrat rather than a Republican. And it has shaken up the presidential race.

In other ways, what was “in” is now “out.” Until recently, former Federal Reserve Chairman Alan Greenspan was the robust economy’s hero; now he is the villain. Deregulation was creating jobs; now it is costing us our savings. Obama lacked experience to handle a crisis; now he is

the one to lead us out of crisis.

The economic crisis will also dramatically affect the rising elites, their lifestyles and kids.

For them, Wall Street was becoming the career of choice. But with markets plummeting, will young people now switch to careers in the nonprofit sector helping to combat climate change? Will they go back to founding small businesses after both Big Business and the financial community have proved unreliable employers? The number of law school applications will certainly rise as society becomes even more contentious and litigious, fighting over a shrinking pie.

Maybe we will finally see more young people put their faith and their studies in engineering and science, as people become disillusioned with careers based on moving around information and derivative financial instruments. People will want to make something tangible again, and the government is likely to help by pouring billions into new public

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works projects.

Telecommuting and four-day workweeks will surge as businesses look to cut back on hours and travel expenses.

Until recently, Americans were buying second homes like crazy — millions of middle-class families have two mortgages. That market has collapsed. But the silver lining will be for first-time home buyers who will find it easier than ever to afford a house, as prices have tumbled by 25 percent or more.

And the love affair with the SUV and the truck seems to be fading. Even as oil prices come down from their sky-high summer peak, Americans' tastes will now permanently shift to smaller (but not too small), higher-mileage cars. Function will gain on form as the most important factor in car purchases.

Entertainment is going to move more indoors, as going out to the movies and ordering a tub of popcorn and a beverage is no longer a cheap date. With flicks abundant and available less expensively at home, the movie industry will need to rethink how, in the midst of a recession, it can keep attracting crowds to theaters. Studios will more likely go with the flow and earn money from digital releases, leaving theater owners holding the bag.

Restaurant dinner entrees costing \$30 to \$40 are vulnerable, as well. People value the convenience of eating out, but \$50 is going to be the top, not the bottom, of a meal's total cost even for those with

disposable income. And while Americans love bottled water, they are now questioning the wisdom of spending \$7 at a restaurant for something they can buy at the supermarket for 99 cents.

Meanwhile, as the nanny society shrinks, young people with kids are going to be learning more about do-it-yourself parenting. Having kids may be delayed even longer while young couples seek to find their financial footing.

If the federal government's efforts to shore up teetering banks are successful, they could reverse decades in the growth of cynicism toward government. If this experiment works, government intervention will become more commonplace, and faith in collective action renewed. This would be a big change and a shift toward the political landscape in Democrats' favor, just as happened in 1932, when FDR successfully proposed using government to provide some measure of long-term financial stability, which became Social

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Security. Similarly, the prospect of universal health care is sure to get a big boost.

Not everything will change if the economy continues to crater. The march of technology will continue unabated, maybe even be strengthened as investments in real innovations increase. And the globalization of the world economy will increase as new areas develop. The Internet will continue its march as the unifying force connecting people, economies and cultures.

But otherwise, big change is indeed coming.

Mark J. Penn served as chief adviser to President Bill Clinton in the 1996 presidential election and to Hillary Rodham Clinton during her Senate and presidential races. He is the author of "Microtrends: The Small Forces Behind Tomorrow's Big Changes" (Twelve, 2007).

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