On the challenges of governance in the United States

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Angel Saz-Carranza  
Coordinator, ESADEgeo Center for Global Economy and Geopolitics  
Irene García García  
Researcher, ESADEgeo Center for Global Economy and Geopolitics
ABSTRACT

- As the President of ESADEgeo Centre for Global Economy and Geopolitics, Professor Javier Solana, remarked recently that, whilst Europe is closely monitoring what is happening in emerging countries, it does not pay enough attention to the most powerful nation in the world.

- Uncharacteristic trends are becoming apparent within the domestic politics of the country of self-reliance.

- Internally, there is a growing feeling of decline and an inability to recover from the economic crisis. Externally, the USA has retired from its role as global leader.

- What is happening to the United States?

On the challenges of governance in the United States

Recently, ESADEgeo was visited by two leading experts on US domestic politics: Thomas Mann¹ (senior researcher at the Brookings Institution) and Clive Crook² (the Financial Times' chief Washington commentator). Their views will help us gain a better understanding of the current dysfunction of this country’s political system and the main challenges it will have to face in the short-medium term.

Ideological polarisation

According to both authors, ideological polarisation is currently the main obstacle to the governance of the United States. The Republicans, in particular, have

¹ Thomas Mann’s visit to ESADE forms part of the GeoCEO programme organised by ESADEgeo, aimed at addressing current geopolitical issues with business leaders. This GeoCEO entitled, “The USA’s new role in the world”, was held on 14 April at ESADE Madrid: http://www.esade.edu/exed/eng/programas/direccion_general/GeoCEO
² For more information, please watch the video summary of the seminar given by Clive Crook, moderated by Javier Solana and entitled, “The state of the Union: current political trends”, which was held on 30 May 2011 at ESADE Madrid: http://www.esade.tv/events?idvideo=189621
become more radical, leaning further towards the right. And, whilst the Democrats have not undergone the same shift, it is true that President Obama is a little further to the left than the previous Democrat government presided over by Bill Clinton. So, whilst Democrats and Republicans used to overlap in the centre and agreed on many points, particularly over economics – the economic context then was completely different: the economy and investments were growing – now, this overlap of the centrist wings has disappeared. This problem is particularly serious in a two-party system.

In the United States, the Constitution is based on the liberal views of the 18th century, according to which power is best supervised in a fragmented manner. For this reason, it established a system of checks and balances between the executive, legislative and judicial powers. Although this system guarantees that no branch of the government can have more power than the other branches, in times of polarisation it can lead to blockages and paralysis when there are confrontations between the executive and the two legislative branches, as occurs at present. In the November 2010 elections, the Republican Party won a majority in the House of Representatives and fell 4 seats short of a majority in the Senate.

Healthcare reform, public debt and the budgetary deficit are now the main bones of contention between Republicans and Democrats. And there appears to be no united stance in any of these areas. The problem is that this blockage could not have occurred at a worse time; because the US tax system is stretched to the very limit, and needs immediate reform. To quote Clive Crook “without this reform, and with a monetary policy that is currently maxed out, the executive will have no instrument (fiscal or monetary) to react with in the event of a new recession”.

**Permanent electoral campaign**

In addition to the destabilising effect of this ideological polarisation, we must add the fact that the electoral campaign has taken on a permanent character. Whilst in the past the length of the campaign was perfectly defined, now the
division between the campaign and the exercise of government has become blurred. This entails the adoption of more marked postures and the predominance of electoral interest over general interest.

Politicised media

Far from highlighting the areas of agreement between the different political powers, the mass media’s lack of neutrality helps exacerbate their differences. To such an extent that recently, the White House’s blog displayed its unease at Fox News’ coverage of the demonstrations related to healthcare reform and declared that Fox News’ commentator, Glenn Beck, was spreading lies. “They are criticising the government, they are criticising members of this Administration...In the end, there comes a time when the government has to defend itself”.

This type of practice of “informing through attack”, attempts to neutralise one’s opponents’ supporters and mobilise one’s own, whilst also (perversely) helping to increase the distance between citizens and politics and to increase mistrust of the institutions. And Democrat Party voters are the most vulnerable to this type of practice. According to opinion polls, independent voters --a bit younger than the average voter, mainly focused on objectives rather than ideological rhetoric, and mainly white (87%)-- were those who, to a large extent, helped Obama win in 2008. In November 2010, while this group represented around 40% of the total electorate, their support for Obama had fallen by almost 35%.

Legal Corruption

The appearance of legal corruption would be the fourth factor that contributes to the dysfunction of the political system. The symbiosis between the funding of political parties and lobbying is generating legal corruption that cannot be punished, governance carried out in line with the general interest being subordinated to individual interests, those of the groups that funded the political representatives. For example, the financial sector beat all previous records by spending over US$ 470 million on lobbying in 2010.
Obama's track record

Despite the abovementioned obstacles and instability, during his two years in power President Obama has successfully administered the bank bailout programme (Troubled Asset Relief Program or TARP); he has managed to restructure the Detroit automobile industry; to approve a substantial economic stimulus package (US$ 787 billion) in February 2009 aimed at creating jobs, promoting investment and consumer spending; he has implemented much-needed healthcare reforms, albeit ones with a rather uncertain future; and, in December 2010, managed to agree with the Republicans on another economic stimulus package (US$ 858,999 million), which, along with monetary expansion, should allow for a growth of almost 4% in the GDP for 2011.

