

Stopping the Drift

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Relationship for a Multipolar Age

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CREDITS

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The New Transatlantic Paradox

You might call it the Obama Paradox: With the election of Barack Hussein Obama as forty-fourth president of the United States, America chose a leader the entire world seemed to identify with. Europe, in particular, hailed the multi-ethnic, post-racial and cosmopolitan Obama with relief and hope as ‘one of us’. Atlanticists on both sides of the ocean were certain that this president would save and renew the transatlantic alliance. Yet two years later, the United States and Europe are further apart on many key issues than they have ever been—in their policies as much as in public attitudes. For the United States, Europe appears to be less relevant than ever before in recent history; in Europe, anti-Americanism seems to be drifting into simple (and often not even hostile) indifference. The transatlantic gap, far from having narrowed, seems to have widened.

The post-World War II alliance between the United States and Europe, grounded as it was in the shared experience of survival after an epochal mass slaughter, in a common perception of threat and in widely overlapping interests and values, was bound to mutate with the passage of generations into a more pragmatic, less emotional relationship. Then, at least for a moment, the attacks of 11 September 2001 seemed to herald a return to the old sense of unity, based on a joint stance against a global terrorist threat. But in retrospect, it has become clear that the so-called Global War on Terror was an interlude as well.

There are those—like Robert Kagan—who argue that we are in fact returning to normality, because the entire period which saw the creation and flowering of the transatlantic alliance between 1945 and 1989 was itself a historical anomaly.¹ They contend that history, far from disappearing, is coming back with a vengeance, in the shape of classic nineteenth-century–style great power competition, the key difference being that (at least in America) the European Union or individual European nations are no longer considered likely to play a featuring role in this game. This take on the current state of the world implies a transatlantic relationship in which Europe is at best a minor ally to the US, and at worst, a deadweight irrelevance.

Yet there is a major flaw in this view. It ignores two forces that did not exist in the nineteenth century, but are the prime shapers of the twenty-first century's geopolitical landscape. Firstly, globalisation—the worldwide exchange of goods, people and ideas—has created degrees of integration whose political implications we are only beginning to grasp. At the very least, it limits the sovereign freedom of action that nation states took for granted during most of their existence. For evidence, one need look no further than the current global economic crisis, which provided a stark revelation to governments in Washington, European capitals and Beijing of just how complex the web of global interdependencies had become. Second, the post-1945 international liberal order, created by the United States and Europe, is being challenged by the new phenomenon of multipolarity: the rise of non-Western powers like Russia, China, India and Brasil. Despite some talk of a 'Beijing consensus', these challengers rarely present rival visions of

¹ R. Kagan, *The Return of History and the End of Dreams* (New York: Alfred A. Knopf, 2008).

what a new order ought to look like. But their arrival raises the prospect of a future global *disorder*, because some of the new powers act as spoilers, and all instinctively reject Western pleas to act as ‘responsible stakeholders’.

In sum, these forces—globalisation and multipolarity—give the United States and Europe more rather than fewer reasons to coordinate and cooperate with each other on a broad range of issues from climate to trade to foreign and security policy. Of course, the US remains the world’s sole superpower, and the main stakeholder in global governance. But its power, hard and soft, has been eroded over the past decade. In an increasingly multipolar world, America needs alliances with like-minded countries more than it did in an earlier age, because they give it leverage and help conserve its resources. Europe, conversely, is a trade giant, but remains—to put it politely—vertically challenged in the political sense. Still, its ambitions (and, occasionally, its sense of responsibility) extend considerably beyond its immediate neighbourhood: Europe thinks of itself as America’s key partner and co-stakeholder in dealing with global challenges, but it needs American power to gain worldwide leverage. Yet America has made it very clear that Europe should no longer rely blindly on its ability to ride on the superpower’s coat-tails, or to shelter in its shadow. Europeans for the most part understand this, but they have yet to draw the appropriate conclusions. On both sides of the Atlantic, then, there is a tension between goals and capability that ought, logically, to draw America and Europe closer together.

This report will examine America’s and Europe’s positions in the world and their relationship with one another. What are the reasons for the widening of the divide? Are they rooted in current political or individual constellations, or are there

larger structural causes—even paradigm shifts—that are slowly driving the partners apart?

It will then discuss several areas of transatlantic cooperation and describe how the current divides over these issues can be bridged and a new framework established: a new transatlantic relationship for the multipolar age.

Recalibrating American Power for a Multipolar Age

When Obama took office in January 2009, he found himself faced with an extraordinary set of challenges: a country in the throes of the worst recession since the Great Depression; two military operations in dire straits; a bitterly divided, anxious and war-weary public—and all this in the context of an unprecedented erosion of American influence and legitimacy, as well as the rise of new, non-Western powers. It was clear that the new president's immediate priority would have to be repairing America, not reordering the world. Obama acknowledged as much when he explained to a gathering of West Point cadets that America's commitment in Afghanistan could not be open-ended, 'because the nation that I'm most interested in building is our own'.²

² Barack Obama, 'The way forward in Afghanistan and Pakistan' (speech at the US Military Academy at West Point, 1 December 2009). The May 2010 US National Security Strategy noted a 'fundamental connection between our national security, our national competitiveness, resilience, and moral example' (p. 1). Available at http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf.

In response, Obama has emphasised domestic policy—the economy, jobs, health care, clean-up after the BP oil spill—throughout most of his first 18 months in office. Yet he has also crafted a remarkably bold and complex strategy for recalibrating America’s role as a superpower in a multipolar world. It seeks to repair American legitimacy and power. At the same time, it aims to reduce the burden on America as manager of global governance by persuading old and new powers to take on greater responsibilities. Europe, in this context, is seen as adding value inasmuch as and to the extent that it is able and willing to share the burden of global governance with America. It remains a partner, perhaps even the preferred partner. But it is no longer the automatic default partner for the United States.

A Strategy for America in a Changed World

No single stand-alone document lays out an ‘Obama Doctrine’. Yet two years after Obama’s inauguration, it is clear that such a doctrine exists, and has been meticulously considered. Aspects of it have been formulated in the National Security Strategy (NSS), the Nuclear Posture Review and the Quadrennial Defense Review; it is supported and explained in a string of speeches and essays, by the President himself, and also by other members of his team, such as Secretary of State Hillary Clinton and Secretary of Defense Robert Gates. Taken together, these texts provide an analysis of the world in our times—and America’s role in it.

The pivotal insight of the Obama Doctrine is the recognition that the power of the United States of America is not just diminished, but also limited. It is diminished because its soft power has been drained by the economic crisis and

the erosion of its legitimacy, and because its hard power has been eroded through overuse and overstretch. This diminution may be transient; history has shown many times that America possesses an extraordinary ability to regroup and regain its strength. But the limitations on American power are new, fundamental and permanent, because they derive from the combined impact of globalisation and the rise of other powers, such as Russia, China and India.

Obviously, America remains the world's sole superpower in absolute terms. Its military, economic and cultural strength will continue to eclipse that of most rising powers for the foreseeable future; even China remains far from being a genuine strategic competitor. America's intention to lead is not in question. And hard power—the use of force—continues to occupy a central place as the ultimate resource in the United States' foreign policy toolkit. True, Obama's National Security Strategy no longer mentions pre-emption, but it also says that the US should maintain conventional military superiority over all potential adversaries.³ In his Nobel Prize acceptance speech, Obama explicitly reaffirmed the doctrine of just war, as well as that of humanitarian intervention.⁴

Yet in today's world, hard power matters less, relatively speaking. It is of limited use in preventing acts of terrorism or halting a cyberattack. In Obama's view, the Bush administration grossly overemphasised the centrality of deterring threats far from America's borders, simply replacing

³ National Security Strategy, May 2010, 22.

⁴ 'Remarks by the President at the acceptance of the Nobel Peace Prize', 10 December 2009; available at <http://www.whitehouse.gov/the-press-office/remarks-president-acceptance-nobel-peace-prize>.

the Cold War's Soviet territorial menace with the more amorphous threat of Islamist terrorism as an organising principle of national security. The new NSS downgrades the role of counterterrorism and adds a host of other national security issues, including nuclear proliferation, cyberthreats, climate change, pandemics, global criminal networks, fossil fuel dependency and the hypertrophic US national debt. More fundamentally still, the new NSS appears to have shifted emphasis from direct power projection to (often indirect) risk management.⁵ Compared with the transformational thrust of the Bush administration's foreign policy, Obama's take on the world is far more realistic. He assumes that the US cannot be protected against all threats and that it would be pointless and wasteful to try; far better is to prioritise, accept that bad things happen and manage the after-effects. This requires the US to deploy all the tools in its foreign policy toolbox, in order to focus on prevention and persuasion, as well as to create resilience at home through reducing vulnerabilities. In this thinking, soft power almost always trumps hard power, because it conserves resources and energy; it helps to match America's mission to its means.

Globalisation and the rise of other powers only reinforce the need for America to use its influence intelligently: 'No one nation can meet global challenges alone.'⁶ Obama's unique take here is to refuse to concede that multipolarity

⁵ These shifts are also clearly reflected in the February 2010 Quadrennial Defense Review; see pp. 5–16 and pp. 89–95; available at http://www.defense.gov/qdr/images/QDR_as_of_12Feb10_1000.pdf. See also R.M. Gates, 'Helping others defend themselves', *Foreign Affairs*, May/June 2010; available at <http://www.foreignaffairs.com/articles/66224/robert-m-gates/helping-others-defend-themselves>.

