

THE US MIDTERM ELECTIONS: IMPLICATIONS FOR THE TRANSATLANTIC AGENDA

The nostalgia for President Obama's message of hope, change and post-partisanship articulated during the 2008 presidential elections was not enough to win over the majority of Americans preoccupied with high unemployment rates, slow economic growth and the country's huge deficit. The Republican Party's (GOP) win in the House of Representatives and the Democrats' slight victory in the Senate are proof of Americans' dissatisfaction with President Obama's domestic agenda (e.g. the health care bill, government powers, unemployment, tax cuts) and suggest potential battlegrounds.

Contrary to the 2006 and 2008 elections, issues like the wars in Iraq and Afghanistan were mostly absent from this year's electoral debates. With several major international events scheduled in the coming months (G-20 Summit in Seoul, NATO and EU-US Summits in Lisbon, the UN Climate Change conference in Cancun), what are the implications of the mid-term elections for US foreign policy and transatlantic relationship in particular? What can the EU do in order to secure the new Congress' commitment to strengthen bilateral EU-US ties?

The new Congress: confrontation or cooperation?

Although it is not unusual for the President's party to suffer defeat in the midterm, this year's elections were broadly interpreted as a national referendum on the Obama presidency. The opinion polls conducted on the eve of the Election Day clearly suggest that Americans are largely dissatisfied with the direction in which their country is going (75 per cent according to the CNN/Opinion Research Corporation survey, the highest since the question was first asked in the mid-1970s). The idea of change promoted during the presidential campaign in 2008 has been hijacked by Republicans and successfully adapted in their Pledge to America, putting forward such ideas as reducing spending next year by \$100 billion, permanently extending all the tax cuts due to expire at the end of the year and repealing the reforms to America's health care system.

Conventional wisdom suggests that unified party control is essential for securing major policy change.

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However, what seems to be the most desired course of action in Washington is not a drastic turn, but rather, more cooperation between both parties towards better-balanced policy choices. According to various opinion polls, the majority of respondents wants Congress to cooperate even if it means compromising (80 per cent for Bloomberg, 78 per cent for CBS and The New York Times). Paradoxically, a constructive dialogue with Democrats may work to the advantage of Republicans who are being given an opportunity to leave behind the Bush-era and present themselves as responsible domestic and international partners. President Obama has already declared his willingness to build consensus with Republicans on the most pressing issues. However, the tone will be set in the first weeks when the discussion about taxes and budget appropriations unfolds. This will be a big test for House Speaker John A. Boehner (R-Ohio) who will either remain an uncompromised opponent of the President or will attempt to convince his party and 'tea baggers' to engage in a constructive dialogue with the Democrats.

Implications for the transatlantic agenda

There is no doubt that in light of the existing foreign policy and security challenges there is a need for a unified American position. The win in the midterm elections will push the Republicans to reinvent their agenda before the 2012 presidential elections and make them pick their fights wisely. What foreign policy



or security issues could become a major element in the future presidential campaign? What do these results mean for the future of EU-US relations? What might be the influence of the new Congress and its dynamics on transatlantic cooperation?

First, with the executive enjoying more leverage over foreign policy, many issues will remain under the direct influence of President Obama. With his domestic agenda in jeopardy, President Obama is very likely to become more active in foreign policy and will strive for success. However, to implement his international objectives he will need the support of trusted allies like those in Europe. The EU should use this opportunity to re-state its role as a reliable partner.

Second, Congress will still be able to influence policies with international implications such as trade, homeland security, energy and climate change. Indirectly, it might also be able to impact some regional security issues (Pakistan, Iran, Afghanistan, Middle East). The complexity of issues on the agenda is likely to increase the EU's attractiveness.

How much of a real change we are going to see in transatlantic relations will also depend on Europeans themselves and their capacity to project the added value of working with the European Union. The changes introduced in the Treaty of Lisbon and the establishment of the EU External Action Service will not suffice to convince the US president and the new Congress.

The economy

Economy and jobs were the major issues in this campaign; hence job creation and the recovery of economic growth will be the major preoccupation of the new Congress. In order to get their attention, the EU should put those issues at the centre of the transatlantic partnership in the coming months. The institutional setting – Transatlantic Economic Partnership and Transatlantic Economic Council – are already in place but need to be reinvigorated around such issues as growth, innovation and job creation. The creation of a Transatlantic Marketplace has been on the EU-US agenda for many years now and could obtain some additional push from Congress. Another issue present in midterm elections was China's undervalued currency. Also here, the EU's solidarity in designing an international response will surely be appreciated.

