

ADDRESS

by

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Ladies and gentlemen, dear friends,

As I said just now by way of introduction to my talk, there seems to me to be little doubt that relations between the Western partners on both sides of the Atlantic have caught the attention of a large number of observers, at least if one is to believe what has been written in the press over the last few weeks.

This could be a purely transitional situation brought about by the installation of a new administration in the White House; whenever this happens there is inevitably a campaign portraying the outgoing administration as having been too soft in its foreign policy and, therefore, the new team is obliged to project a firmer line, particularly to the outside world. In fact, the periodic repetition of this political phenomenon is merely evidence of past strain and friction between Americans and Europeans with roots that go back a long way.

Who can deny that the confidence of Europeans in the savoir-faire of American statesmen and vice versa has been sapped considerably over the past twelve years, during which I was able to observe events from a privileged vantage point. At the same time, we Europeans have obviously not been in a hurry to take any real responsibility in the face of the crises we have encountered, which has irritated America's leaders on more than one occasion.

This trend is particularly evident among the younger generations on both continents. America's prestige in Europe has been on the wane, particularly since the Viet Nam war. Meanwhile, the Europeans, aware of their economic potential, have been concentrating more on their own affairs, and hence on defending their own economic interests.

In my view, all this is due to and would look as the relative economic and military decline of the United States but what is in fact a less important US superiority in defence on USSR and a step by step closing of the gap in economies between Europe and USA the result of which is that the allies on this side of the Atlantic regard America with increased mistrust as we enter a new decade, in a world in a state of crisis and subject to unprecedentedly sudden and large changes. It is only natural that this should make the American leaders angry for we should not forget that, leaving aside France, those same Europeans - and I am one of them - have done absolutely nothing practical since 1954 to achieve military independence.

The balance of power which was the cornerstone of détente has been upset and this is undoubtedly the greatest upheaval to have been experienced over the past decade - one which will continue to make itself felt for some time to come. The situation has undergone a considerable change since the Warsaw Pact's superior arsenal of conventional weapons is no longer offset by Atlantic forces' superior nuclear armaments. We can no longer speak of a balance of imbalances.

Ever since the Soviet Union caught up in the strategic arms stakes while retaining its undeniable superiority in conventional weapons there have been serious doubts as to whether the basic concept of the Atlantic Alliance, commonly known as the "strategy of flexible response", remains valid for the future.

Hence, the cement that has held the Western camp together ever since the post-war reconstruction period is also in danger of crumbling - I am referring here to the conviction that it was possible to make a united stand against a huge and formidable enemy, the Soviet Union and the bloc it had formed. If we add to this the success of our economies and the prosperity generated over the thirty years since the war we are better equipped to understand how all this has tended to demobilise the generations that have now taken over.

The arms stricture applies to the climate of détente created by that situation which found expression, as you know, in an agreement un hoped for by some of us - I mean the Helsinki agreements, and which created a lot of illusions and recently deceptions.

Now that the economic trend has been wholly reversed selfish national concerns have gained the upper hand again. The difference which had been smoothed over in the desire to stand together against totalitarianism have once again loomed large. Now that we are on the brink of a new decade it is imperative that serious efforts be made on both sides of the Atlantic to tackle the numerous challenges facing us. With your permission, I shall talk first of all about the path the Europeans should tread before discussing our American friends. Since I have only a short time allotted to me, I shall concentrate on essentials.

So, as far as the old world is concerned, it is high time that the different states - still at odds - stopped squabbling among themselves for what must be termed the captaincy of the second eleven, since history has shown that none of them will ever succeed in gaining lasting and stable supremacy. We must come back as soon as possible to the project for European Union which I have been fighting for the last 10 years like Dr. Genscher, the hope that we shall be able to forge a union which transcends our differences, as was envisaged by those courageous men who, at the end of the last war, understood that it was precisely this that had made America so successful. It is the only way to end the current chaos, where Europe rarely speaks with one voice and where its Member States are still very much inclined to go it alone.

It is not surprising that my friend Henry Kissinger let out an anguished cry "Who do I ring, when I want to talk to Europe?".

