



## Impact 2012 U.S. Election on the Transatlantic Relationship

**According** to a recent Gallup poll, 49 percent of Americans are following the news about the European financial situation “at least somewhat closely,” which means that 51 percent of Americans are either following the situation only somewhat closely or not following it at all.<sup>1</sup> Of the 16 percent of Americans who say “very closely,” it is a safe bet that a few of those individuals work on the campaigns of incumbent President Barack Obama and his Republican challenger Mitt Romney. In addition to its effects on markets and economies around the world, the persistent and slowly unfolding crisis in the Eurozone has become the biggest wildcard in a wild election campaign.

The number and ramifications of the decisions about the fate and future of the Eurozone and member economies is high. So is the number of questions with which each candidate and his respective team must grapple. Some questions focus on the news of the day in a news-cycle driven campaign environment: What will the Greek elections mean? Will Italy lose its balance further? Is the Spanish bank bailout enough? But others are more long-term and self-involved for candidates thinking about their campaign promises and their potential inaugurations in January 2013: What would Greece’s Eurozone exit mean for the American economy? Will there be another global financial crisis? How can the United States shield its economy from the headwinds of the slow-running crisis?

Predicting the outcome of this election is almost as difficult as surmising the outcome of the Eurozone crisis. Part of the reason is that the two are related. While the election may have a modest impact on transatlantic relations, the Eurozone crisis might have a sizable impact on the election itself. For the first time since early in the Cold War, Europe is becoming an American election issue.

A campaign partly about Europe will have more of a postural impact on transatlantic relations than dramatic policy shifts on economic, defense, or diplomatic matters. The economic, military, and diplomatic trends that have brought and kept the United States and Europe tightly entwined, and the resulting transatlantic traditions, are likely to matter more than campaign rhetoric. But because posture has mattered in the long relationship between the United States and Europe, it is important to understand it. The respective postures of the next presidential administration – Romney is more nationalist and Obama will remain more universalist - will be important for how policy is discussed, negotiated, and implemented.

## Situation Assessment

### *European Crisis*

The outlines of the Eurozone crisis are clear and well covered by other briefs. It has been a slow, oscillating crisis marked by market-moving and news-producing peaks. While it is sometimes difficult to determine the major from the minor in news coverage of the crisis, the Eurozone has become a persistent source of uncertainty in the international economy. As the crisis has come to a head again in June 2012, it has increased levels of risk for both the global and national economies.

The uncertainty and headwinds created by the European crisis are not just affecting the American economy; they are beginning to affect the American presidential campaign.

The debate between Obama and Romney, and their respective allies, was always going to come down to the economy – though foreign policy, cultural, and social issues will pop up from time to time. The Obama administration must defend its handling of the economy (of which 65 percent of Americans disapprove<sup>2</sup>) and manage a stunted recovery (employment has stalled,<sup>3</sup> growth has slowed,<sup>4</sup> and American economic confidence is dipping<sup>5</sup>) at a time when the European situation is proving a drag on the American economy. The balance is not an easy one to maintain: the administration must try to get European policymakers to act decisively (mostly over phone lines and behind closed doors) while keeping Eurozone troubles at arms length for fear of being blamed for the problems in another troubled economy.

Republicans and their nominee Romney have not welcomed these headwinds or European struggles, but they have used them as a cautionary tale (more below) and to accuse the Obama administration of making more excuses than progress in the American recovery. As the economic struggles continue into the campaign period, Romney may have to take more specific positions on the Eurozone crisis. Romney recently said the United States should not “send checks...to Europe” or “bail out the European banks.”<sup>6</sup> Given that the Obama administration has not suggested otherwise appears to mean there is no public disagreement about the American approach. However, the recent decision by one of the Romney campaign advisers to argue, in the German business journal *Handelsblatt*, that the Obama administration should not be recommending “unwise”<sup>7</sup> policy to Europe suggests that the American approach to the European situation may become fodder for the debate.<sup>8</sup>

### American Divisions

Currently, there are not just deep political differences in the United States, but deep ideological divisions about its economic future and the role of government in national and personal economic matters. While far from unique, (similar debates have played out in capitals and countries around the world since the crisis began in 2007), these divisions have made finding a way through the crisis profoundly difficult to maintain. The intensity

of the Tea Party movement could be discounted as irrational discontent over the Obama presidency, but it resulted from and stokes deeply the traditional American distrust of the role of government.<sup>9</sup>

### *American View of Eurozone*

Even if it is apocryphal, Henry Kissinger's question "Who do I call if I want to speak to Europe?" speaks volumes of the lack of popular American understanding today about the European experiment and the Eurozone. One just needs to visit the opinion page of any American newspaper to encounter the conventional point of view that doubts the wisdom of the Eurozone and Euro. This commentary does not always reflect knowledge of European history post-World War II, appreciation for the degree of integration of Europe in and besides the Eurozone, or understanding of Europeans' attitudes toward the EU before and during the current crisis. Why is this so? Part of it is the distraction of America's own problems; another is the difficulty of appreciating the inner-workings of foreign countries, even close allies. Then there is the traditional American aversion to giving up sovereignty as European nations did with the Eurozone and European Union.