Energy and climate change

Related to the economy is the issue of climate change and energy supplies, where divergences between the GOP and the Obama Administration are clearly visible. Republicans perceive the currently negotiated global climate change standards – in particular the binding emission reduction scheme – as a threat to American jobs. Finding a common ground in the run up to the Cancun climate conference remains a challenge. Even

though President Obama has the power to commit the US to a binding international solution, he will need to rely on Congress' support in its implementation. Therefore, he should engage in a constructive dialogue with his Republican colleagues. The EU should assist him in this endeavour, for instance through the EU-US Energy Council. By engaging with the GOP in Congress, both sides should focus on similarities such as the promotion of new, clean and renewable sources of energy (nuclear, clean-coal-technology, wind and solar energy), encouraging greater efficiency and conservation or promoting cooperation in the field of energy research. On that basis they should further explore the benefits that the emergence of new energy industries and a low carbon economy may have for job creation while at the same time contributing to limiting the impact on the environment.

Homeland security

The issue of homeland security re-emerged right before the elections when explosives were detected on cargo planes bound for the United States and Europe. Ever since the 9/11 terrorist attacks, homeland security issues have remained a major driving force of transatlantic cooperation. Gradually, the US Administration has recognised the added value of cooperating with the EU in tackling new threats to global networks and people. The EU should thus adopt a more proactive approach and bring to the transatlantic table issues of concern to both sides: migratory pressures, visas, the fight against terrorism and radicalisation, or the growing challenge of cyber-attacks. This should not mean, however, that the EU is willing to abandon its principled approach, but rather, should further stimulate the discussions about developing the Transatlantic Area of Homeland Security based on respect for the rule of law and civil liberties.

Regional policies

On regional issues, cooperation will depend on issue-based dynamics. Republicans have expressed on numerous occasions concerns about the commitment of Pakistan to the fight against Al-Qaeda. Even though Afghanistan and Iraq were not significant issues at this year's elections, the reality on the ground has made it clear that security and stability in the region are still far from being achieved. With the Republicans opposing the withdrawal of the US army in July 2011 and the Democrats shifting more to the left, Afghanistan may become the first contested foreign policy issue. Good relationships with General Petraeus will help the Republicans challenge the official policy.

The adoption of NATO's New Strategic Concept in November may provide another opportunity for US insistence on more European involvement – an issue regularly raised by both parties. This may provide an opportunity to look beyond the usual 'division of labour' rhetoric and instead constructively discuss the future of EU-US cooperation on new challenges. Such dialogue will be particularly important in the run up to

the Southern Sudanese independence referendum to be held in January 2011.

The new Congress is more likely to take a tougher stance on Iran, undermining the US twin track approach – also favoured by the EU – that combines international sanctions and diplomatic engagement. In this context, we could see some serious transatlantic discussions about Turkey's commitment to its Western allies in light of her recent opposition to naming Iran as one of the targets for the ballistic missile system and the decision of the Turkish National Security Council to remove Iran and Syria and add Israel to the list of countries posing a 'major threat'.

Russia and the Middle East Peace Process are two areas where the Republicans may exercise an impact on foreign policy by strengthening their traditional alliances in Central and Eastern European countries or Israel respectively. The Obama Administration's 'reset policy' with Russia, which led to the adoption of the new START Treaty, and the more recent European initiatives, including the Franco-German proposal to create an economic and security space with Russia or the Polish-Russian rapprochement may all suffer if the Republicans decide to feed already strong anti-Russian sentiments in some European countries. These are areas where Europe should remain firm. On the Middle East, the EU and the US agree that the

extension of the moratorium on settlements in West Bank is a vital element of peace negotiations between Israeli and Palestinian leaders. This objective may be difficult to achieve however should Israeli Prime Minister Netanyahu anticipate the support of the Republicans.

In sum, while Congress has its hands full with domestic issues, it may not pay much attention to the EU. Should this be the case, the Europeans should extend a helping hand rather than wait to deal with the leftovers.