⁶ National Security Strategy, May 2010, 1. In many ways, this analysis appears to build on the National Intelligence Council's 'Global trends 2025: A transformed world' (November 2008); available at http://www.dni.gov/nic/PDF_2025/2025_Global_Trends_Final_Report.pdf.

implies a return to great power games, balancing and zero-sum thinking. Unlike traditional realists, he firmly believes that even competing powers can be brought to cooperate—by persuasion and the realisation that cooperation is in their own enlightened self-interest. Obama seeks to recruit other powers as responsible stakeholders in order to share the burden of international governance, and thereby to leverage and maximise America’s influence.⁷

The Troubles of Translating Strategy into Policy

Faced with the twin challenges of diminished and limited American power, the Obama administration proceeded with great deliberation to repair the damage, as well as to mitigate the new constraints on its foreign policy.

The President has dealt with the diminution of US power in three main ways: by working to rebuild America’s strength at home, repair its soft power abroad and prioritise its foreign engagements.

The economy, energy, infrastructure, banking, housing, jobs, education, health care, immigration, social inequality—the scope and scale of the domestic challenges Obama found on his desk when he took office in January 2009 were historic, and impossible to tackle all at once. The administration did manage to bail out some of America’s

⁷ See, for example, Obama’s speech at the UN General Assembly on 23 September 2009; available at http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-to-the-United-Nations-General-Assembly/. See also A.-M. Slaughter, ‘America’s edge: Power in the networked century’, *Foreign Affairs*, January/February 2010, 94–113; available at <http://www.foreignaffairs.com/articles/63722/anne-marie-slaughter/americas-edge>.

largest banks, and pushed a \$787 billion stimulus package (including funds for public infrastructure investments, energy efficiency and renewables) through Congress. It coordinated the international response to the economic crisis. In the process, the Obama team managed the transition from the G8 to the G20 as the central forum of economic and financial consultation for the world's key economies. The Obamacare project swiftly degenerated from a hard slog into a national all-out partisan fight—which clearly came as a nasty surprise to the administration—but the epochal health care reforms were finally voted into being by Congress in March 2009. In July, the Dodd-Frank Act enacted the most sweeping financial regulation reform since the Depression. At the halfway mark of Obama's first term, much of his national reform agenda remains unfinished, and America's domestic travails are far from over. But today more Americans have decent health care coverage than ever before in their country's history. The swift action of the Presidential team at the outset of the economic crisis appears to have stopped the recession, though the economy continues to struggle.

Notwithstanding the grimness of America's domestic situation, Obama simultaneously undertook to repair America's soft power abroad. Within months of coming to office, the President ordered the closure of the Guantánamo prison, banned torture, paid his country's UN debts and submitted to Congress legislation curbing greenhouse gas emissions. During a year-long round of worldwide travel, he apologised to the Japanese people for Hiroshima and Nagasaki, and to G20 leaders for America's part in causing the global financial crisis. He expressed his respect for Russia, as well as Islam and the Muslim world, and told European audiences that he had come to listen rather than to

lecture. He even stretched out a hand to problematic leaders such as Iran's Mahmoud Ahmadinejad and Venezuela's Hugo Chávez. In the speeches he gave while travelling, he expressed himself directly and courteously, emphasising arguments rather than making demands, and he laid out the blueprint for a complete overhaul of US strategy.

In doing all this, Obama scored several key points at the same time. He affirmed America's ideal self-image as a responsible, benign and righteous nation, committed to the defence of the international order and the global commons (and in doing so, discreetly dismissed his predecessor's policies). He reset the standards for international discourse about foreign policy to a level of civility and seriousness not seen in years. In leading by example, he morally disarmed his critics in authoritarian countries and put unresponsive leaders on the defensive, making them look unprepared, graceless or weak. This effect is corroborated in recent surveys by the Pew Research Center and the German Marshall Fund,⁸ which show that overall approval rates for President Obama's foreign policy remain high, despite disagreements over specific contentious issues like Iran or Afghanistan.

Prioritising (and reducing) America's foreign engagements in the short term is essential, in this administration's view, to helping America conserve its resources and rebuild its strength in the long term: hence the withdrawal from Iraq in the summer of 2010 (a continued presence of tens of

⁸ Pew Research Center, 'Muslim disappointment: Obama more popular abroad than at home, global image of US continues to benefit', Global Attitudes Project, 17 July 2010; available at <http://pewglobal.org/files/pdf/Pew-Global-Attitudes-Spring-2010-Report.pdf>; German Marshall Fund, 'Transatlantic Trends', 15 September 2010; available at www.transatlantictrends.org.

thousands of ‘trainers’ notwithstanding); and hence the surge aimed at creating the conditions for a handover of responsibility to the Afghan authorities to begin in 2011. At the same time, Secretary of Defense Robert Gates is ruthlessly culling senior officer positions, commands, staff and major weapons programmes. The point is not simply to cut costs or to relieve the overstretched US military; rather, it is to satisfy the needs of ongoing operations. To this end, the Pentagon is shifting resources away from expensive and tactically outdated legacy platforms (such as the F-22 fighter plane) and into weapons that are in far greater demand in Afghanistan or Iraq, like unmanned drones. Gates has also told allies to contribute more troops to joint NATO operations or risk not receiving US help in the future.

Foreign policy has been prioritised in similarly pragmatic ways. Here, too, this president has been choosing his battles very carefully. Despite calling the conflict in Sudan a ‘genocide’ in his Nobel acceptance speech, Obama has scrupulously avoided any US role there beyond diplomacy. His response to the brutal quelling of the Green movement after the 2009 elections in Iran was cautious in the extreme, as had been his reaction in 2008 (when he was a candidate for presidency) to China’s forcible ending of unrest in Tibet. He has also trod very quietly regarding Moscow’s failure to honour its obligation under the 2009 Russo-Georgian ceasefire agreement to withdraw its forces from Georgia proper.

Some of this reluctance is no doubt due to the fact that Obama and his team have come to the conclusion that promotion of democracy and public lectures on human rights have become toxic by association with the presidency of George W. Bush. But more importantly, it is rooted in the

second fundamental diagnosis informing Obama's strategy: Even a rejuvenated America will face limitations on its power because of the rise of new competitors and potential challengers. The 'smart power' approach here is to seek cooperation from these new powers, based on shared or at least similar interests, and to persuade them to share the burden of global governance by becoming responsible stakeholders. In particular, Washington's attention has been focused on Beijing and Moscow.

China's sheer size, its rapid growth and its impressive ability to modernise, but also its military build-up and its aggressive resource diplomacy around the world, currently make it the only plausible future strategic competitor to the United States. At the same time, Beijing holds \$800 billion in US debt, meaning that China and America are economically joined at the hip, regardless of their political differences. For Washington, this means that persuading and cajoling China to become a responsible stakeholder and co-governor of the international order is its biggest and most urgent foreign policy imperative. Certainly, the Obama administration has tried hard. During a November 2009 visit to the region, Obama pledged that the US would seek 'pragmatic cooperation' with China, not containment; his remarks in Shanghai contained twice as many references to 'respect' as to 'democracy'.⁹ He deferred a meeting with the Dalai Lama until after the trip. Shortly before the President's visit, a senior administration official had offered what he called a pact of 'strategic reassurance': 'Just as we and our allies must make clear that we are prepared to

⁹ Barack Obama, remarks at a town hall meeting with students in Shanghai, 16 November 2009. Available at <http://www.whitehouse.gov/the-press-office/remarks-president-barack-obama-town-hall-meeting-with-future-chinese-leaders>.

welcome China's arrival as a prosperous and successful power, China must reassure the rest of the world that its development and growing global role will not come at the expense of security and well-being of others.¹⁰ Comments about China's diplomacy, its environmental policies or its human rights record were made sotto voce or behind closed doors. Even on the issue of the value of the renminbi, the US has been avoiding overt pressure or even confrontational rhetoric.

The response from China so far has been mixed, ranging from wary collaboration on individual issues (UN sanctions against Iran, the economic crisis) to outright refusal to cooperate at the Copenhagen climate negotiations in December 2009. If anything, the prospects for rational engagement as envisaged by the US President appear likely to decrease, as China veers between fitful assertiveness abroad and preoccupation with its own looming leadership changes and prospects for domestic stability, and as trade protectionist impulses in the US grow stronger.

Improving the relationship with Russia—the 'Russia reset'—was another key Obama goal. Here, too, the administration has invested a great deal of effort in improving the atmosphere by repeated references to Russia as a 'great power' and the US's desire for a 'strong, peaceful and prosperous Russia',¹¹ as well as a deliberate downgrading of issues that had been dear to the Bush

¹⁰ Deputy Secretary of State James Steinberg, remarks at the Center for a New American Security, Washington, DC, 24 September 2009. Available at <http://www.cnas.org/node/3401>.

¹¹ President Barack Obama, remarks at the New Economic School graduation, Moscow, 7 July 2009. Available at http://www.whitehouse.gov/the_press_office/Remarks-By-The-President-At-The-New-Economic-School-Graduation/.

administration's heart (and fiercely opposed by the Russians), such as NATO enlargement, missile defence and promotion of democracy in Eastern Europe. In return, Washington got cooperation over troop transport routes to Afghanistan, Iran sanctions and the New START treaty on strategic arms reductions. Nonetheless, Washington does not see Russia (unlike China) as a potential strategic competitor, or even as a potential collaborator in global governance, given its dysfunctional politics and a pervasive corruption reaching high into the country's leadership. The US has consequently been quietly dismissive of Russian proposals for a new Euro-Atlantic security architecture (which would in effect give Moscow a veto in NATO). American expectations of Russia's willingness and ability to engage with other major powers are clearly very limited. These reservations were no doubt reinforced by the Russian authorities' shambolic handling of the catastrophic forest fires during the summer of 2010.

