

Research Paper

Alexandra de Hoop Scheffer, Rory Kinane, Martin Quencez, Xenia Wickett
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The Future of US Global Leadership

Implications for Europe, Canada and Transatlantic Cooperation



G | M | F The German Marshall Fund
of the United States
STRENGTHENING TRANSATLANTIC COOPERATION

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Summary

- The United States' transatlantic allies need to appreciate how its global leadership is changing and what this means for their interests, and respond accordingly. Notions of US decline have been overstated, but the country is not going to play the same international role in the future that it has previously.
- As the United States' international engagement changes, Canada and Europe should increase coordination with it to prevent power vacuums from emerging. The transatlantic allies should work together to build greater links at all stages of the policy process, from perceptions of threat, prioritization, analysis, threat definition and policy formation to implementation and action.
- As the United States' capabilities adapt to its changed circumstances and role, so too must those of its allies. This adjustment must go far beyond military aspects to enhancing diplomatic, energy, economic, intelligence and other resources.
- In addition to the challenges around differing interests, priorities and capabilities inherent in any alliance, Europe appears to have lost its confidence. In part this is due to its growing disengagement and introspection. But Europe retains huge potential for influence if it uses its resources effectively. There is much that European states can do, individually and together, to take more control over advancing their strategic interests. Equally, by working together they can do much to nudge the United States in helpful directions to support the mutual interests of all parties.
- The conversation on reforming global institutions such as the IMF must move beyond the need for change *per se* towards articulating the actual shape of such changes. Europe and Canada will likely need to push the United States into accepting reform of these institutions to better reflect today's reality and tomorrow's challenges. Global institutions need more diversified leaderships if they are to ensure their long-term legitimacy and influence. This will be difficult to push through politically in the United States, but by working with new regional and global powers to propose reforms, Europe and Canada can help find an acceptable solution.
- The use of ad hoc coalitions does not necessarily damage the efficacy of broader consensus institutions such as NATO. In fact, flexible coalitions may often be desirable when solutions to new challenges need to be developed and agreed quickly.
- Canada and Europe should consider partnering with other actors besides the United States where necessary. This may be expedient for meeting individual objectives, and would have the secondary benefit of demonstrating to emerging powers that the West does not exclude cooperation with others out of an arbitrary loyalty to the United States.
- Europe needs to appreciate the potentially dire consequences of failing to adapt to changing US leadership and an increasingly complex world. There is a real chance that the European project could unravel in the next few years due to external and internal pressures. While many European policy-makers display an understanding of these challenges in private, in public there is little appetite for taking the decisions necessary to bring long-term stability to the continent.

Introduction

Today's global challenges are developing faster than ever as the world grows more interdependent. Advanced technologies are empowering individuals and organizations in new and unpredictable ways, creating new partnerships but also enabling the rise of new adversaries. A wide array of actors – from non-state groups to rogue states to revisionist powers – are testing these new tools. In parallel, the international system built in the second half of the 20th century is being challenged by emerging regional and global powers, while environmental and other transnational issues have become a determining factor in geopolitics. The resulting complexity and growing number of challenges have made the global security environment more difficult to navigate. It is in this context that the transatlantic relationship is evolving.

As the nature of global challenges has changed, so has the domestic environment in the United States and Europe over the past eight years. In the aftermath of the 2008–09 financial crisis and the post-9/11 wars in the Middle East and Asia came demands to refocus attention at home on challenges from social services to infrastructure. In the United States and many European countries, policy-makers have faced hard choices, rendered more difficult by increasingly partisan and populist sentiment.

This paper is the product of a series of workshops on 'The Future of US Global Leadership', organized by the German Marshall Fund of the United States and Chatham House. The three roundtable events took place in London, Paris and Berlin between September 2014 and June 2015, focusing in turn on Russia, the Middle East and the future of global institutions. Each event addressed the following set of questions:

1. How is US leadership and involvement on this issue changing?
2. How is this affecting the United States' transatlantic allies?
3. What steps do its allies need to take to respond to this change?

This paper lays out the conclusions from these discussions and offers recommendations on the next steps that the United States' allies could take in response to the changes and challenges identified.

Understanding the transformation of US foreign and security policy

The United States' strategic interests are largely static. They have changed little in decades, despite the rise in the prominence of terrorism and climate change as policy priorities. The issues of most concern to US policy-makers remain similar to those laid out in 2000 by the bipartisan Commission on America's National Interests. These were to:

1. Prevent, deter, and reduce the threat of nuclear, biological and chemical weapons attacks on the United States or its military forces abroad;

2. Ensure US allies' survival and their active cooperation with the United States in shaping an international system in which we can thrive;
3. Prevent the emergence of hostile major powers or failed states on US borders;
4. Ensure the viability and stability of major global systems (trade, financial markets, supplies of energy, and the environment); and
5. Establish productive relations, consistent with American national interests, with nations that could become strategic adversaries, China and Russia.¹

Even though many Americans see the international order built after the Second World War as either out of date or too restrictive of US interests, the United States relies on it to help protect and advance these interests. But the United States is at risk from the emergence of new global and potentially revisionist powers. In particular, the rise of China and the resulting shifts in the global balance of power are seen as a threat. Washington has attempted to anticipate and respond to this trend, and neither short-term crises nor potential changes in the US political landscape after the 2016 presidential election are likely to fundamentally alter the geopolitical and geo-economic rationales underlying US strategic interests.

