

European interview

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“There will not be a lack of challenges (...) because of which, at one point or another, America will turn towards Europe.”



European Interview with Justin Vaïsse author of *Barack Obama et sa politique étrangère (2008-2012)*, Odile Jacob, 2012 [1]

1. The American elections will take place on 6th November next. Can you tell us what the most important issues are?

This election is about the size, place and role that the Federal government should occupy in the economy and in society. Because of this, the fiscal issue dominates all others including important questions such as immigration and, in an amusing paradox, healthcare reform – that’s because neither Mitt Romney, who passed a reform closely resembling “Obamacare” in Massachusetts in 2006, nor Obama, who knows that his reform is not very popular, have much interest in insisting on this. Even the culture wars that dominated American electoral campaigns from the 1970’s to the 2000’s have been partially eclipsed. Sure, there are discussions about abortion and gay marriage, but these subjects have not taken center stage. The reason is obvious: with a budget deficit that has gone well beyond 1,000 billion dollars every fiscal year since 2009 and a debt that is continually rising, the situation is becoming somewhat worrying – it is worse, for example, than the average in the euro zone. Unsurprisingly both campaigns have focused on reducing the deficit and the debt, reviving the economy and creating jobs (the official unemployment rate has dropped to 7.8% but in fact this figure masks a situation that is significantly worse). Voters can choose between two starkly contrasted political cultures as far as the role of government is concerned. Mitt Romney envisions a modest State, which takes a significant step back so as to leave the country’s revival in the hands of entrepreneurial driving forces. Barack Obama sees the government not only as the guarantor of solidarity but more importantly as the

only agent able to restore American infrastructures (from education to the transport and energy networks) so that America can become competitive once more in a multi-polar world.

2. In the second debate devoted to the economy Mitt Romney accused Barack Obama of having doubled the national debt, due to reach 16,000 billion dollars, and of leading the country on the “path as Greece”. The agreement between the Democrats and the Republicans on reducing the debt of the USA will end on December 31st. Do you think that a new agreement can be reached before (or after) this date? What will it comprise? Major budgetary cuts?

At the end of this year, the US will inexorably be moving towards the famous fiscal cliff, an expression describing the sharp automatic increase in taxes or, more precisely, the end of the tax cuts granted by George W Bush in 2001 and 2003, and extended by Obama to protect economic growth over the last few years, as well as other measures to stimulate the economy. If Democrats and Republicans do reach an agreement, roughly 500 billion dollars will be taken out of the economy every year starting in 2013, thus cutting the deficit by half. That would benefit long-term growth, but will be disastrous for growth and employment in the short term; hence the desire not to jump off the cliff and to find a compromise to alleviate the effects of these tax increases. Moreover, in terms of spending, the «sequestration» which was negotiated as a compromise to the crisis over the debt ceiling in the summer of 2011 will enter into force. There will be 1,200 billion dollars in automatic cuts, half of which will apply

1. http://www.odilejacob.fr/catalogue/histoire-et-geopolitique/histoire-contemporaine/barack-obama-et-sa-politique-etrange-re-2008-2012-_9782738128379.php

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to the defence budget. Again the recessive effect (plus the impact on social programmes and military capabilities) would be such that Congress and the White House will look for an agreement in order to diminish it.

3. How does the USA view the management of the euro zone crisis and the solutions implemented by the Europeans to overcome it?

With irritation and impotence. The general feeling, shared by other regions in the world at the IMF, is that Europeans are wealthy enough to settle the crisis but that they are not determined enough to do it. They are particularly harsh when they see that recent measures, such as the ECB's support of sovereign debts, could have eased matters a long time ago. From this point of view, there is real disagreement with Germany on one hand, and proximity with France under both Nicolas Sarkozy and François Hollande, as well as with the Southern European countries, on the other. What observers in Washington still don't quite grasp are the political and legal constraints that weigh on Angela Merkel, and also her strategy to use to the crisis to put pressure on countries in the South. But at the end of the day, the US cannot do much: their budgetary margins for manoeuvre are extremely slim and even an increase in support through the IMF would face Republican opposition in the House of Representatives. They are therefore reduced to discreet consultations, discussions and pressure, and to unflinching rhetorical support in order to avoid worrying the markets.