And... What Role for Europe?

Given the limited results from Washington's recent wooing of China and its narrow expectations from Russia, what role is there in the Obama administration's strategy for Europe—first among America's strategic relationships for over half a century? After all, the transatlantic relationship, beyond all disagreements on issues, remains indispensable, sweeping and deep in a way that none of America's other bilateral relationships can begin to match, from politics to military cooperation, and from commerce¹² to cultural exchanges.

¹² P. Whyte, 'Narrowing the Atlantic: The way forward for EU-US trade and investment', Centre for European Reform, April 2009.

Surely the rise of new, non-Western powers ought to cause the Western nations to draw even closer?

Yet the Obama administration's approach to Europe has, overall, been oddly muted. Obama himself made six trips to Europe in 2009 alone. In a speech in Strasbourg in April 2009, he announced that he had 'come to renew our partnership, one in which America listens and learns from our friends and allies'.¹³ But at the same time, presidential meetings with European leaders were curtailed or cancelled, as was an entire US–EU summit. Despite Obama's still-high popularity ratings in Europe, policymakers on both sides of the Atlantic found themselves in disagreement—sometimes behind closed doors, sometimes in public—on a broad range of issues: the right approach to the global economic crisis, voting rights on the boards of the international financial institutions, the Afghan surge, the release of prisoners from Guantánamo, missile defence in Europe, climate change policy, Turkey's bid for EU membership, tracking terrorists via sharing of banking data and rewriting NATO's strategic concept. Finally, there was real consternation in Europe when the President attended neither the commemoration of the beginning of the Second World War in Gdansk nor the commemoration of the twentieth anniversary of the fall of the Wall in Berlin.

Meanwhile, areas of real strategic agreement, such as sanctions on Iran or the Afghan surge, are few, and often based on a brittle consensus (the Europeans hope that sanctions will prevent military strikes, and see the surge as

¹³ Barack Obama, remarks at Strasbourg Town Hall, Strasbourg, 3 April 2009. Available at http://www.whitehouse.gov/the_press_office/Remarks-by-President-Obama-at-Strasbourg-Town-Hall/.

the unavoidable price to pay for an early pull-out). Apparently, there is neither an ‘Obama bonus’ nor a ‘multipolarity bonus’ for the transatlantic relationship. Indeed, it is beginning to seem as though the loosening of America’s ties to Europe may not be a temporary phenomenon, after all, but something rather more permanent.

The root causes for this drift range from the tectonic to the transitory to the tactical. On the tectonic end of the scale, there is the simple but fundamental reality that a US–European alliance whose *raison d’être* has shifted from the deterrence of a common territorial threat to joint global risk management must necessarily find it much more difficult to come to a broad basis of agreement. Moreover, during the Cold War, the strategic imbalance between America’s worldwide purview and Europe’s strictly regional remit was (mostly) irrelevant. But today, from the vantage point of an America urgently seeking co-equal partners in leadership, it has become a glaring deficit. Finally, a strategy based on risk management rather than threat deterrence does not fit well with rigid institutions and alliances—or with historic allegiances. Nowhere has this become more clearly visible than in the Obama administration’s attitude towards NATO. Where George W. Bush and his predecessor saw NATO as the anchor of a liberal international order based on Western values, Obama’s team sees an institutional framework for organising coalitions of the willing. The focus is less on common values, and much more emphatically on added value.

Achieving any kind of alliance consensus on global risk management requires foresight, flexibility, efficient decision-making processes and deft diplomacy backed by public opinion. But, as seen from the other side of the Atlantic, all of these are currently in short supply in Europe, due to the

combined impact of the economic crisis and as-yet undigested structural changes introduced by the Lisbon Treaty, as well as a war-weary and increasingly inward-looking public. Hopefully, this state of affairs is transitory, but it sharply limits the Europeans' utility as allies. Unlike their neoconservative predecessors, the 'whatever works' pragmatists in the Obama administration do not insist on ideological fealty from their partners. But they do need them to be able to act and produce results. From Washington's point of view, the Europeans are too rarely united (e.g. on climate policy and Iran) and too often divided (e.g. on Russia, China and energy policy) to be effective.

In defence of Europe, some of the transatlantic disagreements have been due to tactical slip-ups on the American side. Indeed, while this US administration possesses a thorough grasp of strategy, its diplomatic tradecraft and timing have often been rather less than perfect. An obvious case in point is the bungled announcement of Washington's decision to shift from a land-based to a more flexible (and sensible) missile defence system, which triggered concern across Eastern Europe. In this and similar cases, the administration listened to criticism and adjusted its policies.

The coolness palpable in Washington's treatment of Europe is all the more remarkable because so many of the leading policymakers in the administration are profoundly familiar with European culture, languages and politics. Many among them have studied in and published extensively on Europe; they speak European languages; some were even born in Europe. These are not people whom Europeans could suspect of 'not getting us'. They do. That may be precisely the problem.

Obama himself is another matter. In his multiracial parentage, peripatetic childhood and cosmopolitan outlook, he is actually more representative of greater demographic trends in his country than the great majority of the Washingtonian policy elite, which remains overwhelmingly white and ‘Western’ in its thinking. His connections to and experience of Europe are tenuous, as his autobiography and Senate career attest.¹⁴ Obama is undoubtedly sincere when he says that European support matters for much that America does in the world. But he is also manifestly the first president who is not an Atlanticist by default.

Obama in Mid-Course: a Reality Check

Shortly before the November 2010 mid-term elections, Obama’s popularity plummeted; a recent Gallup poll notes that no American president in the history of polling has polarised the US more in his first year in office than Obama.¹⁵ The US economy appears to be headed for at least a half-decade of weak growth and instability, accompanied by pervasive structural unemployment, which in turn is exacerbated by the fact that the housing market slump prevents Americans from simply selling their houses and following the jobs. The emergence of a broad-based and incandescently angry Tea Party movement clearly caught the American political establishment completely unaware—on the right as much as on the left.

¹⁴ Barack Obama, in *Dreams From My Father: A Story of Race and Inheritance* (New York: Three Rivers Press, 2004), wrote about his feeling of alienation as a student travelling in Europe, as well as his Kenyan half-sister’s ‘tribulations’ as a student in Germany (p. 208). As chairman of the Senate Foreign Relations Sub-Committee on Europe, he did not ever travel there; nor did he hold a committee hearing on Europe.

¹⁵ Gallup, ‘Obama’s approval most polarized for first-year president’, 25 January 2010; available at <http://www.gallup.com/poll/125345/obama-approval-polarized-first-year-president.aspx>.

Some of the anger and criticism is unreasonable. Obama took office amid global euphoria and a hyperinflation of expectations; against that background, disappointment was guaranteed. He is also not getting due credit for some of the things he did right, like stopping the recession, or things which, if flawed in execution, were noble in their aspiration, like health care reform. Other problems, like nuclear disarmament or Middle East peace, may simply be too intractable for even the president of the world's sole remaining superpower to resolve—much less in his first term.

Yet in hindsight the Obama's foreign policy was altogether over-cautious, such as when he refused to publicly condemn the brutal repression of Iran's post-election protests by the regime, or when he deferred his meeting with the Dalai Lama until after his visit to China. In many more cases, the administration failed to see that its rigorously selective prioritisation would expose it to accusations that it was willing to sacrifice issues it cares about profoundly, such as human rights and democracy,¹⁶ in favour of achieving progress on its chosen fronts: the Russia reset versus support for political transformation in Europe's eastern periphery; engaging Beijing versus freedom of speech for the Chinese and the Tibetans; and strengthening relations with the Egyptian government at the expense of Egyptian human rights activists.¹⁷

It must be said that Obama's team—Secretary of State Hillary Clinton and her undersecretary for Europe, Philip

¹⁶ See President Obama's seminal speech at Cairo University on 4 June 2009 (available at http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-at-Cairo-University-6-04-09/).

¹⁷ G. Packer, 'Rights and wrongs', *New Yorker*, 17 May 2010; available at http://www.newyorker.com/talk/comment/2010/05/17/100517taco_talk_packer.

Gordon—have spent much of the past year redressing these imbalances. The US sponsored a 12-nation military exercise in the Baltic in 2010, deployed missile defences in Poland and called on NATO to draw up defence plans for its newer members; all these are things the Western European countries have long been reluctant to do, and to which the Kremlin has strenuously objected. Similarly, in Asia, Obama has combined his overtures to China with continued arms sales to Taiwan.

But all too often Obama's team stumbled and stalled because of flawed execution. Europeans' refusal to take in former Guantánamo detainees in numbers large enough to permit the closure of the prison badly wrong-footed the administration's policymakers, as did US taxpayers' resistance to Obamacare, Congress's opposition to climate change legislation and Israeli outrage at the President's blunt public criticism of settlements.

This recurrence of disagreeable surprises for the Obama team points to a deeper, more insidious problem, one rooted in the doctrine rather than its implementation. At any rate, Iran, Afghanistan, Russia, China and indeed Europe have done very little to validate Obama's vision of a rationally cooperative multipolar world. For example, when the US, in a move designed to give new powers a greater say in global economic affairs, suggested the Europeans should give up some of their voting rights on the board of the International Monetary Fund, reactions from Europe were indignant; Germany suggested the US should give up its veto right in return. Indeed, the strategic default position of many of the new powers and other actors whom the US aims to engage constructively seems to be reluctant and partial cooperation at best, and outright rivalry at worst. (Even in the case of major powers like China and Russia, there is much to suggest

that their freedom to manoeuvre is greatly constrained by their political dysfunctionality and structural instability.)