The US Department of Defense's division of the globe into six geographical areas of responsibility provides a somewhat simplistic, yet revealing, lens through which to analyse US foreign policy priorities. The six geographical areas are: the Asia-Pacific, Europe, the Middle East and North Africa (MENA), Latin America, Russia/Eurasia and sub-Saharan Africa. Of these, three regions will continue to be at the core of US interests in the future: Europe, the MENA region and the Asia-Pacific.²

In the Asia-Pacific, the United States aims to increase significantly its diplomatic, economic and military investments so as to strengthen its engagement in the most economically dynamic region in the world. This long-term objective, which pre-dates the 'rebalancing' strategy of the current administration, emphasizes the development of economic interests and the need to address new security concerns, particularly in the context of China's expanding regional and global ambitions.

The roots of the rebalancing lie in the post-Cold War strategic priorities of the United States. In the 1990s, the administrations of presidents George H. W. Bush and Bill Clinton had already attempted to respond to the emergence of new global powers in Asia by investing in regional partnerships.³ President Barack Obama subsequently made rebalancing a principal foreign policy goal of his administration. However, the concrete results of this strategy so far have been largely limited to a modest realignment of military forces, a broadening of diplomatic engagement (including US participation in the annual East Asia Summit and the opening up to Myanmar), the agreement – but not yet enactment – of the Trans-Pacific Partnership (TPP) trade deal, and much rhetoric. This has caused the United States' partners in Asia to doubt the depth of its commitment. Nevertheless,

¹ The Commission on America's National Interests (2000), *America's National Interests*, Cambridge, MA: Belfer Center for Science and International Affairs, http://belfercenter.ksg.harvard.edu/publication/2022/americas_national_interests.html.

² Sub-Saharan Africa, Latin America and Russia/Eurasia will continue to be of secondary importance to the United States in the medium term.

³ See, for example, Meijer, H. (ed.) (2015), *Origins and evolution of the US rebalance toward Asia*, Basingstoke: Palgrave Macmillan.

the importance of this policy in the long term is hard to overstate. Irrespective of who wins the 2016 presidential election, Asia will continue to be of huge importance to the future of the United States.

Despite the rebalancing strategy, the MENA region will also remain a focal point for the coming decades. The Obama administration was determined to differentiate itself from the George W. Bush administration's strong focus on the MENA region and Afghanistan. However, nuclear proliferation issues, the implications of the 'Arab Spring' uprisings, the rise of Islamic State of Iraq and Syria (ISIS), Russia's intervention in Syria, and the United States' own operational failures have led the administration to reassess its policy in the region.⁴ Traditional allies such as Saudi Arabia and Israel have criticized repeatedly what they see as Obama's lack of vision and leadership. They worry that the United States might view the nuclear deal with Iran as the completion of its efforts in the region and as an excuse to withdraw quietly, leaving a power vacuum behind. The likes of the United Arab Emirates have complained that the United States has already in effect withdrawn from the MENA region, leaving them particularly vulnerable in an unstable neighbourhood.

Despite the Iran deal and its own growing energy self-sufficiency, the United States cannot afford to turn a blind eye to the current security crises of the MENA region, which will therefore remain central in its global engagement. The failure of states in Syria, Iraq, Libya and Yemen, the dramatic displacement of populations that has resulted from this, and the spread of Islamist terrorism in the region – as well as in Europe and North America – have become larger threats for the United States and close allies. As Chuck Hagel, then a senator and later Secretary of Defense for President Obama, argued in 2004, many existing and future challenges to the United States 'come not from rival global powers, but from weak states'.⁵ Accordingly, American military force (ideally in cooperation with Western and regional allies) may be required when unstable governments are unable or unwilling to prevent the pernicious spillover effects of state weakness. In the long term, US leadership will continue to play a decisive role in the MENA region, although this will owe more to the pull effect of recurring crises than to a strategic desire to invest resources there. Other states from the region and outside it (perhaps also prompted by Russia's growing assertiveness there) might have to take on more leadership responsibilities.

In the meantime, the United States has reaffirmed its commitment to European security in the context of the Ukraine crisis and tried to make clear that it is a reliable ally. Quick and indispensable intelligence and logistical support to the French-led military operations in Mali, and to British and French forces in Libya, highlighted the US determination to help European countries take on their share of security responsibilities. The NATO summit in Warsaw in July will be a crucial step towards defining the future of the transatlantic security partnership and the continued role of the United States in collective defence.

The United States will also keep promoting enhanced European integration, especially at a time when the European project is threatened by internal divisions, rising manifestations of populism and Euroscepticism, the lasting eurozone crisis and problems in handling the refugee crisis. The

⁴ Lynch, M. (2015), 'Obama and the Middle East: Rightsizing the US Role', *Foreign Affairs*, 94(5), <http://carnegieendowment.org/2015/10/09/obama-and-middle-east-rightsizing-u.s.-role/iioy> (accessed 6 Apr. 2016).

⁵ Hagel, C. (2004), 'A Republican Foreign Policy', *Foreign Affairs*, 83(4).

United States can assist Europe in addressing these challenges only if it is asked to do so, but it can take actions to support collaboration among European countries – e.g. by providing resources through the European Union (EU) and other mechanisms. Intra-European divisions over relations with Russia, and the possibility that the United Kingdom could leave the EU as a result of its 23 June referendum, strikingly illustrate the need for US diplomatic leadership to avoid a weakening of the EU in the near future.