Meanwhile, the European states have to convince their American ally that they are prepared to take on their full responsibilities. To do this, Europe must claim its share of military responsibility and restore credibility within the Atlantic Alliance. I should perhaps mention here that I do understand the reproaches made by the Americans about the disinclination of a good many Europeans to shoulder more of the burden of military expenditure. They would rather shelter beneath the the American nuclear umbrella while criticising it for its inadequate protection. Here I should like to quote the figures recently published in the "Economist" on annual per capita expenditure on defence:

United States	<u>\$ 644</u>
United Kingdom	\$ 437
Federal Republic of Germany	<u>\$ 410</u>
France	\$ 374
Denmark	\$ 274
Canada	\$ 177
Luxemburg	\$ 134
and Japan	<u>\$ 75</u>

I do not intend to expatiate on these figures. They are eloquent enough to illustrate what I have been saying. Anyway, in my opinion one of the main tasks facing the Europeans in the years to come will be to persuade the United States that the North-South Dialogue is a worthwhile exercise. I shall not dwell on the fact that our basic economic interests and needs are opposed since Europe has no raw materials and is largely dependent on these new outlets as markets for its exports whereas the United States has ample natural resources and is less interested in the expansion of world trade. One cannot understand the nuances in US-Europe relations on the other side of the Atlantic if one forgets

- 1) geographically, as well as historically Europe is much closer to Africa,
- 2) that Europe lacks most and up to 80% of the 16 most important raw materials.

Our noblest mission will doubtless be to convince our American friends that the industrialised and developing countries' destinies are

inextricably linked. Equipping the developing countries and giving these young nations the wherewithal to ensure the well-being of their populations provide the Western industrialised nations with unprecedented opportunities. Resolute action without ulterior motives, based on the historical ties which many of these nations have with their former mother countries, will constitute the main channel for any future economic recovery. Further: economic "revival" and world security depends on that means, personally I believe that what happened in Angola, Horn of Africa, Afghanistan, Iran now more than ever to move ahead to show its endeavors to cooperate.

Lastly, I should like to add that the international role of the European Community should be expanded rapidly. Given that we are vulnerable because we are dependent on outside sources of supply for energy and other resources, and in the face of the Soviet Union's hegemonic designs, the objective grounds for a greater cohesion in the old world can also be regarded as valid reasons for Western solidarity. I do not wish to beat about the bush here - it is essential that we get away now from the present state of affairs where economic matters are considered to be the Community's responsibility and political matters exclusively in the hands of the Member States. Who would dare to claim that there is no political dimension to the excessively high interest rates in the USA or the sale of foodstuffs to Poland? It is clear that there is from the nature of the measures and the repercussions they are likely to have. Further proof is provided by the fact that the Western economic summits, in Ottawa which we shall shortly be attending, were originally designed to formulate the West's economic policy guidelines, but now deal with such fundamental issues as the balance between East and West, the role of China, and so on. So, having discussed the broad outline of the burden the European nations will have to bear in the years to come if Western solidarity is to be strengthened, I shall now go on to discuss the new approach on which American policy for the eighties should be based.

B. I shall begin by making a point that is all too frequently forgotten on the other side of the Atlantic, and that is that European unification is still very much in its infancy and naturally subject to teething troubles. Ironically enough, today it is the European Community which is the New World, young and inexperienced, in contrast to the United States whose institutions have proved their worth over more than two hundred years. I am asking my American friends to be patient and sometimes make allowances for us.

I should like to raise another aspect of the question here, and that is the United States is all too often trying to tell us which of the Community members it wants as principal spokesman.

I have been able to size up personally the adverse effects and hence the dangers inherent in the policy known as the principal nation approach. I can but repeat that the dialogue between the two sides of the Atlantic must not be limited to a special relationship between the USA and two or three traditional European powers. This approach has been taken too frequently in the past, and it has encouraged indifference on the part of the younger generations in the medium-sized and small countries and has even gone so far as to engender a trend towards neutralism. Certain political parties in these states and sometimes even in the big powers in the Alliance, feel they have been left out of important events and already bear the brand of what I described at the recent Bilderberg conference as the insidious gangrene which could soon be eating away at the whole continent. On the contrary, it is especially important that our relations be based on a genuine partnership with everyone - no exceptions allowed. I should also like to stress here the importance we Europeans attach to being considered full partners rather than satellites - even though we are ourselves convinced that some partners are not equal.