### *Cautionary Tales and Campaign Fodder*

As a result of these three realities, Europe has become a political issue in the United States for the first time since the early days of the Cold War. The Eurozone crisis has been so persistent, the future of the European experiment such an open question, American ideological differences so wide among political leaders, and the understanding of Europe so low in the United States that both parties are using Europe as a cautionary tale in their attacks on the other.

Republican voters are paying closer attention to Europe than their Democratic counterparts.<sup>10</sup> For years, Republican politicians and policymakers have been using Europe as a rhetorical device and a cautionary tale of all that is wrong with the social welfare system and government involvement in the economy. One popular Republican politician spoke for many in her party when she wrote, "at a time when countries such as Greece, Portugal, and Spain are going broke, the current administration wants us to become more like them, not less."<sup>11</sup> Romney, despite his years as a missionary in France, made criticizing European decisions a part of his speeches.<sup>12 13</sup> The Republican message is 'with more Obama, the United States will suffer the same fate as bankrupt Europe.' They point to France, Spain, Portugal, Italy, and pre-austerity Greece as examples of why the United States should be cautious about following Europe.

Democrats, not to be outdone, have begun using Europe as an example of what will happen should Romney and the Republicans get their way. The Democratic message is 'with Romney, the United States will suffer the same fate as austere Europe.' Former president Bill Clinton voiced this message most directly in a fundraising speech for Obama, "Why aren't things roaring along now? Because Europe is in trouble and because the Republican Congress has adopted the European economic policy... austerity and unemployment now at all costs."<sup>14</sup> For Democrats, the examples of Great Britain and

post-austerity Ireland and Greece are harbingers of what a Romney economy would look like, if implemented.

## **New American Posture?**

### *2012*

The rhetorical proxy war being played out by the Republicans' 'socialist Europe' and Democrats' 'austere Europe' should remain the extent of the differences.<sup>15</sup> But should the stakes increase, European inaction continue, and the tone of the criticism of European decisions increase beyond the rhetorical level, especially by the White House and Democrats, it is possible that icier relations might develop between now and Election Day. However, the maturity of the relationships President Obama and other members of his administration maintain with their European counterparts makes it likely everyone will appreciate that politics being played is simply politics.

### *2013 and Beyond*

American policy toward Europe is unlikely to change significantly as a result of the crisis or the campaign. The nations are so entwined by tradition and existing treaties, systems, and agreements that dramatic shifts are unlikely. The Washington foreign policy consensus on Europe looks certain to hold steady.<sup>16</sup> For example, the long standing gentlemen's agreement over appointing an American to head of the World Bank moved forward smoothly despite protestations from developing nations. Another example is the recent NATO and G-8 meetings in the United States, where marginal policy differences (the speed of NATO and national withdrawal plans for Afghanistan) were neither the main focus nor news-making in the face of other problems.

### *Romney's Posture*

Should he win in November, the incoming Romney administration will need to adjust its harsher campaign rhetoric to dealing with the problems at hand. The Republican criticisms of European choices, both past and those likely to come in the campaign, will make for awkward and over-analyzed first meetings and calls with president Romney's European counterparts. It is likely that public criticisms will persist though, as Europe-bashing has now been part of the Republican culture for a decade, along with the more stridently nationalist tone the Republicans have adopted in recent years. But given the problems Romney has identified as critical (Russia, China and Iran), and the lack of powerful and willing partners other than Europe to effectively deal with each, the Romney administration will remain friends of convenience with Europe.

### *Obama's Posture*

While his popularity on the continent has waned some,<sup>17</sup> president Obama, should he win reelection, will still remain a popular figure there, and his relatively productive

relationships with key European leaders should continue to evolve.<sup>18</sup> Continued policy approaches to Russia, Iran, Afghanistan, North Korea, Syria, and other challenges will likely require continued U.S.-European cooperation. And the Obama administration has hinted at second term foreign policy agenda items (climate change and nuclear nonproliferation) that will not just require European assistance but improve Obama's and America's image in Europe.<sup>19</sup> While it is likely Obama's tone may become more nationalist this year, his universalist approach to world problems is likely to persist in the second term, and, with it, a transatlantic relationship that continues to operate as friends of choice and consequence.

