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EC-US RELATIONS: CONFLICT AND COHESION IN GLOBAL FOREIGN POLICY

A PANORAMA OF VIEWS

Introduction by Wilhelm Haferkamp,
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at the Eighth Annual Conference of European and American Journalists,
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I.

It is good to see so many old friends gathered here today.

We all feel the need of some stocktaking about the state of Transatlantic relations:

- Are we on the verge of a trade war,
as some of the vociferous headlines in our press
make us believe?
- Is the US on the point of "going Pacific"
and of relegating its Atlantic relationship to the second place?
- Are Atlantic relations undergoing a deep crisis?
- What improvements, if any, could be suggested as remedies?

I am certain

that after the two days of discussion that we have before us,
we will come up with some positive constructive views
to these warning questions.

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I suggest that in order to introduce the subject
we have a quick look at the three main areas
in which conflict and cohesion between us manifest
themselves, i.e.:

- trade policy
- economic and financial policy
- foreign policy.

I shall leave aside defense issues
as being outside our scope.

Let me, therefore, make a few remarks on each of these headings.

Trade is the easiest subject.

But it is the most talked about.

There is an impressive list of controversial items
where we are at loggerheads
or where we might be heading for conflict:

- C A P,
- US Export Administration Act,
- US unitary taxation,
- US safeguards measures on speciality steel
and Community reprisals,
- half a dozen GATT panels covering EC export restitutions,
EC preferences on citrus, US manufacturing clause, DISC etc.

I could go on enumerating

I could go on enumerating other examples:

but despite this impressive list of controversy I am not deeply concerned about US-Community trade relations.

I do not see any danger of trade war ahead of us,
not in the near future,
nor in the medium future.

This is not a display of naive optimism.

Still I owe you some explanation for my confidence:

- Compared to our annual volume of (visible) trade of some 100 billion \$ this year,
our trade conflicts are minor.

They touch upon no more than, let us say, 5 % of that trade and most of the conflict is being settled even before it materializes and not a posteriori.

- Both sides are fully conscious of the dangers that any trade war between us would trigger off.

Our basic reaction, therefore, has always been to avoid an outright row.

- Both, on the Community side

- Both, on the Community side and on the US side,
the Administrations in power are basically free trade
and antiprotectionist.

This is true,

whatever the protectionist pressures to which they
have been exposed.

I must pay special tribute at this occasion to the present
US Administration

for the determination with which they have resisted
protectionist pressure,

even if on occasions they have not been
altogether successful.

Our basic willingness to compromise and to negotiate
arrangements was facilitated by two facts:

- We both respect the same international rules of GATT
which none of us wants to throw over board.
- Dialogue between the US and the Community takes place
at the Community level:
one European interlocutor, the EC Commission,
negotiating with one US interlocutor,
the US government.

This is an important point.

This is an important point.

It means that resolution of conflict is taking place between two partners of equal responsibility.

Economic and financial policy is an area less easy to cope with.

Basically we have to deal with one fundamental problem:

the influence of the high US-interest rates on our economies.

And we have to do with one less fundamental, even though constant source of irritation,

the wild fluctuations of the US \$ compared to other currencies.

I do not want to discuss the respective merits or shortcomings of US or EC economic and financial policies.

We have followed different paths at different times and with different results.

But, our problems in the fields of economic and financial policies are as much problems of perception or of misconception as they are problems of substance.

Essentially, we have to address

the phenomenon of the US economy as the world's dominant economy and of the policy responsibilities which stem from this dominant role.

Economic policy priorities

Economic policy priorities are everywhere fixed on the basis of national considerations,

be they political or economic.

No economic policy-maker likes to complicate his model by inserting third country interests.

This is fine

as long as economic policy decisions have none or only limited effects on the outside world.

Nobody cares

whether Sweden or Ireland devalue or run an excessive budget deficit,

but everybody cares

about what sort of economic policy the US Administration tries to conduct.

Their decisions matter,

because everyone on the globe will feel either pinched or relieved by US economic policy decisions.

Indeed, US monetary and fiscal policy has an overwhelming influence on all national economies,

whatever the US intentions.

It is this situation

It is this situation

which renders any dialogue between us so difficult.

It becomes even more difficult by the fact

that Europeans often had the feeling of speaking against stone walls,

when they tried to obtain a different policy mix

(whether a lower budget deficit
or a little bit more of stabilizing intervention
in the exchange markets).

What then is wrong and what should be done?

I think we would be better off

if we had something like an realistic policy dialogue
between the EC and the US on questions of economic and
financial policy.

I say so

not in order to create a new transatlantic institution.

But I think

we need a substantive, even though informal dialogue,
something of the type that we have successfully set
in the trade field.

Of course, such a policy dialogue

Of course, such a policy dialogue on economic policy is much more difficult to organize than in the trade fields:

- First,

the EC as such has only limited responsibility for economic, monetary and fiscal policy.

- Secondly,

the issues are politically much more sensitive than trade issues.

Still,

I believe we should give this idea a try.

After all,

we have our own intra-European economic and monetary policy machinery

(economic policy committee, committee of central bank governors, foreign exchange committee).

Why then not organize,

let us say once a quarter,

one-day informal meetings between the few responsible top officials on the US and the EC side

on monetary, budgetary, exchange policy issues.

Such meetings should allow

Such meetings should allow

- to compare notes,
- to discover in time potential areas of conflict
- and to allow for informal advice being administered on the other side.

In the field of foreign policy we encounter fundamentally the same pattern.