In this connection, if our American allies really wish to restore the credibility of the Atlantic Alliance it seems to me crucial that the military effort required on both sides should once again be based on a sounder understanding. This doubtless calls for better cooperation on equipment. How can one justify the fact that US industry should be supplying over 80% of the European armies' military hardware, particularly the heavy equipment and advanced technology?

Generally speaking, it is up to President Reagan's government, given its legitimate desire to see the American nation restored to an even stronger position on the chess-board of world politics, to make sure that every crisis that may arise is not analysed exclusively in the light of the East-West balance of power. The facts are often more complex and the interests at stake more diverse. This is particularly true when we remember that one major European nation is cruelly divided by an Iron Curtain. Our American friends must beware lest the raw scar admit the germs of neutralism or of "Finlandization" and should endeavour to prevent the spread of inflammation caused by illusory hopes. America apparently has many difficulties to understand that people who have been occupied by USSR troops and live in the permanent neighbourhood have not the same nature as those who live a thousand miles and more away.

I shall now say a few words on economic and trade relations between our two entities. Although less familiar to the public at large, due to the technicality these relations nevertheless require constant vigilance, given the climate of recession and unemployment. Insecurity, mistrust, autarkic withdrawal and the xenophobic reflex are very real dangers for the future of Western solidarity and cohesion. May I, as the President of the Commission, in view of the responsibilities devolving from my office, stress the absolute need to observe the rules of law which govern our relations. Together, Americans and Europeans have proved in the past that they were able to come through many difficulties hampering world trade. The Tokyo Round negotiations, which were conducted by various United States Administrations, have produced an ambitious programme of tariff cuts over the next ten years and the dismantling of non-tariff barriers. The success of these arduous, complex and lengthy negotiations demonstrated the full potential of transatlantic cooperation. These negotiations also expressed our common conviction and our attachment to free trade. Thus, without seeking to deal with the petty detail of the difficulties which have arisen in the past few months between the Community and the United States, I shall confine myself to pointing out that the outstanding problems are too numerous and will soon be too great not to justify a very serious discussion between those politically responsible.

In referring to the record of the latest high-level consultations between the Commission and the US Administration, I note that the two parties have different views on subjects as diverse as ranging from the relaunching of the North-South Dialogue to the excessively high interest rates, to name but a few. Since I became head of the Brussels executive I have sized up these problems, all of which in my view could be subject to compromise solutions. Our mutual interests alone, and that is no small matter, would stand to gain a great deal. Every day we put off the search for solutions to these problems we risk eventually shaking one of the essential pillars on which our alliance rests, namely a free and open trade system.

In reviewing these contentious issues one is bound to wonder at the fact there is no real machinery for information and consultation which would facilitate the search for such compromises.

That is what I intend to talk about now, and let no one underestimate the importance of this delicate subject if ever there was one. I chose to speak about this matter because twice since the beginning of the year I have been able to see the pernicious effects inevitably engendered by the lack of ongoing information and consultation.

First there was the, to say the least, hasty reaction of the new American Administration to Community food aid for the people of Salvador; secondly there was the unilateral lifting of the cereals embargo. In both cases it would appear that though the information procedures worked well, they proved inadequate because the information came too late, was incomplete and was not followed up. That is probably what inspired the title of the article published in the same weekly from which I took the figures referred to earlier; a title sufficiently eloquent not to need any comment: "Did you say Allies?" All this is bad for us, for the image of partners in the Third World and in Eastern Europe.

It tends to be the Europeans who insist on the need to be consulted and mostly express their disappointment at not having been consulted. What then is meant by this ambiguous idea of consultation?

Some people regard it as meaning only the need to provide information after the event: the policy of the fait accompli. Conversely, prior information enables the other party to react before the deed is done.

The same distinction may be drawn regarding consultations which may be held retrospectively with the possibility of revising the fait accompli which is the subject of the consultations; they may be held in advance but then they will be restricted to considering one another's arguments with a view to the envisaged decision, which is taken completely independently.