The United States will continue to promote and defend the international institutions and rules that it helped to create, and that were designed according to its liberal norms and values. Its global influence is not measured merely by its hard and soft power, but also by its central position in this global architecture. The United States will continue to be challenged within these institutions – for example, in the UN Security Council – by countries such as Russia and China, which will not hesitate to use their veto power to block US initiatives that they consider contrary to their visions of the international order. The United States will also have to keep countering revisionist actions such as Russia's annexation of Crimea and China's military efforts to redraw the map in the South China Sea and East China Sea. The development of new trade instruments such as the TPP and the Transatlantic Trade and Investment Partnership (TTIP) is a key part of the United States' strategy to preserve its economic and diplomatic leadership in multilateral forums that it co-shapes with like-minded powers. These are meant to build inclusive economic frameworks that will define the rules of trade and investment in the 21st century.

The Obama administration has also supported multilateral initiatives such as the 2015 Paris Climate Change Conference. It has made efforts to engage countries like China on issues where their interests align. Bringing perceived and potential competitors into the US-designed and US-led system is seen as a way to reinforce the unique Western position in the international order, and to reduce the risk of direct confrontation with revisionist states.

Political will

The ability of the United States to pursue its interests, and the evolution of its global leadership, depends on variations in its political will. Two key trends can be highlighted: the political and financial legacy of the 2000s; and the focus on 'nation-building at home'.

The wars in Iraq and Afghanistan have reduced considerably the American public's support for new military expeditions abroad. The legacy of the 2000s has been in part greater public awareness of the political and financial costs of sending ground troops into combat, as well as of the constraints and limitations of US power projection. Many Americans now think about US power projection in more realist, risk-averse terms. At the same time, the winter 2015 terrorist attacks in France and the United States, and the March 2016 attacks in Belgium, appear to have renewed public support – at least for the moment – for an expanded military intervention against ISIS. But the memory of the long and costly operations of the previous decade will continue to influence decision-making about large-scale military engagements.

This tendency has been reinforced by the financial cost of such wars. In 2008, Linda Bilmes and Joseph Stiglitz estimated the cost of the Iraq War to be at least \$3 trillion.⁶ President Obama, while running for re-election, emphasized the need to focus on restoring the American economy and infrastructure. Given economic constraints, if this is the priority of US leaders, then something will have to give and a choice will have to be made between goals.

The impact of public opinion on the political environment has grown, in part supported by the proliferation of new communications technologies that are empowering the individual. This has been further facilitated by heightened partisanship in Congress and among the US electorate. The resulting cacophony is affecting international perceptions of US political will. Even if President Obama wanted to launch a major intervention abroad, Congress and/or the public would push hard against it, making it far costlier for the president in terms of political capital than would normally be the case. Moreover, the rhetoric of candidates for the Democratic and Republican presidential nominations is raising concerns in Europe and elsewhere that the United States may become less engaged abroad in the future, as Senator Bernie Sanders (on the Democratic side) and Donald Trump (on the Republican side) suggest less interventionist policies.⁷

This leaves the United States in a position where it is increasingly unwilling to lead 'from the front'. It forces the country to adopt a strategy of supporting partners that have greater willingness but lesser capabilities – leading, as it were, 'from within'.

Power capabilities

A further major factor influencing the United States' international engagement is its capability to act. Power comes in many forms. For many observers, its most obvious manifestation is military. While the increased use of drones and special forces to achieve military goals has proven insufficient to eliminate or even contain threats in the Middle East and South Asia, this remains the preferred approach as it avoids the political cost of the loss of American lives. The use of military force under President Obama has thus been guided by a light-footprint strategy. The United States has also provided a great deal of logistical and intelligence support to its friends and allies, such as in the operations in Libya and Mali; these are a potential model of military burden-sharing in the future.

However, the use of the US military in any form is likely to be limited in future by financial constraints as well as political ones. The 'war on terror', related wars and the global financial crisis have greatly increased the national debt, which the US government expects will reach \$22.4 trillion at the end of the 2020 fiscal year.⁸ This factor, along with the slow US and global economic recovery, will ensure that significant budget cuts will continue to affect foreign policy and defence in the coming years. The US military budget is also burdened by numerous structural challenges, such

⁶ Bilmes, L. and Stiglitz, J. (2010), 'The true cost of the Iraq war: \$3 trillion and beyond', *Washington Post*, 5 September 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/09/03/AR2010090302200.html> (accessed 6 Apr. 2016).

⁷ Rachman, G. (2016), 'The revival of American isolationism', *Financial Times*, 16 February 2016, <http://www.ft.com/cms/s/0/c598ba32-d1a1-11e5-92a1-c5e23ef99c77.html#axzz40K5RLLqk> (accessed 6 Apr. 2016).

⁸ US Government Publishing Office (2015), 'Budget FY 2016 - Table 7.1 - Federal Debt at the End of Year: 1940-2020', 2 February 2015, <https://www.gpo.gov/fdsys/search/pagedetails.action?collectionCode=BUDGET&granuleId=BUDGET-2016-TAB-8-1&packageId=BUDGET-2016-TAB&fromBrowse=true> (accessed 6 Apr. 2016).

as the dramatic increase in personnel spending and the inflation rate for defence expenses.⁹ This is compounded by the desire of many members of Congress to maintain production facilities or bases in the states they represent, against the recommendations of the military.

Unless overturned by Congress, budgetary sequestration will constrain defence spending until 2021 at least. Although the US military remains superior in capabilities to any of its potential adversaries, these dramatic budget cuts will increase the pressure to limit certain costs and therefore limit strategic options. While the United States' leadership at the global level is not directly threatened, there will be strong financial arguments to justify military prudence in the future.

Beyond its military, the United States has extensive other forms of power, including its economic strength, diplomatic corps and intelligence capabilities. It is the diversity of this toolbox, and thus the ability to bring different instruments to bear depending on the circumstances, that is one of America's greatest foreign policy strengths.