This begs the question: does the Obama administration have a Plan B, a response in cases where the outstretched hand is rejected? (One of the little-remarked side benefits of Obama's soft-power campaign is that it provides legitimacy for harsher action when example, incentives and persuasion fail.)¹⁸ The answer is already visible in some areas: sanctions with real bite against Iran and a rougher tone towards China after its latest military muscle-flexing, including filing complaints against it at the World Trade Organisation. No doubt these will not be the last examples. Still, here too, America's options are currently limited. It may leave the military option on the table with regard to Iran, but given the ongoing presence of US troops in Iraq and Afghanistan, the actual likelihood of it being exercised is remote. In the end, being able to steer a course of patient and enlightened diplomacy that engenders occasional cooperation from others may well be as good as it gets for Obama.

After the Midterms, What Foreign Policy?

Barack Obama's Democratic Party suffered a historic 'shellacking'—as the President put it—in the 2 November 2010 midterm elections. Having lost the Democratic majority in the House and barely held on to it in the Senate, what will this defeat mean for the President's foreign and security policy agenda? There are several possible scenarios.

¹⁸ Or as President Obama said in his Nobel Prize acceptance speech, 'Yes, there will be engagement, there will be diplomacy, but there will be consequences when these things fail' ('Remarks by the President at the acceptance of the Nobel Peace Prize'; see n. 4 above).

On the Administration side, a chastened President, informed by post-vote polls that his electorate felt he had been devoting too much attention to foreign entanglements and not enough to repairing the economy, might well try to put his foreign policy on auto-pilot for the rest of his tenure. Conversely, having lost the ability to push through a transformative national reform agenda, he might turn to foreign policy (Middle East peace? Russia in NATO? A de-nuclearised Iran?) in order to burnish his legacy.

The Republicans' victory in Congress might encourage them to try to force the President to implement their goals, as they did in the late 1990s when they forced missile defence on an unwilling Bill Clinton; still, the lack of a Senate majority will hamper any such effort. Moreover, there are huge disagreements within the conservative camp, not just on specific issues, but on their overall relevance as opposed to domestic concerns. Some Republican grandees, like Senator McCain or Obama's Secretary of Defense Robert Gates, are committed internationalists, and still set great store by America's European allies (frustrations notwithstanding); but they are a dwindling band within their own party. The prevailing mood among the Tea Partiers in Congress is isolationist, not interventionist. In fact, it is by no means clear that there is currently such a thing as a Republican foreign policy agenda.

As for the voting public, its attitude is succinctly expressed in a December 2009 poll by the Pew Research Center which found, for the first time in 40 years, that a plurality of respondents wants the US to 'leave the world alone'.¹⁹

¹⁹ Pew Research Center for the People and the Press, 'U.S. seen as less important, China as more powerful: Isolationist sentiment surges to four-decade high', Survey Reports, 3 December 2009, <http://people-press.org/report/569/americas-place-in-the-world>.

A Europe Lost in Transition?

By rights, 2010 ought to have turned out to be a glory year for Europe, and for its relations with America and the rest of the world. The Lisbon Treaty, in force since 1 December 2009, was supposed to help it leverage and transform its economic weight and normative pull into political superpower status—or at least into greater political coherence and relevance. Many old irritants in Europe's foreign policy have disappeared, and Europe, while hard hit by the global economic crisis, has been rising to the challenge. Yet Europe appears more morose and inward looking than ever. What went wrong?

The Lisbon Treaty brought a series of sweeping changes to consolidate Europe's institutional architecture and make it more effective. The European Union is now a single legal personality. This is not merely symbolic; it means that the EU can now sign treaties, represent its 27 members in multilateral institutions and deploy representatives abroad who are able to speak on behalf of all its institutions. With new co-decision-making powers over the EU budget and a greater say in the legislation tabled by the European Commission, the European Parliament is the other big winner of the Lisbon Treaty, even though its democratic legitimacy still leaves something to be desired. These 'federalising' gains are balanced by a strengthening of the European Council through the appointment of a president, who over a two-and-a-half-year term acts as the mouthpiece for the 27 heads of state and government, sets summit agendas and hosts state visits to the EU.

The most important change, however, concerns the EU's foreign policy institutions. By creating the position of high

representative for foreign and security policy (which merges two previous positions, the Council's foreign policy supremo, and the head of external relations for the Commission), the Lisbon Treaty resolves a long-running and crippling division between resources held by the Commission on the one hand, and the political and policy clout of the European Council on the other. The high representative will rely on a new European External Action Service (EEAS), which, after a year of difficult negotiations, started operating on 1 January 2011. By 2013, it should bring together as many as 7,000 officials from the Commission and the Council, as well as the 27 European diplomatic services, with a base in Brussels and 136 EU delegations abroad.

Meanwhile, some key irritants in Europe's foreign policy have faded away. The rancorous transatlantic divide over the Iraq war, between an American 'unipolar hegemon' and a European soft-power 'counterweight', was consigned to the history books during the latter days of the Bush administration, with both sides discreetly admitting failure. American attempts to rule Europe by dividing it into 'Old' and 'New' went with it. Instead, the Bush administration decided to support the EU's Common Security and Defence Policy (CSDP), ending many European governments' conflict of loyalties between NATO and the EU. Gone as well was the ideology of the 'Global War on Terror', replaced by a far more supple, pragmatic and broad-based counter-terrorism effort. France's decision to return to NATO's military structure underlined the new cooperative frame of mind, as did Poland's full embrace of the CSDP. Russia, too, plays a less divisive role, because the 2008 Russo-Georgian war stripped some of the more enthusiastic European elites of their illusions about the will and ability of the Russian leadership to play a 'responsible stakeholder' role in

international affairs, and because the economic crisis has made Russia less assertive. Moscow has also become more flexible, seeking rapprochement with Warsaw, mending fences with others such as Ukraine and Norway, and offering cooperation on Iran (by agreeing to sanctions and stopping the already-promised sale of S-300 missiles). As a result, Russia is seen less as a source of internal division than as a difficult and complex neighbour to be managed—as far as that is possible.

Even more importantly, the EU was able to stop Europe from sliding into a new recession during the Greek crisis in May 2010 by creating a €440 billion European Financial Stability Facility (EFSF) as a safety net for the 16-member Eurozone against further speculation aimed at undermining the European common currency. By September 2010, the EU had created three new European supervisory authorities for banking, stock markets and insurance (based, respectively, in London, Paris and Frankfurt). Fears of a systemic meltdown of the euro seem to have been banished.

From the Symptoms..

Despite all these encouraging developments, the prevailing mood in Europe seems to be one of self-doubt and gloom. Indeed, there is substantial evidence to support this crisis of confidence. One year after the entry into force of the Lisbon Treaty, the process of actually making the new foreign policy machinery function properly—by, for example, setting up the new EEAS or balancing out the relative powers of Commission President José Manuel Barroso, EU President Herman Van Rompuy, the High Representative Lady Ashton

and the governments of the 27 Member States—has appeared mostly as a protracted and petty wrangle about control, resources and appointments, in which short-term parochial interests (status, salaries, office size) all too regularly get the upper hand. As for the issues themselves, the symptoms of crisis are visible across the board, from economic to social to foreign policy.

The economic crisis revealed the inability of the EU to police its own stability and growth pact, and threw a stark light on the weaknesses of many European economies, as well as on the profound structural imbalances within the single market, long considered the central mainstay of European unity and power. It also revealed ideological disagreements between Member States over key policy questions and appropriate responses: austerity versus stimulus, bailout versus sovereign default, stricter oversight of national budget processes versus sanctions, treaty changes versus pragmatic muddling through and, of course, the core question of the respective roles of EU institutions as opposed to national governments in making economic and fiscal policy decisions.

If many of these differences remain unresolved nearly two years after the onset of the crisis, one development has become unambiguous: despite the recent bailouts of Greece and Ireland and the creation of new European supervisory institutions, the general trend is towards the re-governmentalisation of European economic policy.²⁰ A task force on 'economic governance' headed by Council President Van Rompuy was more or less quashed by the

²⁰ K. Barysch, 'The political consequences of the euro crisis,' Centre for European Reform Bulletin 74 (October/November 2010): 1–2; available at http://www.cer.org.uk/articles/74_barysch.html.

capitals, and strict new sanctions rules proposed by the Commission in late September (with strong German input) are already being met with resistance from governments.²¹ National protectionism—whether in the form of Germany enacting ‘cash-for-clunkers’ measures to protect its automotive industry, or France’s President Nicolas Sarkozy’s abortive attempts to prevent French carmakers from outsourcing jobs to the Czech Republic—is hardly a new phenomenon, and probably peaked during the recession. The new element here is that European governments, including Germany, have become far less squeamish about pursuing short-term national interests, whereas the larger nations (particularly France and Germany) are displaying an increasingly robust sense of entitlement to direct Europe’s economic course through unilateral, uncoordinated actions. All this, combined with a long and nasty public debate about the Greek bailout in May 2010 (pitting the ‘frugal’ countries of the North against the ‘profligate’ nations of the South), has undermined European solidarity at home, and its credibility abroad. Since the difficulties of the Eurozone are far from over—the economies of Ireland, Greece, Portugal and Spain remain fragile — it is by no means assured that Europe’s solidarity will not be tested again.

Social policy, too, has become polarised to an unprecedented degree. The simmering tension recently came to a head when Sarkozy clashed with EU Home and Justice Affairs Commissioner Viviane Reding over France’s deportations of Roma after their camps had been broken up by police.

²¹ C. Gammelin, ‘Die Union der Bindungsscheuen’, *Süddeutsche Zeitung*, 30 September 2010.

