



## Conference European Foreign Policy ASSESSING EU'S ROLE IN THE WORLD

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### Abstract

The Post-Bush era has begun – under G.W.Bush himself. And one central trend is clear: the security relationship is on the upswing, but the economy is in pretty bad shape. Until very recently, most Transatlantic debates reflected serious concern (and sometimes outright pessimism on the future of the alliance) when looking at the security dimension, but tended to find reassurance in the very solid economic foundations of the alliance. Indeed, it has been rightly noted that during the worst phase of Euro-American (and intra-European) disagreement over Iraq, economic ties actually boomed. In short, security may often divide the Atlantic, but the economy would unite it – regardless or even in spite of government choices. The web of “deep interdependence” linking together Europe and America provided a precious safety net, and a crucial task for policymakers was to preserve this state of affairs, ensuring that there be no spillover of security/diplomatic frictions onto the economic/business sector. The likely direction of negative contagion was almost taken for granted: it would travel from security to the economy. The situation seems to be changing dramatically. With a growing sense of disorientation as the US economy teeters on the edge of recession (which, not accidentally, we treat as almost a taboo expression), the whole political economy of the Transatlantic relationship is put in question. A standard analysis these days posits that economic growth is being led by Asia and a few emerging economies in other areas, while Europe muddles through and the US is in bad trouble. One remarkable effect is that the risk of contagion in Transatlantic relations now flows in the opposite direction than in the past: from the economy to security and diplomacy. Should the US role as the leading world economy be quickly eroded (accelerating a secular trend and reaching the tipping point where confidence collapses), the political leadership of the US would also suffer. American policymakers have always drawn a great amount of political legitimacy and even a form of moral authority from the objective strength of the American growth engine. The alliance will be reshaped in unpredictable ways in case of a deep and protracted economic crisis originating essentially from America itself. A paradox for Bush’s successor might be the following: the next US administration may take all the right steps to burnish America’s image abroad in terms of “public diplomacy”, and yet the economy’s slowdown

may inflict serious damage to US leadership. In the meantime, a contradictory feeling is gripping European policymakers, businesspeople and pundits alike: after having feared a security “decoupling” between the two sides of the Atlantic for decades, they now begin to hope (some privately, others openly) for an economic decoupling. Or at least, they are having second thoughts on the absolute value of deep interdependence. In other words, there is an understandable temptation to believe that Europe has what it takes to weather this storm on its own and it may actually stand a better chance of avoiding the crisis by walking alone. Even though some data tell us that Europe’s aggregate economic outlook is more balanced than the US economy, any self-congratulation on this side of the Atlantic would be badly misplaced. We suggest great caution in this respect, since such an attitude can easily turn into an ugly combination: fear and hubris.