HOUSEWORK

At present, there is much quarrelling at the highest levels. Dispute, deception, threats, and outright interventions have taken the place of verbose diplomacy, which had at least one virtue: it accomplished little or nothing. Now, everything seems to be in flux.

What to do? One might, quite naturally, wish for a return to the status quo ante. That is the favoured stance of those for whom the admittedly unconventional new US President is nothing more than a passing phenomenon. "The midterms will take care of it", is their credo. Perhaps. But what if, in a year and a half, Donald Trump gains even more ground? Others place their trust in the American institutions, in the belief that they will ultimately remain inviolate: the Supreme Court, the Federal Reserve, term limits, the (relatively) sovereign states, and the (unfortunately rather vague) security guarantees embedded in the NATO treaty. But what if one or more of these pillars begins to crumble?

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I would suggest we prepare for the likelihood that a disruptor will be at work for some time – and if not this one, then another cut from a similar cloth. In other words, it would be wise to assume that the world will look quite different in a year or two than it did in the days of the venerable Joe Biden. In many respects, that transformation is already underway.

Setting aside, in my view, unrealistic wishful thinking, one ought really to seize the moment and bring one's own house into order – preemptively, if necessary. I am speaking above all of Europe. Certainly, threatened import tariffs can be met with reciprocal measures. But a more intelligent response would be to simply make ourselves more competitive. For example, energy costs in Europe are up to three times higher than in the USA, thanks largely to the aggressively anti-economic energy policies of past German governments. Within the EU, there exist, according to an IMF study, non-tariff trade barriers that rival the very tariff levels President Trump has threatened. A true internal market, therefore, does not exist in the EU. Despite nearly thirty years of a common currency, the European capital market remains fragmented and, by comparison with American conditions, hopelessly illiquid. The euro will never become a reserve currency under these circumstances – even if the Americans are busy sawing away at the branch of the global trading system.

Without a move toward greater competitiveness, all other efforts, especially in the realm of security policy, are likely to prove illusory. In the end, they simply cannot be financed by a demographically declining, economically waning continent. The greatest threat to Europe is not Russia, rather the gentle regulatory monster that is Brussels, with its snouts and tentacles.

But doing one's housework is also wise at the micro level, within one's own family and private finances. In dangerous times, it pays to have raised and educated one's children well, to have regularly assessed the resilience of one's home base, and, where necessary, to have arranged for alternatives. One ought not to have invested all one's money in the bonds of distressed states, but rather, prudently spread across the globe, in shares of companies capable of generating cash flow even under adverse conditions. And last but not least, it helps to have, here and there, a handful of genuine friends.

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