

Keeping up with the Johanns, by Helen Disney

This US presidential election has attracted a higher profile in the European media than ever before.

In some senses our fascination with the US seems odd — why should the appointment of one country's leader inspire such extraordinary interest? However, the reality is that this is a contest where one man — be it Barack Obama or John McCain — will become leader of the predominant global power whose internal direction and policies have a major impact on the rest of the world.

When this butterfly flaps its wings, tornadoes may be experienced everywhere. The roots of the current global financial crisis, for example, lie primarily in the domestic policies and practices of the US banks.

But this US election is also unusual in another respect. Far more than in the past, both candidates appear to be drawing on European ideas and influences to form their policy programmes. Perhaps this has come about in response to the key theme of this election – the need for a change away from the existing Republican, neo-conservative approach towards neglected issues such as the environment or equity in health care.

The domestic and international choices of the new US president in energy and environmental matters are indeed of crucial relevance to Europe since they deal with matters of an inherently global nature.

Both senators McCain and Obama have committed to reducing carbon emissions in the US, though Obama proposes a higher goal of an 80% reduction of 1990 levels by 2050, versus McCain's 60%. Obama's strategy focuses on a market-based cap and trade system, similar to the European Union's emissions trading scheme.

Both plans draw on the approach taken in Europe of trying to create quasi-market mechanisms for dealing with environmental issues. McCain emphasises incentives for the private sector, while Obama favours direct government intervention, often with federal money. It remains to be seen whether this more comprehensive, and costly, approach could actually be implemented as the US tips into recession.

In the midst of a global economic downturn and an enormous government deficit, both the public and Congress are less likely to be in favour of sweeping changes that will incur large upfront costs.

Yet the danger of a failed energy policy has been dramatically illustrated by the financial crisis. While its origins had nothing to do with energy per se, rising energy prices have nonetheless played a major role in reducing household incomes, thereby contributing to mortgage defaults. The unfolding of the financial crisis itself has shown the US the importance of developing a common understanding of shared international challenges and taking co-ordinated action to manage markets, whether financial or energy.

In health care, there has also been a substantial degree of transatlantic policy discussion. The US health care system is often described as being a free market system, in antithesis to the UK's tax-funded and largely state-provided NHS. Yet, in fact, the US spends a substantial share of public money on health care through its Medicare and Medicaid programmes.

But with a system based primarily on private health insurance, the US nevertheless struggles to find an affordable and equitable way of providing health care coverage for the uninsured. The issue of so-called 'universal coverage' has come to the fore again in this election, with each of the candidates expressing a desire to achieve it and with some US states already piloting new ways of providing health care.

While the US is unlikely to ever try to go down an NHS-style route, policy makers do seem to be inspired by European ways of organising health care, whether it be Switzerland's competitive social insurance model or the Dutch use of preferred provider organisations (similar to the US's Health Maintenance Organisations), which help to ensure a competitive market while also controlling costs.

Policies that balance the role of states and markets or find a middle ground between competition and equity seem to be back in favour. Certainly this time last year, or even a few months ago, no one could have predicted the spectacle of George W Bush — the man held up by critics as symbolising the American capitalist way — praising Gordon Brown's financial rescue package, based on a Swedish banking bail-out. An unusual case of Stockholm Syndrome, to be sure.

Whoever wins on November 4, the US's prospects will depend heavily on the new president's ability to ride through these economic and social policy storms — and in these times of turmoil, a closer dialogue and discussion with Europe can only be beneficial. In the end though, the likelihood of the European approach taking the ascendancy will ultimately come down to what governments can afford to spend and, for now, the answer seems to be not very much.

Helen Disney is chief executive of the Stockholm Network, a pan-European think-tank

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