Despite some setbacks in recent years, the US intelligence community continues to enjoy strong financial and political support. In technological and human resources, it maintains its leading global position. At the same time, managing the dozens of agencies and other bodies involved in intelligence work continues to be a challenge, despite the creation of the post of Director of National Intelligence in 2004. The intelligence community's standing was further hit by Edward Snowden's revelation in 2013 of the National Security Agency's bulk data collection.

The United States has several other tools at its disposal. It continues to have the largest diplomatic corps in the world, which is increasingly focused on its priority areas, most notably Asia. With the return of a more assertive Russia, it has also had to rebuild its expertise in that country and region, which had declined after the Cold War. Meanwhile, however, diplomacy and foreign aid budgets continue to be targeted for cuts by Congress.

Economic statecraft has been arguably the United States' most successful arena in recent years. This is most clearly visible in the conclusion of the TPP negotiations and the diplomatic achievement of bringing Iran to the negotiating table under the pressure of sanctions. Since the 2008 recession, the US economy has regained strength and thus reinforced the country's ability to use economic statecraft to achieve strategic objectives. The United States has been seen as a reliable market and investment opportunity, while prospects for emerging and other established economies have remained uncertain. With slowing growth driving concerns over the trajectory of the Chinese economy, the American economy is once again seen as a singular source of global stability. This has been supported by another area in which US power is rising: energy. With the domestic shale oil and gas 'revolution' has come not only the reshoring of some industry, but also the possibility that the United States will become a net energy exporter (which is anticipated to happen later this year).

The global architecture that has been in place for decades also provides the United States with several structural strengths. The role of the dollar as a global reserve currency gives it an advantage over most other countries. The constitutions of the United Nations, IMF, World Bank and other

⁹ Bensahel, N. (2014), *Beyond the QDR: Key Issues Facing the National Defense Panel*, Policy Brief, Washington, DC: Center for a New American Security, http://www.cnas.org/sites/default/files/publications-pdf/QDRNDP_Bensahel_PolicyBrief.pdf (accessed 6 Apr. 2016).

international organizations are also advantageous to the United States, as well as to the West more broadly. It should be noted, though, that the continued legitimacy and efficacy of these institutions will be increasingly in doubt so long as the imbalance of power favouring the West within them persists.

Finally, while this is not in the hands of its government, the United States retains enormous soft power in the form of its cultural exports (including films, TV programmes and literature), media, educational institutions (five of the world's top 10 universities are American, including the top two),¹⁰ businesses and NGO community. While governmental instruments of US soft power have taken a hit since 2001, particularly around the events in Iraq and Afghanistan, national soft power resources remain strong, though it is difficult for the government to channel them.

Global perceptions of US leadership

The final factor driving the United States' ability to act and, particularly, have impact internationally is how the world sees it and its leadership. Perceptions of the United States abroad are generally positive, with people in most regions (except for the Middle East and Russia) having a favourable view overall. According to a Pew Research Center survey, a global median of 65 per cent of people view the United States favourably.¹¹ Canadians (68 per cent) and Europeans (66 per cent) generally have more positive views than those in most other parts of the world.¹² However, large percentages, including majorities in Canada and Europe, say that the United States' global leadership will eventually be supplanted by China's.¹³ So do almost half of Americans (47 per cent). So while the United States enjoys widespread support, in the long run many expect its role in the world to diminish (at least relative to that of China). Nevertheless, it is not clear to what extent populations around the world would be prepared to follow China's leadership in international affairs, even if it did eventually become the pre-eminent power.

Yet while positive public perceptions of the United States remain relatively common, there is an increasing concern among its allies, particularly in Asia and Europe, over whether it remains a reliable partner. Given the political debates in the United States, cuts in spending and a president more reticent to act than his predecessors, many long-time allies have grown concerned that the United States might not be there when they need it. Some, such as Japan, are beginning to revisit their own security capabilities as a result. This view was reinforced, for example, by Obama's decision not to order strikes against the regime in Syria after it had crossed the supposed 'red line' he had laid down against its use of chemical weapons; and, of great pertinence for the Middle East, the US decision in 2011 not to support President Hosni Mubarak of Egypt when he faced the mass protests that ultimately toppled him.

¹⁰ QS World University Rankings (2015), 'QS World University Rankings 2015/16', September 2015,

[http://www.topuniversities.com/university-rankings/world-university-rankings/2015#sorting=rank+region="+country="+faculty="+stars=false+search](http://www.topuniversities.com/university-rankings/world-university-rankings/2015#sorting=rank+region=) (accessed 6 Apr. 2016).

¹¹ Pew Research Center (2014), *Global Opposition to U.S. Surveillance and Drones, but Limited Harm to America's Image*, 14 July 2014, <http://www.pewglobal.org/2014/07/14/chapter-1-the-american-brand/> (accessed 6 Apr. 2016).

¹² Ibid. and Pew Research Center (2015), *Canadians Satisfied with U.S. Relationship*, 6 October 2015, <http://www.pewglobal.org/2015/10/06/canadians-satisfied-with-u-s-relationship/> (accessed 6 Apr. 2016).

¹³ Pew Research Center (2013), 'United States and China: The Image of the Globe's Two Superpowers', 18 July 2013,

<http://www.pewglobal.org/2013/07/18/united-states-and-china-the-image-of-the-globes-two-superpowers/> (accessed 6 Apr. 2016).

