



CONTACT: Joel Finkelstein or Nicole Rodgers
202.822.5200
Ben Edwards 202 416-0740

Obama can improve U.S. poor score on policies to promote global prosperity

WASHINGTON, DC – As President-elect Barack Obama seeks ways to restore the United States' international reputation in the midst of a global financial crisis with roots in New York and Washington, an annual assessment of rich countries' policies to build prosperity around the world finds that the United States ranks 17th out of 22 high-income countries.

According to the 2008 Commitment to Development Index (CDI), the United States does worse than nearly all of Europe, Canada, Australia, and New Zealand in promoting global prosperity. The only countries that perform worse than the United States are Switzerland, Greece, Italy, and Japan, plus South Korea, which is included in the Index for the first time this year and ranks last. The Netherlands leads the pack.

The CDI uses data from around the world to measure and then rank rich-country governments on whether they are living up to their potential to help poor countries— not just through aid, but also through trade, migration, technology and investment policies, and responsible environmental and security stances.

“Investment in global development is the most cost-effective, long-term path to restoring our reputation in the world, and has a direct impact on our security and prosperity,” said Nancy Birdsall, president of the Center for Global Development, which produces the Index. “In the current crisis, with the developing world facing new threats of poverty and extremism, global development has never been more important.”

David Roodman, a CGD research fellow and the architect of the Index, said that the Index could serve as a guide for those in the incoming Obama administration who are looking for ways for the United States to improve its tarnished reputation and provide meaningful help to developing countries during tough times.

“The silver lining for the incoming administration is that there is lots of room for improvement, even in the current crisis,” Roodman said.

“The United States has an opportunity to restore its international prestige by helping the world's poor in this moment of need. Many of the policies that the index measures would cost little or

nothing to improve in budgetary terms, and doing so would benefit Americans as well as poor people in developing countries,” he said.

The low U.S. ranking is based on several factors. U.S. spending on foreign aid trails other rich countries as a percentage of GDP, and much of the aid is “tied” to the purchase of U.S. goods and services. The United States also loses points because a big chunk of its aid goes to countries that lack the ability to use it well but where the U.S. has geopolitical interests, such as Afghanistan, Pakistan, and Iraq.

The United States also trails the world on the environment, with among the highest greenhouse gas emission rates per person.

On the positive side, U.S. barriers against poor country agricultural exports are lower than most other rich countries; its citizens give more than most in private aid, through such groups as CARE and Oxfam; and the U.S. scores well on policies to promote new technologies that help poor people in the developing world.

The Netherlands comes in first in the Index, on the strength of ample foreign aid, falling greenhouse gas emissions and strong support for investment. Close behind are three other generous aid donors: Denmark, Sweden, and Norway. Australia, Canada, and New Zealand make it into the top half with a different profile: generally low on aid but strong policies on trade, investment, migration, and security. Among the G-7 countries, only the United Kingdom places firmly in the top half. Japan and South Korea finish last, with small aid programs as a percentage of GDP and limited immigration and imports.

A number of changes in U.S. policy that would improve the U.S. ranking on the Index have been mentioned by president-elect Obama or members of his transition team. On the other hand, the economic crisis could increase political pressures for changes that would hurt poor people in developing countries and worsen the U.S. score. Roodman said that examples of changes to watch for in the coming year include:

- **Trade:** U.S. openness to developing country exports will likely be tested by the recession. Making it harder for Thai circuit boards or Argentine wheat to enter the United States would hurt global recovery efforts—and lower the U.S. score on the CDI.
- **Environment:** Obama’s plans to step up the U.S. response to climate change could lead to changes—such as lower per-capita CO₂ emissions and higher gasoline prices—that would help to avert a climate crisis and improve the U.S. score on this part of the Index.
- **Aid:** Obama pledged early in the campaign to double U.S. foreign assistance. He later said that the economic downturn could slow the process but that he remains committed to substantial increases. Untying aid and focusing it on poor countries with relatively democratic and uncorrupt governments would further improve the U.S. score.
- **Migration:** As with imports, so with immigrants: the crisis may strengthen national opposition to immigration reform that would give illegal immigrants a path to citizenship. Making it harder for poor people from developing countries to work in the United States would hurt them—and the U.S. CDI score.

- **Security:** The likely U.S. troop shift from Iraq to Afghanistan would also help the U.S. on the CDI, whose security component rewards deployment of soldiers abroad only if the intervention was sanctioned by the international community. The U.N. Security Council authorized the campaign in Afghanistan, but not the U.S. invasion of Iraq.
- **Investment:** Congress has instructed the Overseas Private Investment Corporation (OPIC), an agency that insures U.S. corporations against nationalizations of assets overseas, to withhold support for any project that could threaten even a single U.S. job. Ending this unrealistic policy would help the U.S. “walk the talk” on competitive markets at a time when events have badly tarnished the U.S. model. And it would support investment in poor countries and boost the U.S. score on the CDI.
- **Technology:** The \$15 billion per year clean technology promotion fund that president-elect Obama promised in a video address to the Governors’ Global Climate Summit after the election would raise the U.S. technology score from 5.0 (exactly average) to 5.5.

The Center for Global Development is an independent, non-partisan, not-for-profit Washington research and policy organization. An interactive version of the 2008 Commitment to Development Index is online at www.cgdev.org/cdi.

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Commitment to Development Index 2008

Rank	Country	Score
1	Netherlands	6.7
2	Sweden	6.6
2	Norway	6.6
4	Denmark	6.5
5	Ireland	6.0
6	United Kingdom	5.6
7	New Zealand	5.5
7	Finland	5.5
7	Australia	5.5
7	Austria	5.5
11	Canada	5.4
12	Spain	5.1
12	Germany	5.1
14	Belgium	4.9
14	Portugal	4.9
16	France	4.7
17	United States	4.5
18	Switzerland	4.3
19	Greece	4.2
20	Italy	4.1
21	Japan	3.0
22	South Korea	2.4