The Roma (estimated at 10–12 million people) are Europe's largest and most disenfranchised ethnic minority group, but at least they are EU citizens. Although migration into the EU has remained stagnant throughout the decade and slightly lower than in the late 1980s and early 1990s, the issue has once more become politically divisive. Across Europe, the economic crisis has exacerbated the incomprehension and tensions between the 'indigenous' population and immigrants, including a growing group of Muslims (estimated at 38 million in the EU).²² Nationalist and anti-immigration parties like the Hungarian Jobbik Party are on the rise (Jobbik became the third largest bloc in the Hungarian parliament after elections in April 2010). The Dutch Freedom Party (PVV) in the Netherlands, the so-called Sweden Democrats and the Italian Lega Nord have become kingmakers in government coalitions. Governments and mainstream parties fearful of losing their majorities have responded with strict policies, pushing forcefully for greater integration, and threatening the recalcitrant with expulsion.

In Europe's foreign, defence and security policy there has also been a general lowering of ambitions and capabilities. True, the European Union, led by the 'EU-3' (France, the United Kingdom and Germany), has stood remarkably firm on sanctions against Iran. But there are almost no other areas of interest in which Europe has been able to set foreign and security policy qua EU. At the Copenhagen climate summit in December 2009, Europe did not achieve its goal of a binding agreement; worse, it was not even in the room when the final agreement was hammered out. Despite

²² Pew Forum on Religion & Public Life (Pew Research Centre), 'Mapping the global Muslim population: A report on the size and distribution of the world's Muslim population', 7 October 2009; available at <http://pewforum.org/Muslim/Mapping-the-Global-Muslim-Population.aspx>.

Europe's considerable post-conflict stabilisation experience, Europe's Afghanistan policy is a patchwork of national strategies and approaches coordinated with NATO and Washington, but not channelled through Brussels. It was the US, not the EU, which coordinated emergency relief to Haiti after the disastrous earthquake in January 2010. The EU is absent in the current round of the Middle East peace process, after years of trying to carve out a strategic position for itself and of encouraging other actors, such as Saudi Arabia, to play a responsible role. Enlargement—arguably the Union's most important foreign policy engine—is all but stalled. Turkey's accession process has ground to a halt amid bitter recriminations from Ankara and listless sniping between the pro- and contra-Turkey camps within Europe. The EU's Eastern policy, aimed at stabilising Europe's periphery, remains a mostly unfulfilled promise, leaving countries like Ukraine, Belarus and Moldova adrift and vulnerable to Russia's claims of a sphere of 'privileged interest' in its post-Soviet neighbourhood.

On larger global and regional issues where Europe has experience, an intrinsic interest and ideas to contribute—such as nuclear disarmament, energy security, NATO's future strategic concept or the reform of global governance institutions (UN, IMF and WTO)—Europeans have been so divided that they have made few constructive contributions.

A similar phenomenon is at work at the national level, even in Europe's largest and most powerful Member States. Under the pressure of the economic crisis, the UK, France and Germany have been reducing foreign service staff and shrinking their global cultural representation networks. Defence budgets are being cut drastically. Since most European militaries are both bloated and underperforming,

this might be an opportunity for rigorous modernisation; but there is little evidence that these reductions are being informed by any strategic considerations beyond Treasury concerns. At the same time, Europe's Member States have straightforwardly pursued national economic interests—for example, Germany's bilateral energy contracts with Russia and France's sale of Mistral helicopter carriers to Russia—and the new British Conservative Foreign Minister, William Hague, has explicitly charged his diplomats with 'a greater commercial focus'.²³ All this might perhaps seem honest, rather than cynical, if Europeans devoted greater effort to promoting core European values, like human rights and democracy.

...to the Causes of the Malaise

The contrast between the current mood in Europe and the hopes (not to say hubris) of half a decade ago could not be more striking. But what has caused this astonishing deflation of ambition?

The first and most obvious answer is the economic crisis, which has made European publics (much like their American counterparts) far more inward looking, focused on the economy and unemployment, rather than on global issues. The effect is compounded by a wave of weak leaders. Even the few exceptions - the new Prime Minister David Cameron

²³ William Hague, speech at the Conference of Finnish Heads of Mission, Helsinki, 23 August 2010; available at <http://formin.finland.fi/Public/Print.aspx?contentid=199005&nodeid=15145&culture=en-US&contentlan=2>.

²⁴ Eurobarometer, Public Opinion In The European Union, Standard Eurobarometer 72, December 2009.

or German Chancellor Angela Merkel appear to take little interest in strategic affairs, much less visions of a future world order.

Yet the forces at work here predate the 2008 financial meltdown. Two bloody and inconclusive wars in Iraq and Afghanistan, as well as a series of terrorist attacks in Europe (some successful, some foiled) in the wake of the 9/11 catastrophe, have exhausted European publics, and dampened their belief in the possibility of nation-building abroad. But the difficulties of bridging the political, social and economic differences of a Europe at 27 have also dismayed and disappointed many Europeans. Former EU Commissioner Mario Monti sees ‘two mutually reinforcing trends:... an “integration fatigue” eroding the appetite for more Europe and for a single market, and, more recently, a “market fatigue”, with a reduced confidence in the role of the market.’²⁵

This bleak mood is aggravated by a growing sense of powerlessness stemming from a double dispersal of control, at the international level through globalisation and multipolarity, and in Europe through the diffusion of power between the European and the national levels. What at first glance seems like a renationalisation of policy across Europe is in reality an attempt by governments to wrest back control, an attempt at reassertion by a weakened nation state, but without Nationalism, or even nationalism with a small ‘n’. It is quite possible that these self-doubts (and the self-absorption that goes with them) have already created a

²⁵ M. Monti, ‘A new strategy for the single market: At the service of Europe’s economy and society’, report to the President of the European Commission, 9 May 2010; available at http://ec.europa.eu/bepa/pdf/monti_report_final_10_05_2010_en.pdf.

perceptions trap, which causes Europe's governments to underestimate their power and leverage vis-à-vis dysfunctional powers like Russia, or conflicted, self-contradictory powers like China.²⁶ But it may also be precisely this sense of governments fighting to remain relevant that is encouraging populists of the right and left in their campaign to exploit Europeans' weariness and disillusionment.

It is useful to compare American and European reactions to what are essentially very similar experiences with globalisation and multipolarity, exacerbated by the global crisis. Obama's America is aware of its weaknesses and relative decline, but this, if anything, confirms its innate belief in its global responsibility as the indispensable superpower. Or, to quote US Secretary of State Hillary Clinton, 'The complexities and connections of today's world have yielded a new American moment, a moment when our global leadership is essential, even if we must often lead in new ways.'²⁷ EU Council President Van Rompuy must have been hoping for a rekindling of European ambition and purpose when he called the EU's heads of state to a summit meeting in Brussels on 16 September 2010 to discuss a common strategy of engagement towards emerging powers. Yet the solemnity of the moment swiftly degenerated into a squabble about France's expulsion of Roma squatters—a missed opportunity, which, in a way, was itself a comment on the state of affairs in Europe.

²⁶ P. Stephens, 'Europe heads for Japanese irrelevance', *Financial Times*, 9 September 2010; available at www.ft.com/cms/s/0/84efd5fe-bc55-11df-a42b-00144feab49a.html.

²⁷ Hillary Rodham Clinton, speech at the Council on Foreign Relations, 8 September 2010; available at http://www.cfr.org/publication/22896/conversation_with_us_secretary_of_state_hillary_rodham_clinton.html.

The Transatlantic Relationship as seen from Europe

Europe's honeymoon with President Obama's America was over almost more quickly than it happened. The policy differences, it turns out, remain enduring. One year later, as a poll by the German Marshall Fund shows, Europeans still approve of Obama's general handling of international affairs, but when asked about specific policies—like Afghanistan or Iran—approval rates drop considerably.²⁸

Europe holds three sets of grievances vis-à-vis Washington. The first relates to the sense that some of Europe's close interests have been dismissed or neglected for higher bilateral gains; Obama's Russia reset is a case in point. Central European governments in particular resented the way the US hastily revised its missile defence plans with little consultation. But Western European governments, as well as policymakers in Brussels, felt that the US was once more treating Europe as an overfly zone with regard to its relations with Russia. While America built a robust, top-level dialogue with Moscow, centred on nuclear arms control, Europeans concluded that they would have to deal on their own with less strategic but infinitely thornier issues, such as Russia's human rights record, immigration, borders and territorial disputes.

The second European complaint against Obama relates to the economic crisis. The fiscally prudent European countries such as Germany, Holland and the Czech Republic, and others attempting to reduce their deficits, such as the United Kingdom, see the US as too profligate. The June 2010 G20

²⁸ German Marshall Fund, Transatlantic Trends, 15 September 2010, www.transatlantictrends.org.

summit in Toronto tried, but failed, to narrow the growing gap between an American administration advocating more stimulus and government spending and the large European economies, which continue to insist on austerity measures, especially after the near-death experience of the Greek debt crisis. Their resistance is hardened by the conviction (conceded, at least in part, by Obama during his first visits to Europe) that this crisis originated in, and was mostly caused by, the United States.

Finally, Europeans also worry that America is seeking to establish a new global *directoire* with China, Russia and other emerging powers, in which Europe is excluded from the concert of major players—or at least sits on the sidelines. This fear was fuelled by Washington's cancellation of the March 2010 US–EU Summit. American suggestions that the Europeans ought to consolidate their voting powers in the Bretton Woods institutions have done little to dispel it.