Finally, there is the exercise of a real right of inspection, which triggers off a suspensive effect, and prior agreement, which totally rules out any independent decision-making.

Still on the idea of consultation, in the speech I referred to this morning, Henry Kissinger distinguished between three completely separate fields of action: military integration, economic cooperation and sovereignty over foreign policy. Kissinger at the time inferred from the fact that the military security provided by the USA must inevitably lead to the acceptance by the Europeans of consultations in non-military areas, consultations which would be similar to those held in the military wing of the Alliance, that it was necessary to return to uniform structures. This argument, commonly referred to as the "Atlantic Community", was rejected root and branch by all the European states.

The machinery of European political cooperation does not allow a non-member state to be associated in such cooperation, any more than it would be able to recognize that such a non-member state has the right to appeal against decisions which cause it problems.

In order to clarify the situation, I would say first of all that, while regular consultations between allies are desirable, they can be so only on a basis of reciprocity; now there is the rub, as it has to be admitted that, given the present state of relations between Europe and the United States, the principle cannot be applied in practice with an identical effect on either side for the following reasons :

- (i) Until such time as European Union is complete the opportunities in which the United States will have to participate, via "consultations", in the formulation of new common policies on the European side - and its interest in doing so - will far outweigh any hopes which its partners might have of influencing fundamental decisions taken by the Americans.
- (ii) The structural imbalance of the military alliance prevents reciprocity since the United States does not in practice admit that its European allies have more than regional responsibility. The many warnings regarding the future development of the Middle East initiative decided on by the Venice European Council bear witness to this. Moreover, the special characteristics of nuclear strategy restrict the field and scope of "consultation".
- (iii) Differences between the American and European constitutional systems also affect the reciprocity of commitments, for, while consultations would to some extent be binding upon those involved on the European side, who are responsible for taking decisions, their partners from the US Administration would often have to refer them to Congress, which decides in complete sovereignty.

Such infringements of the principle of reciprocity will have to be considered when choosing the appropriate form for consultations in order to achieve a dialogue which is as balanced as possible.

Until the Member States of the Community have transformed the whole range of their relations into European Union, the three "Europes" - the Europe of the Community, the Europe of Political Cooperation and the Europe of the Nation States - must participate in the dialogue with the United States.

If you add to that the fact that there is no permanent administrative structure, by which I mean a political secretariat, it is obvious why both sides find it difficult to conceive at this stage of such consultations. But whatever solutions are adopted it must be clearly understood that the Europeans may, individually or collectively, express views on a particular problem which are different from those of the United States and inevitably draw the opposite conclusions. This should not be regarded as a lack of solidarity nor be attributed to the present procedures of European political cooperation. In the future we shall still have differences of opinion. Thus all our efforts should be directed at updating and making full use of existing consultation procedures with the aim of finding the maximum amount of common ground possible. In order to achieve this, all available means should be used - from the traditional diplomatic channels to periodic meetings between those who are politically responsible - always with the intention of contacting the other party before a firm decision is taken and announced publicly.

I shall state quite candidly that the difficulties which have emerged in this delicate matter partly stem from the fact that important subjects must be discussed in Europe by the ministers concerned and, as you know, once these ministers have agreed on a common attitude, there is nothing to prevent them from informing the press. This publicity, while not always clarifying the situation, hardly leaves any time for genuine consultation between the agreement on general principles and the implementing decision itself.

The situation is somewhat similar in the United States, where the decision-making process is no less complex; the corollary is that once a decision has been taken, it is very difficult to make changes in it.

Ladies, Gentlemen,

My intention has not been to give a lecture to any one, and even less to draw over-hasty conclusions. I hope that I have contributed to the discussions by providing explanations which, in my view, were necessary. I would ask you to consider how difficult it is for six, then nine, now ten and tomorrow twelve Member States to work together in concert with maximum efficiency. Do not forget that all these States have their own traditions and interests; if you add the further dimension of cooperation between them and the United States of America you undoubtedly raise a major problem, but at the same time you put your finger on a need which I for my part have always regarded as vital and which has influenced all my political activity.

That is why I should like to conclude my speech by saying "Essayons encore, let us try again".
