The world should be worried. The possibility that US President Barack Obama and the Republicans in Congress will fail to reach a compromise before mandatory deep spending cuts and tax increases take effect on January 1 is very real. Global markets are well aware of the danger of the United States falling over the “fiscal cliff,” and are watching nervously. They know that this outcome could well throw the US – and the world – back into recession.

Foreign ministries around the world should be equally nervous. Unless the US can get its fiscal house in order, it will be forced to abdicate leadership on a wide range of critical global issues.

In the short term, Syria and its neighbors are already paying the price of America’s inability to focus on anything other than domestic politics since Obama’s re-election. In my view, the Syrian crisis is at a tipping point: while it is now apparent that the opposition will eventually win and President Bashar al-Assad will fall, the endgame’s duration will be a key element determining who actually comes into power and on what terms.

Syria’s implosion, and the chaos and extremism that are likely to breed there, will threaten the entire Middle East: the stability of Lebanon, Jordan, Turkey, Iraq, Gaza, the West Bank, Israel, Iran, and Saudi Arabia hangs in the balance. But we do not even know who will succeed Hillary Clinton as US Secretary of State when Obama’s second term formally begins in January, or who will be on the White House security team.

In the medium term, the world abounds with tensions and potential crises that US leadership is likely to be indispensable to resolving. As events over the past two weeks in Egypt have demonstrated all too vividly, the Arab awakening is still only in its first act in many countries.

Indeed, democracy is fragile, at best, across North Africa; and, in the Middle East, Jordan, the Palestinian territories, Kuwait, and Saudi Arabia have only begun to feel the ripples of the tidal wave sweeping the region. Bahrain remains a flashpoint; Iraq is deeply unstable; and the simmering conflict between Iran and Israel could flare up at any time. Even when the US is not on the front lines, it has played a vital role in behind-the-scenes diplomacy, nudging wary rivals closer to one another to create a united opposition, and working with regional leaders like Turkey, Egypt, and Saudi Arabia to broker deals.

In Asia, the US has been playing a similar role in pushing for multilateral resolution of dangerous bilateral disputes between China and its many neighbors over territories in the East and South China Seas, while at the same time restraining US allies who might otherwise provoke crises. And, on big global issues like climate change, organized crime, trade, and prevention of atrocities, the absence of the US as a policy catalyst and active negotiator will be quickly and keenly felt.
Avoiding this fate requires the US to “rebuild itself at home,” as the Obama administration’s 2010 National Security Strategy promises. But, if US politicians spend the next two years the way they have spent the last two – patching together temporary policy fixes while avoiding the hard issues that voters and markets expect them to face – America’s voice will grow fainter, and weaker, in international institutions and affairs.

Equally worrisome is the prospect of deep, across-the-board cuts in the US defense budget at a time when many rising powers are increasing their defense spending. As much as many countries may dislike the US military, the availability and extraordinary capabilities of America’s soldiers, ships, aircraft, and intelligence assets often function as a global insurance policy.

In the long term, the challenge is more vague, but deeper. The longer the US obsesses over its own political dysfunction and attendant economic stagnation, the less likely it is to bear the mantle of global responsibility and leadership.

Openly isolationist political forces, such as the Tea Party and libertarians like Ron Paul, will grow stronger. A retreating US will, in turn, guarantee the emergence of what foreign-policy analyst Ian Bremmer describes as a “G-Zero world,” in which no country will take the lead and marshal the necessary economic and political coalitions to solve collective problems.

Individual presidents and secretaries of state will certainly try. But, without Congressional support, they will bring fewer and fewer resources to the table and will suffer from an increasing credibility gap when they seek to negotiate with other countries.

Global leaders can do more than stand by and watch. Why not remind US politicians of their global responsibilities? The G-7 or G-8 leaders could issue a statement, for instance, urging the US to get its fiscal house in order. NATO allies could make a similar statement. Indeed, other regional organizations, such as the African Union or the Arab League, could weigh in. Even G-20 members, were they so moved, could make a statement.

Of course, when we think about the G-20, we immediately wonder who, other than the US, could organize the issuance of such a statement. That is precisely the problem, and it could get much worse.