Even on issues where America and Europe are marching in lockstep—such as Iran—Europeans have mixed feelings at best. After having kept alive the diplomatic backchannels to Tehran for years while the US was disengaged and hostile, Europe is now back in the passenger seat. But it also knows it has little choice but to follow the US carrot-and-stick track, and has little or no leverage over the US's ultimate choice between further negotiations and escalation. (In the latter case, it is hard to see Europe maintaining a common stance.)

Beyond divergences in policy and priorities, however, the real gap between the two sides of the Atlantic is measured in perceptions of power. Where the US, despite its current weakness and the economic crisis, continues to act as a

transformative power, Europe tends to cling to outdated positions, unable to overcome internal differences, and turning its decline into a self-fulfilling prophecy. Europe—a power lost in transition?

Recommendations

As we argued in our introduction, the transatlantic relationship today is characterised by a striking paradox: globalisation and the rise of non-Western powers give America and Europe more, rather than fewer, reasons to work with each other. Yet the transatlantic gap is clearly expanding, not narrowing: as subsequently explained, Europe and the EU occupy a smaller role in American concerns, and vice versa. The current economic crisis has not created this drift, but it has massively reinforced a tendency to withdraw from international engagement, with publics on both sides of the Atlantic clamouring ever more loudly for their governments to safeguard their economies, their jobs, their pensions and their children's education—in short, the stability and prosperity of their own nations. Public support for any international engagement is a scarce resource these days, and leaders employ it sparingly.

What can be done to bridge this transatlantic gap? We propose three main areas for action:

1. Europe must overcome the weaknesses that render it unable to engage coherently with the United States (or in fact, other international actors).

2. The US and Europe must remove or at least lower the barriers that currently prevent closer collaboration.
3. The US and Europe should agree on a common agenda for dealing with global challenges.

Recommendation 1: Repair Europe's Strength and Influence

The Obama administration has made mistakes, certainly, in the way it has engaged with Europe. But any attempt at improving the relationship from the European side must begin with the fundamental recognition that Europe is today by far the weaker partner in the transatlantic alliance. Europe's continuing economic malaise, its incoherent foreign policy and its deepening military weakness, combined with rising social and political tensions, all currently prevent it from rising to the challenge of working shoulder to shoulder in an equal partnership with the United States. Obama's insight that a nation's power and influence abroad depend on (and are relative to) the health of its economy, society and political system is equally applicable to Europe.

Economic Policy

If the global economic crisis has had any salutary effect, it is that it brought to light some key flaws in the economic underpinnings of Europe's power—flaws that had been unrecognised, or deliberately ignored. It revealed for all to see the huge structural weaknesses in, and disparities between, the EU Member States' economies and the dangers these constitute for the stability of the 16-nation

Eurozone, and its common currency, the euro. It exposed the fragility of the European Union's institutional arrangements for economic governance and integration. The bitter and protracted debates between Member States about the right approach to resolving the crisis demonstrated that the very principles of equality and solidarity, which are at the heart of European integration, are presently being called into question; if anything, these squabbles reinforced the impression that the EU's Member States are becoming increasingly Eurosceptic and unilateralist. (The crisis also made the US government realise the degree to which Europe's economic troubles might threaten recoveries in America and Asia, and led it to push European governments towards a 'shock and awe' financial aid package to end the Greek debt crisis in May 2010.)²⁹ Last, but not least, it undermined the leverage, and even the credibility, of Europe as a foreign policy actor. As Russia's Foreign Minister, Sergei Lavrov, noted in a now-notorious 'leaked' memo to the Kremlin, 'The financial crisis is a reflection of a deeper crisis of West-centric governance and the dominance of the United States.'³⁰

A lasting solution to Europe's economic crisis must surely combine a wide-ranging liberalisation and integration of markets, on the one hand, and far greater European policy coordination, on the other; growth and stabilisation policies must go hand in hand. At the national level, European governments will have to address macroeconomic

²⁹ S. Erlanger and K. Bennhold, 'Debt aid package for Europe took nudge from Washington', *New York Times*, 10 May 2010.

³⁰ S. Lavrov, 'Programa effektivno ispolzovania na systemnoy osnove vneshnepoliticheskikh faktorov v celyach dolgosrochnovo razvitiya rossiyskoi federacii' (Programme for effective and systematic use of foreign factors in the long-term development of the Russian Federation), *Newsweek.ru*, 11 May 2010.

imbalances between surplus and deficit countries within the European Union. This would mean boosting domestic demand in Germany as much as internal microeconomic reforms to install more responsible fiscal policies in the heavily indebted countries along Europe's periphery. Governments must also push for improved growth to offset the costs of public debt servicing and budget cuts, by deepening market integration in the services or energy sectors and by making labour markets more flexible, as well as by strengthening the banking sector; for while better regulation can prevent a repeat of the current crisis, only growth can end it. At the EU and Eurozone level, Member States will have to accept much stricter scrutiny and regulation by the EU—and not just a beefed-up system for enforcing budgetary discipline.³¹ Here, European governments would do well to remember the role played by strong EU institutions in defending the Union's historic achievements, such as the single internal market. Moreover, despite two comprehensive and successful stabilisation programmes in the spring of 2010, the EU cannot afford to ignore the real risk of further serious market disruptions. The new permanent European stability mechanism agreed by EU leaders (it will follow, in 2013, the European Financial Stability Fund which was created as a three-year stopgap measure in June 2010) is an important move in the right direction.³²

Solving Europe's economic woes is not to be achieved, however, by bureaucrats re-engineering its national and

³¹ For a detailed discussion of economic measures to be taken, see S. Tilford, 'How to save the euro', CER essay, Centre for European Reform, September 2010; available at http://www.cer.org.uk/pdf/essay_euro_tilford_14sept10.pdf.

³² See also P. Bofinger, H. Enderlein, T. Padoa-Schioppa and A. Sapir, 'Europe needs a permanent bail-out fund', Financial Times, 28 September 2010.

supranational policymaking architecture, or yet another iteration of the Europe 2020 Agenda (or its predecessor, the Lisbon 2010 Agenda). The approaches outlined above are destined to fail without a new narrative about growth and economic reform, and determined political leadership from Europe's governments. It clearly falls to Germany, as the economic hegemon in Europe, to bear the largest burden here; greater size and power begets greater responsibility. But the EU is not NATO: Germany cannot expect to call the shots or, alternatively, forge ahead on its own. In a semi-federal Europe of 27 Member States, Berlin must learn (again) to broker lasting compromises. That will be possible only if all EU Member States develop more empathy for one another's respective positions, and commit to greater responsibility and solidarity. If that sounds like a truism, it is worth remembering that the current state of disarray was unthinkable only a few years ago.

Foreign Policy

Chief among the goals of the Lisbon Treaty was to enable Europe to speak with a clearer voice in the world and to improve the consistency of its foreign and security policymaking through the consolidation of decision-making power at the European level, the creation of an EEAS, and enhanced cooperation procedures. Less than a year later, it may simply be too early to pass judgment on these changes. The EEAS only came into being in January 2011, and the EU's new foreign policy chiefs are still probing the extent and limits of their relative powers. Yet in essence, these changes were about delivery of agreed policy—not about the creation of policy itself. They contribute little or nothing towards paving the way for common policies on issues

where European national interests diverge strongly, such as energy policy or relations with Russia and China.

Geography and history will doubtless continue to inform and shape national interests in Europe for a long time to come. But at the same time, there are signs that European governments are reconsidering their recent bilateralism—most visible in relations with the new rising powers—in the face of unmistakable evidence that these policies have brought them little tangible gain. (In truth, they have been used shrewdly by Beijing and Moscow to play their European partners against each other, forcing them into a competitive race to lower their standards when dealing with undemocratic powers.) One such indication is the fact that Catherine Ashton, the EU's new foreign policy chief, has been tasked with developing a common platform for European policy towards China.³³ Nonetheless, the EU as a foreign policy actor remains noticeably short on overall strategy, particularly compared with its preferred partner, the United States. Whereas the American executive is mandated by law to produce a national security strategy at regular intervals, the EU knows no such requirement. It has only produced one such document, the 2003 'European Security Strategy', followed by a 2008 'update', both of which are worthy efforts but regrettably thin on practical recommendations. Some European writers have therefore argued forcefully that Europe ought to develop a grand strategy of its own.³⁴

³³ A. Small, 'Beijing is worth a missed dinner—Lady Ashton goes to China', German Marshall Fund Blog, 2 September 2010, <http://blog.gmfus.org/2010/09/02/beijing-is-worth-a-missed-dinner%E2%80%94lady-ashton-goes-to-china/>.

³⁴ J. Howorth, 'The case for an EU grand strategy', in *Europe: A time for strategy*, Egmont Paper 27, January 2009, Royal Institute for International Relations, Brussels; available at <http://www.egmontinstitute.be/paperegm/eg27.pdf>. See also S. Biscop, 'The value of power, the power of values: A call for an EU grand strategy', Egmont Paper 33, October 2009, Royal Institute for International Relations, Brussels.