However, the mid-term elections last November –with voters angry at the high unemployment rate and sceptical of any improvement in the country’s economy– resulted in victory for the Republican Party; and the effects of this triumph were immediate. In April 2011, a US$ 38,000 million spending cut was approved. And environmental policy has suffered due to the substantial 16% cut in the Environmental Protection Agency’s budget.

Other domestic issues of great importance –such as immigration and the reduction of the deficit– have not fared much better out of the conflicting stances of the Republicans and Democrats. For the second time this year, the Republican Party has managed to block the famous DREAM Act (Development, Relief, and Education of Alien Minors) project, with which the Democrats planned to grant legal residence to thousands of illegal immigrants, on the condition that they had arrived in the USA before the age of 16, had lived in the country for at least 5 years, were under 30 when the law was passed, and intended enrolling in a university or joining the armed services.

Similarly, there are marked differences between Republicans and Democrats regarding the definitive budget for the 2011 tax year –which ends in September 2011– and the mechanisms to reduce the national debt (US$ 14.3 trillion). The pressure to reach an agreement is increasing. According to the Treasury
Department, if Congress does not increase the Federal Government’s legal borrowing limit, the Government will only be able to postpone a default in its payments until 2 August. After that, the Federal Government will suspend payments and the country will enter another recession.

Obama has also had success with his foreign policy, such as the signature of the New START (Strategic Arms Reduction Treaty) Treaty with Russia in April 2010; sanctions to increase international pressure on Iran and its nuclear programme; improvement to the USA’s global image from 2008 to the present day, according to Gallup polls; and the capture of Bin Laden in May 2011, which represented a step forward in the fight against terrorism. However, as in the case of Obama’s domestic policies, the success of his foreign policies are overshadowed by the uncertainty over the future of Iraq (even if he withdraws the troops at the end of 2011, as planned), the delicate transition of power in Afghanistan (whose details were announced by President Obama on 22 June), the peace negotiations between Israel and Palestine, and the USA’s role in the Arab Spring.

What of the future?

In general, Obama has tried to rise above the two-party squabbling, advocating a conciliatory attitude, and an openness to dialogue. However, it is true that part of the electorate who voted for him, captivated by the “yes, we can” and the promise of change, are now criticising his excessively accommodating attitude towards the Republicans and its mixed results. A similar situation occurs with his foreign policy, which some people have branded as, “the doctrine of the non-doctrine”. Others, meanwhile, recognise the results of his policies in the face of the fierce opposition he has met since the day he took office. However, they point out that, in contrast to the oratory capacity he displayed during the 2008 campaign, Obama has not, during his mandate, been able to address the public successfully and convince them of the need for the proposed reforms and policies, despite these being more than necessary given the grey panorama of the USA’s economy.
In June, Time Magazine pointed out that the USA’s GDP had shown a 1.8% increase in the first quarter, way below the expectations of over 3%, and the second-quarter estimates are not much better. Property prices dropped to levels not seen since the Wall Street Crash of 1929. Consumer spending figures were not able to recover in the last six months either. And barely 54,000 jobs were created in May. Less than half of what was expected and less than a third of the number required in order to reduce the 9.1% unemployment rate. If the USA wants to dig itself out of the crisis, it needs to adopt policies that stimulate growth and reach agreements that can tackle the complex fiscal situation. In order to attack the deficit, tax increases are required, especially for high earners. In other words, they need to return to the pre-George W. Bush fiscal structure, reversing the latter’s tax cuts, thus producing an annual saving of over US$ 180,000 million. Moreover, the efficiency of the public health system should be improved and there needs to be a slight reduction in some of the priority spending such as: infrastructure, defence and pensions. If these measures are applied, in the short term the economy will probably suffer due to a lack of public demand. However, if the political parties’ positions become entrenched and they do not move forward, the negative impact could be considerable.

However, as long as the House of Representatives continues to be controlled by the Republicans (who favour austerity over economic stimulus), and the parties’ respective positions over the deficit (fundamentally over cuts and taxes) continue to be poles apart, the required political consensus will be very hard to achieve. And, being a country that is depressed and not very optimistic about its economic recovery, it will be hard for the USA to project a confident image of leadership abroad. Particularly if we bear in mind the reality of the new international scenario; marked by the emergence (or re-emergence) of countries such as China, India or Brazil, with GDP growth of 10.3%, 7.4% and 7.5% respectively in 2010.

