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## Obama or Romney: does it make a difference for development?

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# The Current Column

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## Obama or Romney: does it make a difference for development?

Bonn, 29 October 2012. Next week we will know if voters in the United States have decided to re-elect Barack Obama or if they have chosen Mitt Romney instead. The world is watching. The US is the planet's largest economy and its mightiest military force. The international policy of its government – and even its domestic policy – affect people all over the world. Surely it must matter who wins on 6 November 2012. Well, does it? The answer might not be as straightforward as you think.

In July of 2008 more than 200 000 people filled the *Straße des 17. Juni* in Berlin to listen to the lofty words of then-candidate Obama. While praising markets and trade, he emphasized that “we must forge trade that truly rewards the work that creates wealth, with meaningful protections for our people and our planet”. Mr. Obama called for a global commitment “that we will not leave our children a world where the oceans rise and famine spreads and terrible storms devastate our lands”, and praised Germany’s resolve to reduce carbon emissions.

The contrast with his predecessor George W. Bush could not have been starker. After eight years of what many had seen as an arrogant, belligerent, and anti-environmental presidency, here was a man wanting to reclaim the US’s role as a force for good in the world. Has the man who campaigned for change delivered as president? President Obama has struck a more conciliatory tone on the international stage – a fact that did not escape the Nobel committee in Oslo – and he has striven to end, rather than start, two wars. But in his approach to development, Mr. Obama's policies have not differed greatly from those of his predecessor.

This is most obvious when it comes to foreign aid to developing countries. The US continues to be the world’s largest single donor even if its aid budget, as a percentage of its GDP, remains one of the smallest among wealthy nations. Aid as a percentage of GDP increased significantly under President

Bush – mostly due to assistance to Iraq and Afghanistan – and Mr. Obama has maintained roughly the same levels. Mr. Romney has offered few details about his development assistance policy, but he has said that it will be based on “the promotion of work and the fostering of free enterprise”. Aid will be given in exchange for removing trade barriers and opening markets for US investments. There is nothing new here; this is broadly the policy that the US has pursued for the last decade or so.

In short, there has been a great deal of continuity between the Obama and the Bush administrations with regard to development assistance, and there is likely to be more continuity regardless of who wins the elections next week. But what about development beyond aid? After all, there are many other ways in which US policy affects the prospects for poverty reduction in developing countries.

Take for example climate change. We know that President Obama understands the nature of the problem and what needs to be done to solve it. Mr. Romney’s position has wavered – possibly to appease voters in the right. As governor of Massachusetts he held progressive views, but as presidential candidate he has called into question both the evidence for climate change and the need to take action now to avert it. And yet the topic of climate change has been notoriously absent from the current campaign. During the presidential debate on 16 October both men argued at length over which of them would drill for more oil, gas and coal – but none talked about the consequences of doing so.

In other topics with crucial development implications the two candidates have offered few details, but no sharp contrasts are obvious. In agriculture, for example, both candidates have announced support for the Farm Bill, which continues to pump billions of government dollars into subsidies for corn and wheat production. These subsi-

dies allow cheap US grain to flood the world markets – and the consequences are felt from Mexico to Sub-Saharan Africa. Both candidates have embraced biofuels and have pledged further support for their expansion of crops to produce ethanol, and this is likely to contribute to the volatility of food prices worldwide.

US trade policy under Mr. Obama has also been remarkably similar to Mr. Bush's. The Obama administration has not made any significant advance on the Doha round of trade negotiations, which have been stuck for over a decade due to disagreements over US agricultural subsidies. And while President Obama has not negotiated any new free trade agreements, he has signed two of them – with Panama and Colombia – into law. Mr. Romney has said that he will pursue more free trade agreements, and he has signalled that he will continue to favour bilateral rather than multilateral engagements.

This sort of convergence in policy reflects the limits of the power of the US presidency. To understand why we should not expect any big changes on the issues that affect global development regardless of who wins next Tuesday, we need to look at Congress, and especially the Senate. Each state – whether California, with almost 40 million

people or Wyoming, with only half a million – gets exactly the same representation: two Senators. This means that the interests of small groups of people, such as the farmers in the relatively unpopulated Midwest, hold a large sway. In addition, due to arcane rules and political manoeuvring it is almost impossible for a controversial bill to get through without the support of at least 60 Senators – well above the slim majority likely to be held by a party any time soon. Thus while less glamorous, the battle for a Senate seat in Indiana or Iowa may turn out to be much more important for the rest of the world than the presidential election.

Does this mean that it does not matter who wins next Tuesday? Not necessarily. Even if he cannot decide things unilaterally, the US president can set the political agenda at home. For example, while the legislation of gay marriage is a matter for Congress and the courts to decide, Mr. Obama changed the national conversation about the issue simply by supporting it publicly. Mr. Obama and Mr. Romney are likely to follow very similar approaches towards the role of the US in global development issues. But this has less to do with a lack of genuine differences between the two men than with what is possible to achieve within the country's political system.



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