

THE  TIMES**The New World is slipping behind the times**

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For all their economic problems, Britain and Europe are far more dynamic than America

It is the custom when returning from foreign holidays to describe the woeful condition of Britain's airports, the rudeness or incompetence of airline staff and passport officials and the terrible state of the roads and railways in comparison with their sleek smoothly functioning counterparts abroad. But I was struck by exactly the opposite thought as my flight limped into Miami airport hours late after a series of hitches all too familiar to frequent travellers in the US.

In the scores of flights I take every year, I rarely experience anything as unpleasant as an American airport. Heathrow or Stansted are earthly paradise compared with JFK or Miami.

But while daring to use my BlackBerry in the passport queue, what did I read about the state of America relative to the rest of the world? That its economic picture was improving dramatically. Unemployment was falling sharply, sales and industrial production were accelerating. Wall Street was continuing its big pre-Christmas rally.

In Europe, meanwhile, economic depression was turning into political despair. A second recession was inevitable. Economic indicators were going from bad to worse. And the main British story was about a Nimby revolt against a new high-speed rail line.

Adding to my sense of indignity was a long economic commentary in *The New York Times*, which explained that the US was, despite appearances, by far the richest, most efficient, innovative, entrepreneurial and socially mobile nation on Earth. Europe, meanwhile, was becoming a "museum society", obsessed with preserving the past and totally incapable of facing the future.

This is a story that you will read often in the year ahead, as 2012 is likely to be a much better year for the US than for Britain and Europe. But if, as I expect, America does pull out of recession and political paralysis, while Europe sinks ever deeper, it will be vital to understand the real reason why. And to do this properly means avoiding clichés about America's dynamic, modern entrepreneurship versus European nostalgia, idleness and immobility.

On social mobility, science, life expectancy, educational attainment, unemployment and incarceration rates, different ways of measuring living standards and GDP figures — even on innovation, working hours and the relative strength of small business — it is just as easy to find figures suggesting that Europe, including Britain, is more efficient, forward-looking and flexible than America, as the other way round. But personal experience is often more persuasive than dry statistics, so let me offer some examples.

Britain and Europe are currently in the grip of two contradictory pressures. On the one hand is the determination to reduce government borrowing and debt. On the other is an obvious need to modernise transport and other infrastructure. If the US does better in the year ahead it will be because it pays less attention to debt than Europe and Britain. As for structural issues such as efficiency and innovation, America is probably no better than Europe and possibly worse.

As any traveller from Europe or an advanced Asian country can readily attest, America is no longer a country that even looks modern. American aircraft look as shoddy as their demoralised staff. American cars and SUVs are ungainly dinosaurs from a bygone industrial age.

The restaurant food is unattractive and unhealthy. The furniture and interior design look old-fashioned, with a strong preference for factory-made reproductions, as opposed to the sleek modernism of affluent European and Asian homes, offices and hotels. Even the architecture suggests that America's heyday was in the past — from around 1920 to 1973 to be precise. Walking around New York, "retro" seems a more appropriate adjective than "modern".

The US is the only major country not even to have considered adopting the metric system, and which still uses fahrenheit instead of celsius and refuses to publish railway and airline timetables using the 24-hour clock. And then there are the scarily anachronistic social views, ranging from the death penalty to creationism over evolution.

Most importantly, we should look at business, the most successful feature of US society and the one that best embodies the spirit of innovation and efficiency. While US businesses have certainly led innovation in computers, they have lagged behind in many other sectors, ranging from car and advanced manufacturing to mobile telephony. The service industries that have supplanted manufacturing as

the drivers of US growth — financial services, retailing, healthcare, transport and hospitality — have hardly been models of efficiency or good management.

Many globally successful US companies have enjoyed regulatory protection or subsidies in sectors such as healthcare, defence, banking and farming, where competitiveness has depended less on efficiency and innovation than lobbying power. In unregulated industries the most successful US businesses, such as WalMart and McDonald's, have competed mainly by cutting prices and moving downmarket.

Meanwhile, in sectors truly exposed to global competition, the modern history of US business is littered with spectacular bankruptcies and failures to adapt — General Motors, Kodak, Lucent, PanAm and now American Airlines, a company that the City once so admired that investors wanted it to buy British Airways.

A willingness to tolerate failure is a driving force of innovation. But willingness to tolerate shoddy products and poor service delivered by underpaid and demoralised staff, all too evident in my travels in America, is not the sort of “competitiveness” that Europe should try to emulate.

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