4. Does the USA really want the euro zone to move towards budgetary and banking federalism?

From the U.S. standpoint, anything that can revive the euro zone's economy and ensure its viability in the long term is a good thing. Remember that for America, the stakes in terms of economic and financial investments are enormous. Of course, a spectacular euro zone recovery in 2014 or 2015 could potentially become a problem for America, if it has not put its fiscal house in order, and if its debt and deficit levels remain high. We would then see pressure on the financing of the American economy, notably on Treasury Bonds, especially if they are competing with comparable European instruments (as Herman van Rompuy suggests would be the case in his interim report). I am confident that in such a competition some will see the logical start of a vast American conspiracy to prevent the Euro zone from moving towards greater union. This would be wrong, however.

In reality, although some observers might anticipate the potential danger of an resurgent euro zone, we should remember that at this stage, it is above all the fear of collapse or of a period of prolonged weakness that dominates collective perceptions here.

5. In 2008 even before he was elected, Barack Obama was extremely popular in Europe. But Europe was seen as being the major absentee from foreign policy issues addressed during the debates between Obama and Romney. Is this because of a re-direction of foreign policy priorities on the part of the American administration towards the Pacific, known as the “pivot”, and which comprises redeploying a share of its diplomatic and military means from Europe to the Pacific?

It is a well known fact: Washington is only concerned with regions and players in the international system that cause problems or offer solutions. At the start of Obama's term in office, this was not really the case with Europe. Gradually the American president lost his initial hopes (or became disillusioned) about forming new partnerships with the emerging world. China, Brazil and India were not really ready for prime time, and the misunderstandings multiplied; with China, for example, concerning long-standing sensitive questions, or with Brazil and Turkey over Iran's nuclear ambitions. At the same time, Europeans proved that in spite of their limits or reticence they would loyally remain by the USA's side in Afghanistan, and most crucially in Iran. Then came the Arab Spring and the intervention in Libya, a high point in transatlantic cooperation. In short, Obama turned his attention back to Europe, especially as in the meantime Europe became a problem again due to the euro crisis. As for the pivot towards Asia, it is a reality, but accomplished at the expense of the Middle East rather than of Europe – at least that is what Obama would like – since he finds himself, against his will, constantly sucked into developments in the Middle East (Iran, Syria, Arab transitions, Israeli-Palestinian issues, etc ...) which prevent him from devoting himself to his grand idea – the repositioning of American leadership in the emerging world and Asia-Pacific in particular.

6. The American military budget represents half of the world's defence spending whilst the EU is disarming and is devoting barely 1.7% of its wealth to its armed forces. To what extent does each of the candidates support the organisation of a European defence policy? How do they see

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their cooperation in future military operations (eg intervention in Libya, undertaken by the UK and France with the logistic support of the USA) in Mali for example?

There is no difference between Obama and Romney on this issue, subject to an established bipartisan consensus: Europeans must spend more and respect the 2% of GDP target, as set by NATO. Since the mid 2000's under George W. Bush, the old and almost theological battle which started in the 1990's between NATO and European Defence has faded, with unreserved support placed in the latter, providing it encourages the old continent to spend more and be more effective from a military point of view. In other words, the question of capabilities became more important than the issue of potential competition. But on this point the Americans were disappointed: the decline in European defence budgets is stark and even the British ally is no longer seen as it was ten years ago, due to the extent of lost capabilities. In short, there is a great deal of concern and in the few areas of real cooperation as in Libya and Mali, the level of operations has remained modest. If there were an intervention in Syria or the Gulf, not to speak of Asia, the Americans know that Europeans would again become extremely "junior" military partners.

7. After 2012 what might we seriously envisage for transatlantic relations? What impact will the re-election of Obama or the election of Romney

have on relations either side of the Atlantic in an increasingly multi-polar world?

I am not sure that the election of one over the other would profoundly change things. Even if Europeans feel instinctively closer to Obama's international positions, we should recall that the president who broke with years of transatlantic tension under George W. Bush was Bush himself, and that the relationship was mostly good under his second term in office. What is certain is that there is still great potential for cooperation, which is further justified by increasing multipolarity. I am thinking in particular of the transatlantic free-trade area which is to be discussed starting in 2013. If it can become a reality, it would provide great impetus to both sides of the Atlantic and might increase their leadership over other spheres (in terms of standards and norms, or innovation, for example). Furthermore, challenges will still exist. There are challenges in Europe itself, where the political and institutional landscape will necessarily develop under the effects of the euro zone crisis and which will notably have a negative effect on the single market, as illustrated by Sébastien Dullien [2]. But there are challenges in the world, in the Middle East and in Asia, which will inevitably pop up and cause the US, at one point or another, to turn to Europe.

Author : Justin Vaïsse

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2. http://ecfr.eu/content/entry/why_the_euro_crisis_threatens_the_eu_single_market

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