An easier way to nudge reluctant European governments, faced with a multipolar world, into a more clear-eyed analysis of their common interests might be to task a group of experts consisting of respected foreign policy practitioners from all over Europe to write a regular ‘European intelligence assessment’. Like its US model—the National Intelligence Council’s assessments³⁵—such documents would highlight key risks and threats to the EU, forecast potential future development scenarios and suggest priorities for action. This should help to galvanise and shape debates among official policymakers at the EU and government levels—perhaps even to the point of creating an assessment cell capable of producing such reports (and using classified intelligence) within the EU itself. The repetition of such exercises over time might create the political conditions for the formulation of a European strategy paper.³⁶

Strategy aside, a great deal of practical homework remains for the European Union to accomplish in its own neighbourhood: homework for which it ought not to need American prompting or tutoring (which is not to deny US interests in the region, nor the need for transatlantic coordination). Europe’s southern and eastern periphery—from Northern Africa via the Balkans, the Black Sea and Turkey, and up from the Southern Caucasus through Ukraine to Belarus—remains a source of instability and of a constant illicit influx of people and dangerous wares. In the past, the

³⁵ For more information see G. Bruno and S. Otterman, ‘National Intelligence Estimates’, Council on Foreign Relations, 14 May 2008, http://www.cfr.org/publication/7758/national_intelligence_estimates.html?id=7758

³⁶ Reflection Group on the Future of the EU 2030, ‘Project Europe 2030: Challenges and opportunities’, Report to the European Council, May 2010; available at http://www.reflectiongroup.eu/wp-content/uploads/2010/05/reflection_en_web.pdf.

EU has mainly relied on two tools to spread stability in its vicinity: enlargement and preferential trade agreements. As the EU has expanded, it has become clear that these instruments are increasingly unsuited to their task; the accession process risks overwhelming a fragile political economy (as indeed the cases of the new entrants Bulgaria and Romania have shown), and is viewed with ever greater reserve by European publics, whereas trade agreements lack the carrots and sticks necessary to encourage transformation. What Europe needs, in other words, is a more flexible instrument to export stability, prosperity—and, yes, democracy—to its periphery.

The ‘European Stability Initiative’ for the Balkans, the ‘Eastern Partnership’ for the six countries on the EU’s eastern periphery and its southern counterpart, the ‘Union for the Mediterranean’, were all created with the intention of handing Europe just such an instrument. As they stand now, they must be considered at least partial failures, because they are not sufficiently backed by political will, imagination and resources. Much more effort and investment is needed to make these frameworks transformational. This will, of course, involve the transfer of money. But even more importantly, their success requires an energetic and generous transfer of experience, best practices, institutional and personal networks, and ideas. These should cover the entire spectrum of political life, from high diplomacy to business, cultural, academic and civil society exchanges. Nor should the EU be prudish about using incentives and conditions to help nudge change along. It is crucial that the EU stop shying away from conflict resolution and security.

Obviously, it will be necessary to differentiate from region to region and from country to country. There can be no one-

size-fits-all approach. But, unlike the US, which as the last remaining superpower can choose to engage selectively with partners on other continents, Europe does not have that option, particularly with its eastern neighbours; with them, it must necessarily engage broadly and comprehensively. To be credible, such a policy of active and close engagement ought neither to exclude the option of membership in the EU from the outset nor to promise it. Rather, it ought to argue that its goal is to create the internal transformation that would make a candidature plausible in the first place. Last but not least, an updated foreign policy ought to include Europe's largest (and most problematic) eastern neighbour, Russia—to the extent that that is made possible by Russia.

Defence Policy

According to a hoary old chestnut, Europe is an economic giant and a military dwarf; the problem today is that the dwarf appears to be shrinking. Under the pressure of austerity policies across Europe, Member States are inflicting drastic cuts on their defence budgets: Germany is pondering plans to cut its armed forces by a third (and abolish conscription); the United Kingdom has reduced military spending by 8%. Smaller countries, such as Latvia, have made even more draconian reductions.

This development raises several awkward issues. The defence cuts diminish even further Europe's value to the United States as an ally in Afghanistan and elsewhere.³⁷

³⁷ US Secretary of Defense Robert Gates articulated an unusually scathing critique of Europe's military weakness in a speech at the National Defense University on 23 February 2010. Available at http://www.cfr.org/publication/21518/gates_speech_on_the_nato_strategic_concept_february_2010.html.

(NATO recommends that allies spend 2% of GDP on their militaries; the US spends close to 4%, but many European countries have trouble staying above the 1% mark.) But the cuts also sharply limit Europe's ability to undertake autonomous peacekeeping and stabilisation operations in its own vicinity—much less a humanitarian intervention to stop genocide, as in the Balkans wars of the 1990s. It is true, of course, that most of Europe's armed forces are both bloated and underperforming, their impact and ability to adapt encumbered by outdated and ludicrously expensive legacy platforms. (The Americans had been lecturing the Germans for the past two decades to give up conscription as an outdated relic of Cold War postures.) However, the current cuts are by all accounts driven exclusively by national Treasuries, with little or no attention paid to the overall impact they will have on Europe's ability to deploy hard power effectively.

At this juncture, the core weakness of Europe's fledgling Common Security and Defence Policy becomes blatantly obvious. The CSDP has hitherto served mainly to coordinate two dozen small-to-medium military operations on the lower end of the kinetic spectrum; the European Defence Agency (EDA), for its part, has been hampered at every turn by national governments' reluctance to expose their cosseted national defence industries to competition and harmonisation. As a result, there are no European structures to coordinate defence and procurement policy at the very time when they are most urgently needed. Nor have national governments thought to consult with their peers in the context of EU or NATO, except for the occasional 'briefing' on what essentially were faits accomplis. This must stop. In the short run—that is, the brief time frame allotted to national defence ministries by

their Treasuries—the EDA, as well as NATO, ought to be given a consultative supervisory role in the process of national defence reductions. For example, they could accompany the process by mapping cuts and their impact on overall European capabilities.

In the longer run, the only way for the EU to mitigate the impact of the budget reductions is through partial integration of its Member States' armed forces. This is not to suggest the creation of a (fully integrated) 'European Army', which would entail delegations of national sovereignty to the EU on a scale that most Europeans today would still find unacceptable. However, Europeans should look very seriously at pooling and Europeanising resources wherever that is feasible. Potential candidates include, but are not limited to, a European general staff academy, a European gendarmerie school, European doctrines and handbooks, common European air defences, European air transport capabilities, European military observation and communications satellites, common civilian disaster relief and nation-building capabilities and perhaps even a European territorial and marine border policing capability. Beyond these areas, Europeans ought to explore a differentiated approach to integration that reflects differences of scale, historic alliances and regional security priorities. For example, the British and the French (and the Germans) will want to stay as close as possible to full spectrum force postures, but may try to save resources by sharing the use of certain military assets with each other; meanwhile, the Nordic and Benelux states are already pooling some portions of their forces. Europe's new Member States (many of which saddled themselves with costly and often pointless defence procurement programmes after the end of the Soviet Union) would do

well to follow the example of the smaller Western states, even while retaining a stronger territorial defence element. The introduction of permanent structured cooperation by the Lisbon Treaty will allow Member States to forge ahead in pioneer groups, rather than being weighed down by the burden of achieving consensus at 27.

At the same time, the EU needs to provide a process for identifying future long-term strategic risks and threats, as well as the consequences implied by these for national and European capabilities and force postures. One key problem to be addressed in this context would be finding the right balance between internal and external security provision (and the relative costs engendered by both). Another important challenge would be determining the appropriate balance between instruments of prevention (diplomacy, development aid, intelligence and policing), instruments of deterrence and intervention (hard power proper: troops, platforms and weapons) and instruments to strengthen resilience (domestic security assets, such as hospital and supply infrastructures). And what will be the ultimate purpose of security policy: to contain or destroy threats from as far away as possible or to defuse and transform them through engagement?

The above discussion is by no means intended to imply that Europe's efforts to regain strength and credibility should be limited to the realms of economic, foreign and defence policy. Arguably, social policy reform, education reform, the adaptation of political parties and the successful integration of migrants into the old continent's aging societies will also be crucial factors in reinvigorating Europe as an external actor.

Recommendation 2: Deepen the Transatlantic Relationship

There is little the West can do to halt the decline in its *relative* power, as long as the economies of Asia and Latin America continue rising at their present rate. But the US and Europe have a say over how much *absolute* power they exercise together. They could be more prosperous than they are at present, more powerful militarily and more effective globally, if they deepened mutual trade, strengthened defence cooperation and improved political consultations with each other.

Trade Cooperation

The United States and Europe are by far each other's most important trade partners; the transatlantic economic space is the most dynamic and integrated in the world. In sum, even though we often disagree with each other on foreign and security policy, economically, we are joined at the hip. This state of affairs remains unchallenged by the rise of the emerging economies.³⁸

Still, the transatlantic economic relationship could be made to work better in many ways: reducing non-tariff barriers, opening markets, improving regulatory cooperation (including on financial markets and banking), exchanging best practices for energy sustainability and sharing consumer protection measures. The Transatlantic Economic

³⁸ P. Whyte, 'Narrowing the Atlantic'. See also D. Hamilton and F. Burwell, 'Shoulder to shoulder: Forging a strategic US–EU partnership', Center for Transatlantic Relations, Washington, DC, December 2009.

Council, set up in 2007, failed to remove regulatory barriers to deeper trade, largely because of the new protectionist mood that has settled over both sides of the Atlantic. After the US midterm elections, these protectionist impulses are likely to become even stronger. Yet that is all the more reason for the EU and the US to strengthen their cooperation both bilaterally and in institutions of global economic governance such as the WTO and IMF. If the US and Europe expect the rest of the world's economies to remain open in the face of rising cries for protectionist measures, they need to lead by example.

Foreign and Security Policy Cooperation

The partnership between the US and Europe in NATO has been the foundation for the world's most powerful and successful military alliance for more than half a century. Yet currently it seems to be struggling to define a sense of purpose—despite the fact that the US, under President Obama, has stopped its former divide-and-rule games, and France has rejoined NATO's military structures. The debate over a new strategic concept, approved at the summit in Lisbon in late November 2010, was listless and lacklustre on both sides. NATO's largest and most demanding operation, in Afghanistan, is floundering under the onslaught of the ever-more resilient Taliban, and allies are trying frantically to hand over security responsibilities to local institutions while preparing for the beginning of a pullout in 2011. At this point, a sober assessment would have to conclude that it is neither clear what the endgame in Afghanistan will look like, nor what its impact on the overall cohesion of the alliance will be.