At the diplomatic level, involvement in the Middle East in recent years has damaged the United States' effectiveness as a security provider and leading power, especially in Europe and in the Middle East itself, but also in Asia. The rise of ISIS out of the ruins of Iraq has highlighted further the failure of US strategy in the region and of US nation-building. Moreover, lasting instability in the region continues to feed anti-Americanism around the world, emboldening regional powers that aim to challenge the United States' global leadership and create alternative alliance systems.

The legitimacy of the United States to lead the coalition against ISIS has been questioned by revisionist powers such as Russia and Iran, and also by some opinion-formers in allied countries in North America, Europe, the Middle East and Asia who blame the current chaos in the region on US policies. The United States is caught between criticism for its lack of leadership and unwillingness to take responsibility by some and accusations of imperialism by others.¹⁴ In private, American officials decry a 'damned if you do, damned if you don't' reality when it comes to many of the policy decisions they face. This paradoxical situation is particularly obvious in the MENA region, but it also describes international perceptions of the US role in the Ukrainian crisis and in the growing tensions in the South China Sea.

In addition to a crisis of legitimacy, the United States' global leadership is facing a crisis of credibility as the efficiency of its foreign and security policy is assessed through its capacity to manage crises. The Syrian civil war and the rise of ISIS, resulting in humanitarian crises and the forced displacement of millions, have triggered only a limited US response. This has been perceived as a sign of weakness by allies and adversaries. This lack of credibility could foster new challenges from revisionist powers that are tempted to test US 'red lines' and that could become increasingly belligerent. Russia's opportunistic strategy has thus used the Ukrainian and the Syrian conflicts to test the reaction of the Obama administration to new security challenges. Transatlantic deterrence is also affected by this crisis of credibility; Eastern European states have requested strong signs of military reassurance from the United States to prevent further misperceptions.

Understanding American power

The state of its long-term interests, political will and capabilities raises questions for many over the United States' continued engagement on the international stage. America remains an indispensable power, negotiator and security provider, and it will remain the leading power in international politics for at least the coming decade. The challenges from revisionist powers should not be underestimated, but no credible alternative to US global leadership will emerge in the short term. The idea that the United States could eventually withdraw from its international commitments, or would even want to do so, is misconceived, although some of the candidates in the 2016 presidential primary campaigns (most notably, Donald Trump) have laid out very different visions of engagement with the world.

The new strategic environment, as well as political and economic constraints, *will* affect the nature of US leadership, however. Priorities are changing as the need to engage more with the economically dynamic Asia-Pacific region increases. From a long-term perspective, the desire to

¹⁴ See, for instance, Ignatius, D. (2011), 'Obama's partnership deficit', *Washington Post*, 10 June 2011, http://www.washingtonpost.com/opinions/obamas-partnership-deficit/2011/06/09/AGq00mOH_story.html.

focus more on domestic issues and limit military expeditions is likely to lead to a continuation of Obama's less active foreign and security policy in Europe and its neighbourhoods (although, if elected president, Hillary Clinton might reverse this temporarily in limited ways). The United States will be particularly supportive of those of its allies that show willingness to assume more strategic responsibilities. For example, it will support initiatives that enable strategic partners – the European countries and Canada, but also Arab allies in the MENA region – to increase their defence capabilities and take the lead on security issues in their neighbourhoods.

Despite the loud rhetoric surrounding protectionism and isolationism, the 2016 presidential election is likely to have only a limited influence on the long-term factors underlying US foreign policy. Whether a Republican or a Democrat wins the presidency, the next occupant of the White House is likely to be more openly interventionist than Obama. Nevertheless, a general consensus on global objectives and a common assessment of financial constraints will frame US foreign policy in the coming years.¹⁵ Specific topics, such as the implications of the Iran nuclear deal or the consequences of TTIP, may be the subjects of heated discussion during the campaign, but the evolution of US global leadership will not depend on the election results *per se*.¹⁶

What does this mean for the United States' transatlantic allies?

For the United States' transatlantic allies, the evolution of its global leadership has two direct implications: the risk of divergence of US, Canadian and European strategic priorities; and the need to define the new terms of transatlantic risk-sharing. In the context of the multiplication of security threats in Europe's eastern and southern neighbourhoods, these two factors could jeopardize the future of the transatlantic partnership and affect US and Canadian engagement in European security.

Diverging strategic priorities

It is all too often assumed that the common values among the transatlantic partners will lead to common interests. At the same time, European countries are facing a growing number of security, economic and political challenges that put the European project to the test. In 2016 refugee flows, Islamist terrorism, Russian aggression, the rise of Eurosceptic and populist movements, and the risk of 'Brexit' are at the top of European priority lists (with other events in the Middle East also potentially ranking highly). In the meantime, the United States and Canada are increasingly focused on the geopolitical evolution of the Asia-Pacific, which they perceive as a region of extraordinary opportunities and as a source of new global challenges.

Widening perception gaps between European states could also endanger the cohesion of the European consensus, with consequences for the transatlantic partnership. Countries could end up so divided that the United States is forced to play a large role in helping to prevent the EU from unravelling. For instance, Russia's revisionist foreign policy is assessed very differently in the Baltic

¹⁵ Donald Trump has laid out a far more isolationist position, but it is currently uncertain whether he would be able, or want, to implement such an extreme policy if elected.

