

An unreliable partner for the US?

Failure to solve the eurozone crisis will have serious repercussions for the transatlantic relationship, writes Bruce Stokes

The eurozone crisis is no longer simply an economic crisis. It is increasingly a foreign and security policy challenge for both Europe and the United States, with the potential to undermine the transatlantic alliance, something the Soviets never accomplished during the Cold War.

Default by one or more eurozone countries could well lead to a Japanese-style 'lost decade' of stagnant economic growth and self-preoccupation in Europe. A weakened, distracted Europe would prove an unreliable strategic ally for the US. It would mean a Europe even less able to defend itself, one that cuts back on foreign aid, that falls short in its efforts to curb greenhouse-gas emissions, that is less able to stand up to Russian energy blackmail or to impose trade sanctions to curb Iran's nuclear ambitions. This would accelerate the US's drift toward Asia, a development that is neither in Europe's interest, nor that of the US.

So, when European leaders sit down on Sunday (23 October) to write the next chapter in the eurozone saga, they need to realise that more is at stake than just the economy. New half-measures that delay tough decisions to resolve the crisis could well imperil the future of US-European military and diplomatic co-operation.

"A Europe that is not united," warns Simon Serfaty, a scholar at the Center for Strategic and International Studies in Washington, DC, "is, by definition, less strong. And a Europe that is less strong will become increasingly less vital to the United States in the 2010s, when American power will need to rely on allies that are not only willing, but capable".

The budget austerity that is the fallout from the eurozone crisis will erode European capacity to share the burden of paying for global public



REASONS TO RESENT EUROPE? US President Barack Obama. REUTERS

goods. "In Europe, defence spending has dropped almost 2% annually for a decade," the US secretary of defence, Leon Panetta, complained in early October in Brussels.

Faced with its own budgetary need to curtail military outlays, the US shows every sign of becoming increasingly resentful of European inability or unwillingness to pick up some of the slack.

More broadly, the US is worried that the eurozone crisis is undermining Europe's pivotal job as a provider of stability and a role model for its immediate neighbourhood.

"The idea of the EU and the euro was that affluence would be created and shared," said Charles Kupchan, a senior fellow at the US Council on Foreign Relations. "Now that is fading. Instead

of delivering affluence, the EU now delivers austerity and pain."

Nowhere is this more evident than in Greece. "For the Greeks," said Serfaty, "getting into the EU was a way to end political instability and an undemocratic threat that defined Greece in the past. Being forced out of Europe would resurrect those things. Moreover, it would define an easy way out for other states with potential populist leadership."

The impact on Russia also worries Americans. "Russian liberals used to present the European project as a model for Russia," said Dimitri Simes, president of the Center for the National Interest in Washington, DC. "Now they cannot say this with a straight face."

With the future of north Africa up for grabs and the Balkans still unsettled,

the last thing the US wants is for the EU to become a centrifugal rather than a centripetal force.

Finally, in a US now obsessed with China, European self-preoccupation with the eurozone crisis would dash all American hopes for transatlantic co-operation in coping with the China challenge. "The downside risk," said Kupchan, "is that the US will find itself navigating a new east Asia map very much on its own."

Thus, seen from the US, the eurozone crisis is a crisis of Europe's strategic leadership and vision. And it is the transatlantic relationship as we know it that is at stake on 23 October and in the weeks that follow.

Bruce Stokes is a senior transatlantic fellow at the German Marshall Fund of the United States.

The CAP, viewed from 2020

We will look back on the latest reforms of the Common Agricultural Policy as a massive missed opportunity, writes Jack Thurston

Amid the swirling panic of the eurozone crisis, it must be nice to be in the position of Dacian Cioloş, able to set out proposals that would see half a trillion euros lavished on a Common Agricultural Policy (CAP) up to 2020.

The hue and cry of winners and losers will dominate debate about the proposals, with far more attention paid to the *juste retour* for member states than to the impact of the policy.

But, however tempting, the CAP should not be regarded as a financial merry-go-round. We should instead attempt to look at this moment from

the vantage point of 2020.

In 2020, will we look back on Cioloş's proposals as the moment when Europe started to reverse the long-term loss of its biodiversity, and began to restore its populations of birds, pollinating insects and wildflowers? The moment when farmers stopped unsustainably mining water? When agriculture became less dependent on imported fuel and ended its addiction to harmful pesticides? When agriculture became less a cause of climate change and more of a cure? When Europe began to restore soil fertility and turned its back on factory farming? As the moment when Europe halted a policy of farm subsidies and started to have a policy for the sustainable management of the countryside and the production of healthy, affordable food?

Unfortunately, it will not look like this at all. Instead, we will look back on this moment as a massive missed opportunity, when a timid European Commission, hemmed in by difficult politics, decided not to grasp the nettle, but to play it safe.

If these proposals are adopted, in 2020 Europe will still be lumbered with an expensive policy that subsidises landowners and inflates land values. The Commission's proposals for 7% of farmland to become 'ecological focus areas' barely recovers the conservation land lost after it abolished the requirement to set aside 10% of arable land in 2008. A very modest redistribution of direct aid is meant to address the major complaint of the newer member states – that they get a raw deal from the CAP. Capping payments means Queen Elizabeth and Prince Hans-Adam II of Liechtenstein may receive slightly smaller cheques, but Cioloş's proposal does not change the central reality: that aid will still blindly follow acreage, when it should be linked to measurable targets for the provision of public benefits, be those landscaping, protecting wildlife, combating climate change, improving rural economic infrastructure or conserving Europe's food heritage.

Nowhere in the EU budget is so much money handed out with so little asked for in return. The consequences will be more small farmers out of business, more endangered species,

more virgin grassland put to the plough and the continued intensification of unsustainable agricultural practices.

The CAP has experienced two great leaps forward, in 1992 and 2003. Both were driven by daring commissioners with a clear vision, the courage to put forward radical proposals and the powers of persuasion to win the big arguments. Both tested the limits of the politically possible. But, in musical terms, they were unfinished symphonies. Finishing the job was left for another day. Many hoped that this day was now.

With Cioloş passing up an opportunity to join Franz Fischler and Ray MacSharry as a great reformer, it is now for the European Parliament to show that it is more than a mouthpiece of the farm lobby. It is for member states – particularly those who will be required to foot the bill – to stop the rot. Half a trillion euros is a lot of money and European citizens ought to be getting something in return.

Jack Thurston is a former adviser to the UK ministry of agriculture and a co-founder of farmsubsidy.org, a website that tracks who gets what from the CAP.