### **Transatlantic Policy Implications**

The economic, military, and diplomatic trends that have brought and kept the United States and Europe tightly entwined are likely to matter more than campaign rhetoric. The caveat is that if a crisis breaks up the Eurozone, or more profoundly, the European Union, the economic, diplomatic and strategic costs, opportunities, and complications would be profound. For now, this analysis assumes that the crisis does not result in a Europe that looks profoundly different than today. Though the Romney proposed foreign policy has not been fleshed out beyond his stump speech and a campaign white paper, there are some specific policy considerations to consider.

#### *Economic*

The crisis is the only way that the deeply entwined economies of the US and the Europe may be pushed apart. Neither side has been campaigning on specific protectionist measures nor arguing for beggar-thy's-neighbor monetary policies. These actions are unlikely from either administration, save a global economic depression. The United States and Europe are still the foremost models of democratic-capitalism in the world, and that is unlikely to change. Neither Romney nor Obama is likely to abrogate the favored position the dollar and euro play in the international system nor, the lead role of both the United States and Europe in the management of the international economic system and multinational entities. The significant U.S.-European trade relationship is likely to persist even if the volume continues to shift due to the economic health and monetary issues.<sup>20</sup> Both Romney and Obama are committed free-traders, though Obama made some rhetorical criticisms of free trade in the 2008 campaign.

In the years ahead, should the Eurozone maintain some version of its current form, more robust competition for markets, resources, and export opportunities is more likely outside the bilateral relations between the United State and Europe. That might allow for the postural differences between Obama (more universalist) and Romney (more nationalist) to determine just how sharp American elbows will be in that competition. For example, Obama's hard rhetorical and regulatory push for increased exports would likely be continued in either administration. While this policy could create friction, the important thing is how it is implemented and how European nations are treated in the resulting

process that is likely to be marked by frustration and occasional tension. This is how Obama and Romney will most significantly differ.

### *Military*

With both the United States and European nations struggling with stagnant growth or recession, defense budgets are being pinched. The Obama administration has made defense cuts, proposed others, and been party to deals that could mean much greater reductions.<sup>21</sup> And while total spending by NATO Europe in 2010 was, according to a recent analysis, more than the 2010 spending of China, Japan, Saudi Arabia, Russia, Brazil, and Australia combined, the spending by these 23 European nations fell by 7 percent in real terms from 2006 to 2010.<sup>22</sup>

The amount spent on American defense will be an issue in the campaign. The Obama administration is campaigning on its military record (the killing of Osama bin Laden and ending the wars in Iraq and Afghanistan) and its argument that better value can be found in matching defense spending with needs. Romney has argued that defense spending should *always* be at a “floor of 4 percent of GDP.”<sup>23</sup> The result will be a campaign about just how much more than the rest of the world the United States will spend on defense.

Nonetheless, American frustration with European defense spending will persist and remain bipartisan. Then-Secretary of Defense Bob Gates, who served in the Bush and Obama administrations, spoke for both parties when he argued in June 2011, that there is a “dwindling appetite and patience... in the American body politic writ large... to expend increasingly precious funds on behalf of nations that are apparently unwilling to devote the necessary resources or make the necessary changes to be serious and capable partners in their own defense.”<sup>24</sup> From the perspective of the American public, the ostensible success of the NATO mission in Libya may have kept tensions mostly behind closed doors or discussions among foreign policy professionals, but it also revealed significant discrepancies in European and American capabilities. Again, the different Obama (universalist) and Romney (nationalist) approaches could help minimize or exacerbate the developing rift between the two nations and within NATO, at a time when opportunities and needs for military interventions persist if not increase.<sup>25</sup>

### *Diplomatic*

The main difference between the Obama and Romney campaigns’ approach to diplomatic and strategic issues is that the Obama administration has seen the rise of China, a resurgent Russia, and rogue-ish actors, such as Iran, North Korea, and Syria as challenges, whereas the Romney team and other Republicans see them as problems. This is a subtle but important difference in approach. American voters though have little to no appetite for interventions and additional commitments abroad. The likely result is that the cooperation that Obama prefers and Romney distrusts will remain a part of the American-European response to these issues. In fact, because the Romney team takes greater issue with all of these actors, Romney would need a stronger diplomatic and military power partnership with Europe than he is willing to admit in the election debates.