On one side,

a giant US that takes action,

hardly concerned by whatever questions or doubts Europeans might have

and with little or no reflex of consultation.

On the other side,

a praiseworthy but inadequate EC effort of foreign policy coordination,

but nothing that resembles a Community foreign policy.

Thus,

there is the same pattern of asymmetry

between a "strong" US acting in unity

and an EC that speaks and acts sometimes in dispersion.

Add to the structural problem:

Add to the structural problem:

- Certain difficulties of psychology and perception,
- objective divergencies on substance.

Our psychological problems can be put in very simple terms:

Europeans

only have the possibility to criticize US foreign policy,
but are unable to really influence it,

and the more they realize their own lack of influence
the more they tend to merely criticize.

In addition, Europeans

still tend to consider themselves as the more experienced
foreign policy-makers

and to have little trust in the wisdom of US foreign policy.

Europeans:

would probably more easily submit themselves to US foreign
policy,

as they have done until the mid sixties,

if they had full confidence

that US foreign policy would always be also in the
best European interest.

On substance Europeans tend to disagree

On substance Europeans tend to disagree with the US on three major issues:

- East-west-relations

Europeans have misgivings

about what they perceive as a US line of confrontation and striving for superiority.

Europe has doubts

about the way in which this is being done.

Europe wants to preserve the basics of the détente policy,

even if it views Soviet military build-up with a great deal of concern.

- Middle East

Sharing the fundamental goal of permanent peace in the Middle-East,

Europeans have doubts on the way in which the US has approached the problem.

- Central America

Europe does not believe in military solutions.

It does not view Central America as an east/west problem, but rather as an economic and social issue.

Europeans think the US concerns

Europeans think the US concerns about the strategic role of small countries like Granada, Nicaragua or Cuba exaggerated.

I do not intend

to go into depth of any specific foreign policy issues.

Fundamentally

we have to do with a general uneasiness about the way
in which US foreign policy is being defined and implemented.

We have to do

as much with a problem of methods and understanding
as with specific issues.

What then should be done

to address that situation?

First of all, we have to realize,

that the EC, as a power to influence events, is a regional phenomenon.

We have interests worldwide.

We trade and give aid around the globe.

But our ability to exert active influence
in our own right is probably limited.

Our interests are concentrated

Our interests are concentrated on
Eastern Europe,
the Atlantic area,
the Mediterranean
and Africa.

And it is here
that Europe should take more responsibility than in the past,
and that the US should allow or rather push the Community
to play a more responsible part.

Secondly, we must learn
not always to be on the same "wave length".

It is normal,
that there is not always and on all issues full agreement
among us.

We look at the world from different view points.

Thirdly,
as long as Europe does not adopt foreign policy positions
of its own,
as long as European political cooperation has not been
firmly established,
it will be difficult to have a fruitful consultation process.

Still, I think

Still, I think the US might be well advised

if it took the initiative of improving foreign policy consultations with the EC.

Nothing could be more helpful to producing a greater unity of views, first among the Europeans themselves, secondly across the Atlantic

if Europeans were forced into an almost permanent consultation process on major foreign policy issues

in which Europe has a stake.

This must be more than mere information.

It must become a process of give and take.

And Europe must take its responsibilities.

But as long as the consultation process is inadequate and takes place between the US and 10 individual Member States,

we should not be surprised

that there is so much frustration and lack of support of US foreign policy.

III. In conclusion,

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In conclusion, I believe

that the state of relations between us is objectively better than what the media try to make us believe.

If relations between all countries were as good as between the US and the Community,

we would have reason to rejoice.

Still, we should not overlook the dangers

of drifting apart,

of misunderstandings

and of undermining the foundations of the Atlantic Alliance.

The problems we have to deal with are threefold:

First, they are problems of substance,

because we have sometimes different views of what the world should be.

I think we have to live with these.

But we should try to minimize frictions

by setting up adequate machinery for preventing and solving conflicts between us.

Secondly psychological problems.

Secondly psychological problems.

Much of our uneasiness is due
to different perception,
to lack of information and consultation.

Policy processes are, as we know,
not only a matter of logical cold interests,
but also of psychology.

We have to keep this in mind.

A permanent dialogue may help
to reduce frictions springing from this source.

Thirdly institutional problems.

I am convinced that our relations would be easier
if they were better balanced,
if the US could address Europe as one single responsible unit.

Our experience in the trade field appears to me
convincing in this respect.

30 years ago

the US have pushed Europeans into economic integration.

They have lent

They have lent their active support to the experience of the EEC.

Today Europe is feeling once again
its own inadequacy,
its institutional weaknesses.

Many people feel the need
to reach for a new stage of European - political - integration.

How could we possibly dream of European security and foreign policy
without a much more solid political infrastructure,
without a European Union?

Maybe we should once again be pushed into this new stage of European
integration from outside.

Of course,

the essential job will still have to be done by Europeans
themselves:

either we have the political will to play the role
that we think we should play on the basis of our
economic, technological and human potential

or we shall soon or later have to resign ourselves
to remain no more than a few wealthy small nations
with little say in world affairs.

I for my part

I for my part hope

that Europe will still have the courage to take up the challenge.

But whatever the outcome,

there is no option for the Community,

but on the side with the United States.

After all, fundamentally we share

common ideals and values,

common policy goals

and very largely common interests.

The only question is

whether and to what extent a more united Europe will have
a more decisive influence on policies

- security, foreign, economic -

within the Atlantic Alliance.