However, power does not lie solely in economic results, as Joseph Nye recalls in his book, *The Future of Power*. In today’s multi-level world, marked by the transfer and diffusion of power, several dimensions of power are also required
(economic, military and soft power) in order to achieve effective strategies. And although the USA is currently facing serious problems linked to debt, education and a political impasse, it continues to be the most powerful country in terms of its military capacity –far ahead of China and the United Kingdom– and its soft power (ideas, values and culture) is still very persuasive. For this reason, Nye considers that the USA is not in decline or about to give up its role as world leader. Instead, it is going through a stage of internal reflection on its model (both external and internal). But if the USA wants to continue to be the world’s most powerful country, it must start to ask itself how it should combine the different types of power to produce intelligent strategies in conjunction with other countries, more than for other countries, and to learn how to identify which situations can be solved and which cannot.

President Obama appears to be working on the first recommendation. The US security strategy published last year recognised the need to cooperate in the face of “a world of transnational challenges”\(^3\). And the speech in which Barack Obama announced the timing of the withdrawal of the US troops from Afghanistan\(^4\) recognised the need to carry out a pragmatic and strategic foreign policy and “to rally international action”. An example of this is the non-leadership and consensual posture in the UN Security Council for military intervention in Libya. This decision seemed to be backed by most Americans: only 10% appeared to want the USA to lead the operation, whilst in 2003, 75% of the population supported the country’s unilateral intervention in Iraq\(^5\).

\(^3\) For more information, please see the US National Security Strategy: [http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf](http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf)

\(^4\) In his speech, Obama discussed: the withdrawal of 10,000 soldiers by the end of this year, and 23,000 more before next summer. After this withdrawal, the remaining 68,000 soldiers are to be pulled out gradually over the next two years, as the Afghan leadership takes over security. The mission will change from combat mode to support mode and the transition process is to be completed by 2014. After 2014, a few US units will remain, the exact number of which will be agreed on with the Afghan authorities. For more information on Obama’s speech, please visit the following website: [http://www.whitehouse.gov/the-press-office/2011/06/22/remarks-president-way-forward-afghanistan](http://www.whitehouse.gov/the-press-office/2011/06/22/remarks-president-way-forward-afghanistan)

Similarly, in the same speech he also admitted to the need to rethink the growth model that the USA will be based on in the future: “Over the last decade, we have spent a trillion dollars on war, at a time of rising debt and hard economic time. Now we must invest in America’s greatest resources – our people. We must unleash innovation that creates new jobs and industry... We must rebuild our infrastructure and find new and clean sources of energy… it is time to focus on nation building here at home.” Obama will have a hard time trying to differentiate—as Nye himself proposed—between the problems that have a solution and those that do not, calling for action in the economic field and for the unblocking of the current political paralysis. Although the Republicans do not appear to be ready to have their arm twisted, Obama nevertheless needs, before the 2012 elections, to produce results in relation to issues that have been troubling the American people since 2010: the economy (29%), unemployment (26%) and the deficit (13%). The challenge is how to produce visible short-term results to problems requiring a long-term approach.

In this scenario, and as recommended by Thomas Mann, Clive Crook and Kemal Derviş⁶, it would be advisable for Obama to devote more time to explaining the relevance of his policies to the nation: especially if he wants to mobilise the independent voters again. Even Obama himself recognised this reality in the speech he gave following the results of the November 2010 elections. For this reason, he also decided to get closer to the American people and write his own Twitter messages personally; any tweets written by the President himself, rather than his staff, will be signed “BO”. Although at the moment, the latest polls carried out by Gallup show the Republican Party (44%) leading the Democrat Party (39%)—irrespective of the identity of the Republican candidate—should the conditions improve even only slightly, Obama is quite likely to be re-elected (as in the Clinton Administration). And, in the worse case scenario—that of maximum political blockage—most voters (44%) say the

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⁶ The visit by Kemal Derviş (Director of the Global Economy and Development Program at the Brookings Institution and Turkey’s former finance minister) to ESADE forms part of the GeoCEO Programme organised by ESADEgeo. This GeoCEO dealt with “Emerging countries and the global economy” and was held on 24 November at ESADE Barcelona. The interview by La Vanguardia on his visit provides an excellent illustration of his discourse and the need for communication:
http://itemsweb.esade.edu/research/esadegeo/Kemal%20Dervis_La%20Vanguardia.pdf
Republicans would bear the responsibility and a third (33%) that the Democrats would be mainly responsible; 72% of the Democrats themselves say that the Republicans would be mainly responsible and 15% blame their own party. The independents, on the other hand, are divided: 36% say the Republicans would be mainly responsible, whilst 34% say the Democratic administration would be. However, some independents say the two sides would share responsibility (17%) and others are undecided (12%). Obama should therefore address this group in particular if he wants to renew his presidency for another four-year term\(^7\).

\(^7\) For more information, please see the survey carried out by Pew Research Center on 20 June 2011: [http://pewresearch.org/pubs/2030/poll-who-would-be-responsible-if-no-debt-limit-deal](http://pewresearch.org/pubs/2030/poll-who-would-be-responsible-if-no-debt-limit-deal)
For further information about ESADEgeo’s Position Papers, please feel free to contact:

Irene García García
Researcher
ESADE Center for Global Economy and Geopolitics
Av. Pedralbes 60-62, 08034 Barcelona, Spain
irene.garcia2@esade.edu
93 280.61.62 Ext. 3917