¹⁶ Again, unless an outsider candidate wins the 2016 presidential election. At the time of writing, despite the strength of the Trump and Sanders campaigns, this seems unlikely.

states, the Mediterranean countries and Central and Eastern Europe, while the refugee crisis is creating tensions and driving fragmentation across Europe. Due to its distance from Europe and its at times different political and economic drivers, the United States has to prioritize different threats. The transatlantic powers therefore should not take it for granted that their strategic priorities will coincide in the future. The United States, Canada and the European countries need to anticipate potential divergences and identify the main perception gaps among them.¹⁷

In order to prevent differences in strategic priorities from creating tensions, the transatlantic powers need to invest in institutions and platforms that can foster understanding and provide opportunities to explore differing perceptions of threat. NATO and the EU alone are not currently fit to define comprehensive common interests between the United States, Canada and the European countries, and the transatlantic partnership lacks the relevant framework to discuss strategic differences. Indeed, the political and strategic role of NATO remains controversial for some EU member states, such as France, which considers the EU a more appropriate framework for such discussions. On the other hand, the EU has proven unable to design and implement an ambitious European foreign policy and security agenda (although it is currently completing the drafting of a new global strategy), while more Eurosceptic countries prefer to rely on NATO for the defence of their strategic interests. The need for better coordination between the two institutions is well documented, and has triggered even more frustration among the partners. The coming EU Global Strategy on Foreign and Security Policy, and the Warsaw NATO summit, may provide opportunities to rethink the mechanisms of the transatlantic security partnership.

Transatlantic risk-sharing

The new nature of leadership by the United States, in which the country is more inclined to play a supporting role than to engage in costly new operations on its own, requires redefining the sharing of strategic responsibilities among the transatlantic partners. The European countries and Canada need to understand that, due to security challenges in other regions and at home, the United States may not always be the leading guarantor of transatlantic security.

Adapting to this will be crucial for the United States' transatlantic partners. Although US strategic interests in Europe will remain strong in the short to medium term, the bulk of European security tasks will increasingly have to be carried out by European countries. The United States will continue to push for a serious increase in defence spending by NATO member states, as well as for better interoperability of transatlantic military forces. From its perspective, the NATO 2 per cent spending pledge is still a relevant tool to keep all allies under pressure, and at the Warsaw summit the United States will reaffirm the need to increase capabilities. At the same time, the United States will continue to urge all allies to allocate at least 20 per cent of annual defence spending to procurement of major new equipment (including related research and development). It will work with them to

¹⁷ For instance, the question of engagement with China may constitute one of the key challenges, as the European countries' decision to join the Asian Infrastructure and Investment Bank recently highlighted.

deal with the implications of the Third US Offset Strategy, which relies heavily on new technology to thwart adversaries.¹⁸

Defining the new terms of transatlantic security burden-sharing also requires a new model for transatlantic cooperation. The 2011 French- and British-led military operation to prevent the Libyan regime from carrying out genocide and the 2013 French-led operation in Mali showed (irrespective of Libya's subsequent collapse) alternative ways in which the United States could provide instrumental operational support to its transatlantic allies without taking the lead in missions.¹⁹ The US military notably was able to fill logistical, intelligence, surveillance and reconnaissance gaps without which the conduct of these operations would have been more difficult. However, the lessons learned may differ on each side of the Atlantic, as shown by President Obama's recent comments.²⁰

The transatlantic partners also need to find a more effective model of military intervention. In Iraq, Libya and Syria, fundamentally different approaches were embraced, all leading to similar levels of political instability and humanitarian crises. The interventions in Iraq and Libya have highlighted the inability of the allies to translate military success into political stability, while the Syrian conflict illustrates the cost of inaction and its consequences through overwhelming spillover effects. These recent experiences in the MENA region have left an enduring mark on transatlantic populations, rendering transatlantic leaders unable to choose clearly between intervention and non-intervention.

The changes in US global leadership have put the transatlantic partners under a strategic spotlight. The United States expects Europe and Canada to take a larger share of security responsibilities, even as differing transatlantic priorities may become a source of tension. US allies should not underestimate the risk of growing frustration towards them in the United States if they fail to show concrete signs of willingness to bear a bigger part of the security burden. Revisionist powers such as Russia, China or others could use this frustration to further divide Europe, Canada and the United States, and to fill any power vacuum left behind.

Recommendations: how should the United States' transatlantic allies adapt and respond?

The evolution of the United States' global leadership may create lasting damage in the transatlantic partnership if the implications are not fully understood by Europe and Canada. Adapting to the new terms of US international engagement could also constitute an opportunity to increase transatlantic cooperation and address some of the long-standing issues in the partnership. The United States' allies have unique political, economic and military tools to overcome the risks of fragmentation and strengthen their position at the global level. The responses by Europe and Canada can take two complementary forms: direct efforts to transform themselves and become more indispensable

¹⁸ See, for example, US Deputy Secretary of Defense Bob Work's speech, 'The Third U.S. Offset Strategy and its Implications for Partners and Allies', Washington, DC, 28 January 2015, US Department of Defense, <http://www.defense.gov/News/Speeches/Speech-View/Article/606641/the-third-us-offset-strategy-and-its-implications-for-partners-and-allies> (accessed 6 Apr. 2016).

¹⁹ Gros, P. (2014), *Libya and Mali Operations: Transatlantic Lessons Learned*, Washington, DC: German Marshall Fund of the United States, http://www.atlanticdialogues.org/files/2010/11/1405709549Gros_LibyaMali_Jun14_web.pdf (accessed 6 Apr. 2016).

²⁰ Goldberg, J. (2016), 'The Obama Doctrine', *The Atlantic*, April 2016, <http://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/> (accessed 6 Apr. 2016).

partners of the United States on the international stage; and active influence over the evolution of US leadership through the promotion of common interests.

Direct actions

Building the necessary capabilities for broader transatlantic leadership and collaboration

Europe needs to sustain, and in places rebuild, its capacity to engage internationally. This will require direction and resources. A strong argument will need to be made to European publics about the importance of international engagement and the role that their countries can play.