All the more important, then, for allies to address the evident weaknesses and failings of the alliance across the board: an apparent inability to discuss and come to terms with transatlantic disagreements over political strategy or the purpose of specific operations within NATO fora; a superabundance of committees and regional commands aimed more at maximising Member State representation than at organisational efficiency; rules of engagement and defence equipment so divergent that they hamper tactical cooperation on the battlefield; and persistent inability by a majority of European allies to supply the forces and assets needed in theatre (e.g. police and trainers).

In the future, NATO and the EU government should agree on clear guidelines for each operation outside their borders, as the NATO 'group of experts' recommended in May 2010.³⁹ Assessment of the resources needed for training and building local security forces should be a part of initial campaign planning.

A key element in improving NATO's performance and maximising resources in times of crisis and defence cuts will be overcoming the barriers between NATO and the EU. The institutional relationship is still held hostage by Greece and Turkey in their enduring dispute over the status of Cyprus. Nevertheless, there are ways to chip away at the walls separating the two institutions. The NATO secretary general and the new EU high representative for foreign policy should do all they can to set a cooperative tone, co-authoring policy texts on issues of common concern or visiting theatres

³⁹ NATO 2020: Assured security; dynamic engagement', Analysis and recommendations of the group of experts on the new NATO strategic concept, 17 May 2010; available at <http://www.nato.int/strategic-concept/expertsreport.pdf>.

where EU and NATO personnel are deployed together. Both institutions should start harmonising pre-deployment training, with a view to developing joint post-conflict and stabilisation doctrines. Whether or not NATO and the EU make a breakthrough in mutual institutional relations, they will most likely continue to deploy personnel side-by-side in the future. This requires that the soldiers, police and administrators serving under their respective commands follow the same rules of engagement.

The US and Europe should also change the way they buy their weapons. While they already procure much military equipment from one another, the transatlantic defence market is far from open. Meanwhile, the spiralling costs of defence equipment mean that the US and European governments procure ever less hardware for ever more money. To inject more competition into defence procurement, the recently adopted US–UK defence trade cooperation treaty (which exempts most US and UK defence companies from onerous export controls when exporting to each other) should be gradually expanded to all EU Member States. The Europeans, for their part, ought to implement the 2009 European Commission directives on arms transfers and defence procurement, which would create a pan-European defence equipment market, while resisting pressure from some European quarters to close this market to US competition. The recognition that armaments cooperation is a powerful enabler for joint operations—which remain the more likely case—ought to help the push for change.

In the increasingly important area of cooperation in *domestic* security affairs—most importantly, in counterterrorism—much has happened since the attacks of

11 September 2001, which were coordinated by an Al-Qaeda cell based in Hamburg. Recent reports of radicalised European Muslims planning new attacks on Europe from the border areas between Afghanistan and Pakistan, however, have highlighted the need for continued and intensified collaboration. In June 2010, the US and the EU signed an agreement on the transfer to US counterterrorism authorities of information on international bank transfers through the SWIFT system (after an initial rejection by the European Parliament). European governments have also finally decided—belatedly and grudgingly—to take in former Guantánamo detainees. Yet much more could be done, from the exchange of intelligence to greater cooperation in the fields of cybercrime or illicit trafficking in people, drugs and arms, to best practice exchanges and exercises to test societal resilience.

In foreign policy—particularly where newly assertive actors like Russia, China or Turkey are concerned—the US and Europe have frequently been at cross purposes in the past, in many cases allowing the third country to play one side of the transatlantic relationship against the other. For example, unbalanced and inconsistent Western policies for Eastern Europe allowed Russia to regain a foothold in the post-Soviet space and to reclaim parts of it as its ‘sphere of influence’. In an era of increasing multipolar competition, such a failure to coordinate only undercuts the effectiveness of Western policy. Even where they agree to disagree (e.g. on policy concerning the Middle East or Turkey), the US and Europe must learn to do better at sharing assessments and

⁴⁰ See the options laid out in a non-paper on a political settlement in Afghanistan that was drafted and circulated following workshops in Kabul, London and Washington in June 2010 and funded by the Norwegian Foreign Ministry.

policy proposals. Indeed, a demonstration of transatlantic political unity is likely to achieve more than the unequal application of force.⁴⁰ A related weakness, more pronounced in Europe, is a tendency to focus exclusively on individual problem states, rather than seeing them in their regional context. The result, too often, is that other key actors are ignored. The belated shift from an Afghanistan-only approach to include Pakistan (inelegantly termed ‘AfPak’) is the most egregious current example of this shortcoming.⁴¹

Institutional Cooperation

The main current framework for US–EU cooperation is the New Transatlantic Agenda (NTA), which instituted a plethora of formalised working groups and processes between America and the European Union, but has not been adapted or upgraded since its creation in 1995 despite significant changes in European institutional architecture. It is high time to conduct a sweeping review and consolidation of these structures. The guiding principle for adaptation of the NTA ought to be effectiveness over status: ditch the summits; keep the working groups.

Relations between the US Congress and European legislatures, and the European Parliament, in particular, have been far less dense. As a result, the working of these institutions is imperfectly understood on the other side of the Atlantic. Notwithstanding the power differential between Congress and the EP, it would be worth exploring issue-

⁴¹ A.J. Tellis and A. Mukharji (eds.), *Is a Regional Strategy Viable in Afghanistan?* (Washington, DC: Carnegie Endowment for International Peace, 2010).

based exchanges that might help increase mutual understanding.

Recommendation 3: Foster a Collaborative Global Climate

Ultimately, America's and Europe's effectiveness and credibility in a multipolar global environment will depend not on what they can achieve on their own or together, but on their ability to work together to foster a more collaborative global political climate. That means doing two things: sharing power in international institutions and defining an agenda for tackling global governance issues.

Share Power in International Institutions

The United Nations Security Council, the boards of the World Bank, the World Trade Organization and the International Monetary Fund—country representation in all these institutions (and, more particularly, the relative weight of US and European votes) reflects the political landscape of the post-1945 settlement. If America and the EU wish to preserve the relevance of these bodies, *and* be taken seriously with their promises to respect the right of rising powers in Asia and Latin America to be heard in world affairs, the distribution of voting rights will have to change. UN Security Council reform still appears elusive at this point.

But one important aspect of international economic governance reform has already been achieved, due to determined US leadership. The Obama administration has shifted the key debates on the future of the international

economy from the Western-centric G8 forum to the much more inclusive format of the G20, and in doing so aligned itself with the developing states. At the group's 2009 summit in Pittsburgh, member governments (again, led by the US) agreed that at least 5% of the voting power on the IMF's governing board should be shifted to emerging economies. After much wrangling the eight European governments represented on the board offered to give up two seats—but the bickering that preceded the decision only served to damage Western standing, and to perpetuate the image the rising economies have of Europe as a spent political force that clings to past entitlements. The only sensible solution would be a single European seat—in the IMF as much as in other international institutions, including the UN Security Council.

Define an Agenda for Tackling Global Challenges

The list for joint US–European global governance projects would include reforming not just the legitimacy, but also the effectiveness, of international institutions; fighting climate change and working towards sustainable energy production; and pursuing nuclear and conventional arms control. In all of these areas, the chances for creating a collaborative environment (much less shaping an actual consensus) have been greatly diminished by the emergence of assertive new political actors. The discord at the 2009 Copenhagen summit on climate change was emblematic of this new multipolar chaos, in that Europe was ruthlessly sidelined, and even the US was stymied by the refusal of China to behave as a responsible stakeholder (or even allow others to do so).

Certainly, there is not much Obama-style rational collaboration in sight on any of these issues. In fact, it is

quite possible that cooperative behaviour from rising powers will remain elusive for many years, particularly if the global economic crisis persists and reinforces the trend towards political competition and playing zero-sum games.⁴² Under these circumstances, perhaps the best the US and Europe can hope to do together is to create 'islands of cooperation'. The likeliest scenario might be no more than a joint effort at benign and patient management of competitive chaos. All the more reason, however, for the two partners in the transatlantic alliance to attempt agreement on a common agenda. Recognising the difficulties of broad-based agenda setting in an era in which threat and risk assessments diverge across the Atlantic more often than they converge, the effort will have to include the option of agreeing to disagree or to pursue disparate policies.

Conclusion

As the discussion has shown, a multitude of pragmatic ways exist to bridge the current gap between the United States and Europe. Moreover, there is no lack of recognition on either side of the Atlantic that our many common values and interests, as well as a growing economic interdependence, bind us together, even when we disagree on specific issues. Moreover, the rise of newly confident

⁴² For a discussion of potential scenarios, see 'Global governance 2025: At a critical juncture', a joint unclassified report by the US National Intelligence Council and the European Union Institute for Security Studies (September 2010). Available at http://www.dni.gov/nic/PDF_2025/2025_Global_Governance.pdf.

authoritarian powers around the globe has helped reinforce our appreciation for the fact that we remain each other's best hope—particularly when compared with the alternatives.

Yet it has also become increasingly clear that transatlantic cooperation in a multipolar world buffeted by an enduring economic crisis is, above all, a test of our resources and our capabilities. Some of these are of the tangible kind: treasure and troops. But intangibles will matter at least as much: statecraft, strategic patience and the kind of leadership that convinces fearful and inward-looking publics that the future of the transatlantic relationship must not lie in turning it into a gated community.

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