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HEADLINE: It's not the economy, stupid

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As an economist, I wish I could say of the upcoming US election: "It's the economy, stupid!" or just: "Jobs, jobs, jobs". But in this particular contest, the stakes are far greater than just the economy. The economic management of the past four years has been disappointing. A tax cut not designed to stimulate the economy but rather to benefit the richest Americans has done what its critics forecast: it has deepened the growing divide between rich and poor and created huge deficits - costs that are balanced only by a modicum of stimulus to the economy. No wonder then that job creation has not only failed to keep up with new entrants to the labour force, but there has been net job loss over an entire administration for the first time since the Great Depression, a loss of close to 1m jobs. The US economy has grown, but that growth has been too weak to provide enough jobs or to benefit the average family. Since Mr Bush took office, annual real household income has declined by some Dollars 1,500 (Pounds 830). A few Americans are doing very well, but most are worse off now than they were four years ago.

In another era, an opponent of George W. Bush might have focused on the "three Cs": corruption, cronyism, and competence. Enron - headed by Kenneth Lay, a Bush energy adviser - set a new paradigm for corporate malfeasance. Mr Bush blamed environmental regulations for California's energy problems, but eventually the truth won out: Enron's market manipulation, which cost California taxpayers billions of dollars, was at the root of the problem. Today, the mismanagement of postwar Iraq is widely recognised, but it is not a minor "miscalculation", as Mr Bush would like us to believe. Rather, it is a series of mistakes that have and will cost thousands of lives and billions of dollars, and further damaged prospects for peace in the Middle East.

But there are far more fundamental issues at stake in this election, centring on values: fairness, the balance of welfare between current and future generations, openness and transparency, the role of science, a sense of community and the meaning of American leadership. The huge Bush deficits are placing an enormous burden on future generations with little to show for it - other than the growing rich-poor divide and tightening squeeze on the middle class. The deficit has not financed more investments or research, nor has it improved education; the gap between the promise and fulfilment of these basic needs has even increased. America's problem in financing a social security programme could have been solved if Mr Bush had used part of the surplus he inherited from the Clinton years. Instead, that surplus has been squandered - and as a result, the compact joining one

generation with the next is likely to be torn asunder.

Another aspect of that broken compact is the environment: Bush environmental policies, from increased arsenic in the water to growing air pollution, from unfunded toxic waste programmes to increased threats to natural wildlife, are spoiling the world our children will inherit.

Every government struggles with issues of transparency and secrecy. How these questions are answered says much about a government's commitment to and understanding of democratic values. The Bush administration has repeatedly tried to keep vital information from Americans - whether it is the composition of an energy taskforce or human rights abuses. At the same time, it has shown little hesitancy in violating individual basic rights to privacy when advancing its own agenda.

America's success is fuelled by advances in science and technology, but the scorn Mr Bush has shown for science and America's scientific community has aroused even that normally apolitical group. For example, he tried to dismiss years of hard scientific evidence on global warming because it was bad news for the oil industry. When the National Academy of Sciences came to the only conclusion it could, that warming is a real threat to Earth, Mr Bush was finally forced to accept the findings - but has done nothing about them.

Behind much of the deep-seated resentment towards Mr Bush lies a view about the nature of America as a community. Of course individuals in such a diverse country are going to differ in their priorities, even in their judgments about what makes a successful economy. But if we are to live together in harmony, there are certain bonds that cannot be broken - bonds that reach across generations and ensure that those who are better off help those less fortunate.

There must be trust between a nation and its president, and in America that trust has been violated. Past American presidents, recognising that leadership requires uniting people rather than dividing them, have avoided extremism and sought to maintain balance. A great military leader such as Dwight Eisenhower could warn in his farewell address against the dangers of the military industrial complex.

Today, America lives in a global community. But the trust between America and its friends around the world has also been eroded; they have been less charitable than US citizens towards the human rights abuses, the misleading information, if not lies, that preceded the invasion of Iraq, towards the mismanagement of the aftermath. Without that trust, there can be no leadership.

It could have been the economy, stupid. But in this election, the Bush administration's failures in so many other areas have rightfully diverted attention from its economic failures.

The writer, university professor at Columbia University, was awarded the 2001 Nobel prize in economics and chaired President Bill Clinton's council of economic advisers