Europe and Canada will have to develop the full range of capabilities to take the lead on various security issues. They will need to reinvest not just in their militaries, but also in their diplomatic, intelligence, energy, economic and broader international policy expertise. This is a challenge for governments and mainstream parties in countries such as the United Kingdom, Germany and France, where political energy is drawn increasingly to dealing with rising populism and political dysfunction. Nevertheless, it is important that strategic issues are able to rise above short-term crises or challenges.

All of this is tied to the notion that countries in Europe, North America and elsewhere are becoming more interdependent (even while some become more nationalistic). Thus there is a need to build not just national capabilities but also shared resources between them. It is vital that intelligence-sharing continues and even improves. Energy pipelines allowing gas and oil to flow across borders are vital. Development plans must be shared, and capacity-building coordinated.

Plans and processes are needed to ensure that, where possible, Canada, Europe and the United States support and reinforce each other's capabilities rather than merely duplicate them. Equally, platforms to facilitate understanding, share perspectives and support planning need to be designed for use earlier in the problem-definition and policy-design processes.

All this will require the United States' transatlantic allies to reinvest in their own defence, as the US military increasingly plays a supporting rather than leading role over the longer term. European strategic culture should become more pro-active on matters of European security. The principal European powers – France, Germany and the United Kingdom – will have to show more leadership when European interests are at stake if other European countries and the United States are to be persuaded to take action with them. The multiplicity of threats in Europe's neighbourhoods will require enhanced European diplomatic, economic and military engagement in order to avoid spillover effects and political destabilization across the continent.

Reaffirming political will within Europe and Canada

With debates about the cohesion of Europe likely to continue far beyond this year (for example, regardless of the result of the British referendum on EU membership), Europe appears to have lost its confidence. It has become focused on its own internal stability rather than on what it can achieve internationally. As such, it seriously underestimates its potential power and influence. Europe needs to have more confidence in its abilities and its normative strength. Recent actions, such as sanctions against Russia and European-led airstrikes in Libya, demonstrate that Europe can act decisively if it wants to.

A similar sentiment appears to have taken hold in Canada. It appears to have settled largely for a secondary and supportive role to that of the United States, and to have lost sight of those areas and issues in which for many years it had great influence (such as in Sri Lanka and Afghanistan, and in international development).

Thus, while it is important for Europe and Canada to regain their national political will to act, it is also vital that they collaborate to develop and reinforce political will at the transatlantic level. Working together more (and more effectively) will facilitate this. A coherent, united front will greatly enhance the impact that the European countries, and the transatlantic allies more broadly, can have.

Increasing the flexibility of the partnership

Canada, the United States and Europe are often divided over perspectives, priorities and policies. However, coordinated action is possible even when this is the case. The use of ad hoc ‘coalitions of the willing’ need not damage the efficacy of broader consensus institutions such as NATO or the EU. Instead these institutions can continue (as NATO has on multiple occasions, not least in Libya and Afghanistan) to find ways to facilitate such groupings under their broader umbrella. The allies may have to operate in small groupings rather than as a coherent whole.

Finally, America’s allies should consider partnering with countries other than the United States when necessary. This may be expedient for meeting individual objectives, but it would also have the secondary benefit of demonstrating to emerging powers that the West does not exclude cooperation with others due to some arbitrary loyalty to the United States. However, if or when this takes place, it is important that the countries involved consider the repercussions for their allies and interests. Such understanding can ensure the development of additional policies to mitigate any potentially negative consequences of new partnerships. For example, had the United States been better forewarned of the United Kingdom’s intention to join the Asian Infrastructure Investment Bank in 2015, the public display of disagreement between the two countries could have been minimized, thus challenging the narrative that this illustrated a loss of power on the part of the United States.

Nudging the United States

Engaging in Asia with the United States

The usual European position on Asia is to state that EU member states do not have the resources in the region to exert influence. In this their focus is, in particular, on military resources. And yet France and the United Kingdom have military capabilities in or around the region, while other EU members have diplomatic and economic resources invested there. Given the trade and energy flows through Asia, and the increasing economic weight that the region carries, there are certainly European interests in the Asia-Pacific.

Given these facts, the United States’ transatlantic partners should take advantage of its renewed engagement in Asia to enhance transatlantic cooperation. A coordinated transatlantic strategy towards South Asia and East Asia is of paramount importance for reaping the benefits from economic development in those regions. At the same time, this would be an important marker for the United States of a broader partnership. Conversely, if such collaboration is absent, China will be able to sow further division between EU member states, and between Europe and the United States,

on economic issues in particular – so weakening the transatlantic partnership and gaining leverage over all parties.

Saving international institutions and creating a more robust system

The global political and economic architecture, designed by the United States and Europe following the Second World War, has supported Western norms and interests for over 60 years. However, the global environment has changed significantly over that time, and current institutions have increasingly lost their effectiveness.

The United States and its allies need to re-strengthen global norms and institutions in order to provide the framework for their future global engagement. At the same time, they need to work together to reform current institutions to enhance their legitimacy and efficacy.

Europe and Canada need to push the United States into reforming regional and global organizations to better reflect current and future needs. In order to do this, European countries, in particular, need to reach consensus on the changes that can be made to institutions such as the UN, IMF and World Bank. Meanwhile, the United States needs to accept that such reform is necessary, and that in the future it will have less control over these institutions as a consequence. This will require a tough political battle in the United States, but it is one in which Europe and Canada can assist by working with new regional and global powers to propose reforms acceptable to Washington. At the same time, the conversation must move beyond the *need* for change in such institutions and towards articulating the actual *shape* of such change. The compromises required to bring new emerging international actors into the fold need to be discussed and agreed.