An interesting example is Romney's promise to confront Russia and "reset the reset" that Obama implemented on taking office.<sup>26</sup> Romney has said, "*Russia* is the geopolitical foe" for the United States and argues that efforts should be made to confront it more aggressively.<sup>27</sup> This would include a willingness to move, should conditions warrant it, proposed American missile defense installations back to those sites, including Poland, agreed to by President George W. Bush. It would also involve efforts to get Europe to rely less on Russian energy.<sup>28</sup> All of these changes would require European cooperation to be effective. The process of getting this cooperation, and Romney's posture during that effort, will probably mean as much to transatlantic relations as the actual policy choices themselves.

## Conclusion

For the first time since early in the Cold War, Europe is becoming an American election issue, as both candidates' campaigns use Europe as a cautionary tale to prove their ideological arguments about the role of government in the economy. The campaign rhetoric about Europe will have more of a postural impact on transatlantic relations than dramatic policy shifts on economic, defense and diplomatic matters. The United States and Europe are likely to remain intertwined economically, partnered militarily, and in-sync diplomatically, but the ease of this relationship will be affected by the approaches of the two candidates: Obama is more universalist while Romney is more nationalist. This is a significant difference, but given the depth of transatlantic relations and the forces pushing the United States and Europe together, it is likely to have more of an impact in the process than in the final product of interactions.

**ENDNOTES**

<sup>1</sup> Jeffrey M. Jones, “Americans Not Highly Focused on European Financial Crisis,” Gallup.com, May 31, 2012. Available at <http://www.gallup.com/poll/154979/Americans-Not-Highly-Focused-European-Financial-Crisis.aspx>.

<sup>2</sup> Tom Raum and Jennifer Agiesta, “Obama Approval Rating On Economy Declines: Poll,” *Associated Press*, May 10, 2012. Available at [http://www.huffingtonpost.com/2012/05/11/obama-approval-rating-economy\\_n\\_1509249.html?view=print&comm\\_ref=false](http://www.huffingtonpost.com/2012/05/11/obama-approval-rating-economy_n_1509249.html?view=print&comm_ref=false).

<sup>3</sup> Shaila Dewan, “Feeble U.S. Job Growth Stokes Fears of Global Slowdown,” *New York Times*, June 2, 2012, p. A1. Available at <http://www.nytimes.com/2012/06/02/business/economy/us-added-69000-jobs-in-may-jobless-rate-at-8-2.html?ref=unemployment>.

<sup>4</sup> TradingEconomics.com, “U.S. GDP REVISED DOWN TO 1.9% IN Q1,” Bureau of Economic Analysis, June 3, 2012. Available at <http://www.tradingeconomics.com/united-states/gdp-growth>.

<sup>5</sup> Jenny Marlar, “Economic Confidence Declines Slightly in Past Week,” Gallup.com, June 12, 2012. Available at <http://www.gallup.com/poll/155147/Economic-Confidence-Declines-Slightly-Past-Week.aspx>.

<sup>6</sup> “Face the Nation” transcripts: Gov. Romney, Senator Graham, Gov. Dean, CBSNews.com, June 17, 2012. Available at [http://www.cbsnews.com/8301-3460\\_162-57454827/face-the-nation-transcripts-june-17-2012-gov-romney-senator-graham-gov-dean/](http://www.cbsnews.com/8301-3460_162-57454827/face-the-nation-transcripts-june-17-2012-gov-romney-senator-graham-gov-dean/).

<sup>7</sup> The “unwise” policy suggestion was “to persuade Germany to stand up to financially weak governments and banks in the euro zone so that the Greek crisis would not spread to other states.”

<sup>8</sup> Jackie Calmes, “Romney Adviser Takes U.S. Political Debate Overseas,” *NewYorkTimes.com*, June 9, 2012. Available at <http://thecaucus.blogs.nytimes.com/2012/06/09/romney-adviser-takes-u-s-political-debate-overseas/>.

<sup>9</sup> Sam Tanenhouse, “Will the Tea Get Cold?,” *New York Review of Books*, [March 8, 2012](#). Available at <http://www.nybooks.com/articles/archives/2012/mar/08/will-tea-get-cold/?pagination=false>.

<sup>10</sup> According to Gallup, Republicans (61%) are paying greater attention to the issue than independents (46%) and Democrats (43%).

<sup>11</sup> Sarah Palin, *America By Heart: Reflections on Family, Faith, and Flag* (New York: Harper, 2010), p. 81.

<sup>12</sup> On the night of his victory of the New Hampshire primary, Romney said that Obama “wants to turn America into a European-style entitlement society... this President takes his inspiration from the capitals of Europe; we look to the cities and small towns of America.”

<sup>13</sup> Mitt Romney, Transcript: “Mitt Romney victory speech in New Hampshire,” January 10, 2012. Available at <http://www.politico.com/news/stories/0112/71302.html>.

