

As America Pivots to Asia, Where's Europe?

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28 November 2011

What's wrong with this picture?

As Europe faces its worst crisis “since World War II” Italian Prime Minister Mario Monti, Chancellor Angela Merkel and President Nicolas Sarkozy met on November 24 in Strasbourg to discuss concrete actions to save the Euro-zone.

On November 28, President Obama meets with President Herman von Rompuy, President Jose Manuel Barosso, and High Representative Catherine Ashton in Washington to discuss U.S.-EU cooperation.

The first meeting can have major consequences for the future of Europe and the U.S. and global economy. A new recession in Europe will slow Chinese exports to Europe, dampen Chinese economic growth, and risk a double-dip recession in the United States. A worst-case collapse of the Euro-zone would have even greater repercussions. The United States has a vested interest in this first meeting.

The second meeting, in which the United States actually participates, will likely have little consequence at all.

The disparity between these two meetings is instructive:

Not only does the European Union seem increasingly unable to cope with its enormous internal challenges – it lacks the structures for dealing with the external global economy at a leadership level.

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The rest of the world is in spectator-mode as it watches Europe from afar. This distance saps the confidence outsiders have about investment in Euro-denominated bonds – sending rates up, ratings down, and making the crisis that much harder to solve

Even more importantly, the EU's dysfunctional structures, declining demographics, rigid economies, and perpetual crises obscure Europe's many strengths.

Europe remains one of the largest and wealthiest economic actors on earth. It has over half a billion inhabitants, with per capita GDP among the highest in the world. It is a major contributor to global peacekeeping and development. It is an anchor of democratic values and a liberal international economic order.

As my colleague Dan Hamilton demonstrates in *The Transatlantic Economy 2011*, the U.S.-EU relationship remains the biggest economic relationship in the world. U.S.-EU trade accounts for about 15 million jobs on both sides of the Atlantic. In 2000-2010, U.S. investment in the Netherlands alone was 9 times more than in China. U.S. investment in India during this period was only 60 percent of U.S. investment in Norway.

The United States works together with Europe, through NATO and with the EU, to tackle challenges such as Afghanistan, Iran, Libya, Kosovo, piracy, and terrorism.

At the same time, the risks to Europe are real. In addition to the economic crisis, the EU borders zones of instability in the Broader Middle East, an authoritarian Russia determined to reassert a sphere of influence, a dictatorship in Belarus, and frozen ethnic disputes in the Balkans.

With such an important partner, and with such wide-ranging interests at stake, one could well imagine President Obama saying the following about the U.S.-European relationship:

As President, I have...made a deliberate and strategic decision... the United States will play a larger and long-term role in shaping this region and its future... in close partnership with our allies and friends... We seek security, which is the foundation of peace and prosperity. We stand for an international order in which the rights and responsibilities of all nations and all people are upheld. Where international law and norms are enforced. Where commerce and freedom of navigation are not impeded. Where emerging powers contribute to regional security, and where disagreements are resolved peacefully...

As we plan and budget for the future, we will allocate the resources necessary to maintain our strong military presence in this region. We will preserve our unique ability to project power and deter threats to peace. We will keep our commitments, including our treaty obligations to allies... And we will constantly strengthen our capabilities to meet the needs of the 21st century. Our enduring interests... demand our enduring presence in the region. The United States is... here to stay.

That impressive vision and strategy, however, were aimed not at Europe, but at Asia. When all one sees are the negatives in Europe, it is no surprise that the United States is talking about a “pivot” toward Asia, while downsizing its presence in Europe.

And therein lies the challenge for both the United States and Europe. Asia is new and growing, but Europe remains big and important. Instead of “pivoting,” the United States should have a global strategy that integrates thinking about both Europe, Asia and other parts of the world.

In Asia, the U.S. has an ambitious approach to increasing its military presence, increasing interoperability with Allies and partners, deterring aggression, proceeding with the Trans-Pacific Partnership trade area, and supporting a liberal international economic order.

This defines exactly the kind of approach the United States should have in Europe as well – a forward platform for working with Allies, deterring threats, advancing peace, promoting prosperity, and advancing values. We should strive toward a single transatlantic marketplace.

But the EU’s own dysfunctionality, combined with the magnetic appeal of growth rates in Asia, have caused both sides of the Atlantic to back away from this kind of vision.

It is too late to tackle these challenges at President Obama’s meeting in Washington with EU leaders von Rompuy, Barosso and Ashton. But it is not too late for the U.S. President, together with EU leaders Merkel, Sarkozy, Cameron, Monti – as well as the EU institutional leaders – to set out an ambitious vision and strategy for the future.