As stated above, reforming institutions may on occasion mean providing ways for some of their individual members to act in an ad hoc manner under the broader institutional umbrella. This is already taking place in some contexts, with institutions providing strong frameworks for the coordination of strategic priorities and the flexibility to enable ad hoc cooperation (e.g. with respect to the recent operations in Mali).

The transatlantic powers have unique existing institutions and tools to strengthen their strategic partnership. Investing in NATO and the EU to improve their functionality and efficiency should be the first priority for Europe and Canada in order to enhance security cooperation with the United States.

Building new institutions or partnerships is important in the economic arena as well as in the security one. The recent conclusion of negotiations for the TPP is an important stage in building stronger economic links between the United States, Canada and the countries of Asia. The Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU is also an important piece of the puzzle. The conclusion of TTIP would provide the next piece. Together these agreements would provide the basis for a new international trade and investment architecture. Thus, completing TTIP should be a priority.

Conclusion

The United States' role in the world is in transition, due to domestic dynamics and a changing international environment. While the result of the 2016 presidential election could affect US policies in the short term, it is unlikely to alter fundamental trends over the longer term. The evolution of US global leadership will have significant consequences for Canada and Europe.

Changes in the United States' international engagement can best be managed if conducted in conjunction with actions by its allies. Restraint does not necessarily mean disengagement. The United States playing a more constrained role does not have to mean that the global order will weaken. However, a lack of understanding of its changing position could result in leadership vacuums and events spiralling out of control. Thus it is important that the United States and its closest partners, Canada and Europe, work together to build greater links at all stages of the policy process, from perceptions of threat, prioritization, analysis, threat definition and policy formation to implementation and action.

At the same time, as the United States' capabilities adapt to its changed circumstances and role, so too must those of its allies. This goes far beyond the military sphere. It includes enhanced diplomatic, energy, economic, intelligence and other capabilities. Furthermore, improvements are needed not just in national resources but also in the ability of allies to work and plan together (both within Europe, and between Europe, the United States and Canada).

Despite the common belief that the region is increasingly disengaged and introspective, Europe retains huge potential for influence, if it uses its resources effectively. There is much that Europe's states can do, individually and together, to have more control in protecting and advancing their strategic interests. Equally, if they work together, they can do much to nudge the United States in helpful directions to support the mutual interests of all parties. Taking these steps must start now. Once the West has given up its global influence, it will be far harder to regain it.

About the authors

Dr Alexandra de Hoop Scheffer is a senior transatlantic fellow and the director of the Paris office of the German Marshall Fund of the United States, where she leads the Transatlantic Security programme. From 2009 to 2011, she served as a special adviser on the United States and transatlantic relations for the Centre d'Analyse et de Prévision (the policy planning staff) of France's Ministry of Foreign Affairs. During that period, she conducted her PhD research on US regime change policy from Iraq to the Arab revolutions (2003–11) and was also an adjunct professor at Sciences Po Paris. From 2010 to 2013, she was an adviser to Admiral James Stavridis, commander of the US European Command and Supreme Allied Commander Europe, as part of the Next Generation Advisory Panel. From 2006 to 2009, she served as a consultant and contributed to several high-level working groups for France's Ministry of Defence on US foreign policy, transatlantic security cooperation and post-conflict reconstruction. She is currently an associate professor at Sciences Po Paris and the co-editor of the Paris-based journal *Politique Américaine*, which focuses on US domestic and foreign policies and transatlantic relations. She holds a PhD in political science from Sciences Po Paris and is the author of *Hamlet en Irak* (CNRS éditions, 2007).

Rory Kinane is the manager of the US and the Americas Programme at Chatham House. He has worked previously in parliamentary monitoring with DeHavilland Political Intelligence. In 2010, he won a place on the English-Speaking Union's Parliamentary Exchange Programme and spent the summer in Washington, DC working for Congressman Brian Baird. He received a distinction for his master's in international relations from the University of Warwick, which focused on US foreign policy and the CIA. In 2011–12 he served as a special constable with the London Metropolitan Police.

Martin Quencez currently serves as programme and research officer at the German Marshall Fund of the United States' Paris office. His work includes research on transatlantic security and defence cooperation, French foreign policy and South Asian affairs. Prior to joining the German Marshall Fund, he worked for the Institute for Defence Studies and Analyses (IDSA) in New Delhi, where he focused on French and Indian strategic thinking. He holds a bachelor's degree from the French Institute of Political Studies, and a master's from the Paris School of International Affairs–Sciences Po.

Xenia Wickett is the director of the US and the Americas Programme and dean of the Queen Elizabeth II Academy for Leadership in International Affairs at Chatham House. Prior to this she was the executive director of the PeaceNexus Foundation, based just outside Geneva, which she launched in 2009. From 2005 to 2009, she was at Harvard Kennedy School's Belfer Center, where she was the director of the project on India and the subcontinent and the executive director for research at the Belfer Center, as well as being a member of its board. From early 2004 to August 2005, she served as director for South Asia at the US National Security Council (NSC). Prior to her NSC post, she served as a foreign affairs specialist in the Bureau of South Asia at the Department of State. During her tenure at the Department of State, she was also a special adviser at the Homeland Security Group and an officer in the Bureau of Non-proliferation. Shortly after the events of 11 September 2001, she was detailed from the Department of State to the Office of the Vice President to help launch the Office of Homeland Security Affairs.

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Cover image: Marine One, carrying US President Barack Obama, departs the White House on 26 August 2014 in Washington, DC.

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