<sup>14</sup> Helene Cooper, “Europe’s Woes Give Democrats a New Line of Attack,” *New York Times*, June 7, 2012, A16. Available at



[http://www.nytimes.com/2012/06/07/us/politics/democrats-get-line-of-attack-in-europes-woes.html?\\_r=1](http://www.nytimes.com/2012/06/07/us/politics/democrats-get-line-of-attack-in-europes-woes.html?_r=1).

<sup>15</sup> This assumes that an American bailout of Europe is never proposed or considered.

<sup>16</sup> In brief, the United States and Europe have some differences, but their interests and objectives are largely in line post-the Cold War, and their means of pursuit have come further into line after the temporary differences during the first term of U.S. President George W. Bush. The United States and Europe play important roles (though leadership position is sometimes debated) in managing the global order and economic system.

<sup>17</sup> According to the Pew Global Attitudes Project, “Europeans ... remain largely confident in Obama, albeit somewhat less so than in 2009.”

<sup>18</sup> Pew Global Attitudes Project, “Drone Strikes Widely Opposed; Global Opinion of Obama Slips, International Policies Faulted,” Pew Research Center, June 13, 2012. Available at <http://www.pewglobal.org/2012/06/13/global-opinion-of-obama-slips-international-policies-faulted/>.

<sup>19</sup> Ryan Lizza, “The Second Term: What Would Obama Do if Reelected,” *The New Yorker*, June 18, 2012. Available at [http://www.newyorker.com/reporting/2012/06/18/120618fa\\_fact\\_lizza](http://www.newyorker.com/reporting/2012/06/18/120618fa_fact_lizza).

<sup>20</sup> Daniel Gross, “Why Europe’s Crisis Doesn’t Spell Doom for the U.S. Trade Economy,” Finance.Yahoo.com, June 14, 2012. Available at <http://finance.yahoo.com/blogs/daniel-gross/why-europe-crisis-doesn-t-spell-doom-u-162434923.html>.

<sup>21</sup> As part of a 2011 debt-ceiling deal, discretionary caps were placed through FY 2021 on the nation’s security budget, which includes defense spending. Defense spending could also face automatic and significant cuts at the end of 2012 through a process called sequestration if a greater budget deal is not arranged.

<sup>22</sup> Bastian Giegerich and Alexander Nocoll, “The Struggle for Value in European Defence,” *Survival*, Volume 54, Issue 1, 2012, p. 55.

<sup>23</sup> Romney Campaign, “An American Century” (Foreign Policy White Paper), October 7, 2011. Available at [http://www.mittromney.com/sites/default/files/shared/AnAmericanCentury-WhitePaper\\_0.pdf](http://www.mittromney.com/sites/default/files/shared/AnAmericanCentury-WhitePaper_0.pdf).

<sup>24</sup> Bob Gates, “The Security and Defense Agenda (Future of NATO),” June 10, 2011. Available at <http://www.defense.gov/speeches/speech.aspx?speechid=1581>.

<sup>25</sup> Romney’s campaign message has been so muddled it is difficult to analyze his intent for the nation, the NATO mission there, and the American troops on the ground. His approach is one that will rely on the recommendations and events on the ground. Whether he would make significant changes, without significant events on the ground, to Obama’s, NATO’s, and European plans of withdrawal is uncertain.

<sup>26</sup> Romney Campaign, “An American Century” (Foreign Policy White Paper), October 7, 2011, p. 35. Available at [http://www.mittromney.com/sites/default/files/shared/AnAmericanCentury-WhitePaper\\_0.pdf](http://www.mittromney.com/sites/default/files/shared/AnAmericanCentury-WhitePaper_0.pdf).

<sup>27</sup> Glenn Kessler, “Mitt Romney and Russia: ‘Geopolitical foe’ at the U.N.?” Washingtonpost.com, March 28, 2012. Available at

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[http://www.washingtonpost.com/blogs/fact-checker/post/mitt-romney-and-russia-geopolitical-foe-at-the-un/2012/03/27/gIQATzCneS\\_blog.html](http://www.washingtonpost.com/blogs/fact-checker/post/mitt-romney-and-russia-geopolitical-foe-at-the-un/2012/03/27/gIQATzCneS_blog.html).

<sup>28</sup> Romney Campaign, “An American Century” (Foreign Policy White Paper), October 7, 2011, p. 35. Available at [http://www.mittromney.com/sites/default/files/shared/AnAmericanCentury-WhitePaper\\_0.pdf](http://www.mittromney.com/sites/default/files/shared/AnAmericanCentury-WhitePaper_0.pdf).