

Mr. Chairman, Ladies and Gentlemen,

1. In March 1957, the heads of state of Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands met in Rome to sign what became known as the Treaties of Rome which established the European Economic Community and the European Atomic Energy Community.

2. On the same day in March of last year, the European Community celebrated the 25th anniversary of that historic event, twenty-five years that have seen:

- the Community enlarged from six to ten member countries, with Ireland, the United Kingdom and Denmark joining in 1973, and more recently Greece joining in 1981;
- the establishment of a "common market" allowing the free movement of goods, services and people between the member countries;
- the development of common policies in several areas of economic and social activity within the Community;
- the strengthening of the democratic processes within the Community by the election under direct universal suffrage of the European Parliament which brings together in the one assembly directly elected representatives from each of the member countries;
- and the expansion of the Community's relations as a unit with the rest of the world, in particular with the developing countries from Africa, the Caribbean and the Pacific.

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3. With the serious economic difficulties prevailing both within the Community countries and throughout the rest of the world, this 25th anniversary was not an occasion for feasting and all-night revelling however. Rather it was a sombre occasion, which provided both an opportunity and a challenge:

- an opportunity to take stock, to feel the pulse and test the health of the Community and of the world around it, and to determine the issues requiring urgent attention and vigorous action;

- a challenge to undertake renewed efforts in developing the the Community towards greater integration, thereby fulfilling the vision and unity of purpose of the founding fathers, and contributing to the solution of the many and growing pressures facing the world community of nations.

4. A reading of the medical bulletin today would not be a comforting experience; the pulse is weak and the forecast is bleak, even if one of the world's leaders claims we are "on the mend".

Within Europe itself, while the idea of European integration remains firmly embedded in European society and represents the rejection of nationalism and war which riddled Europe for generations, there undoubtedly exists a mood of uncertainty about the future and frustration about the best way to deal with the constantly changing situation and the apparently intractable economic and social problems of the 1980s prevalent throughout the world, from which the European Community is by no means immune.

5. Indeed rarely has the world gone through more change, and greater fluidity on so global a scale. Historic achievements and major crises battle for attention, while priorities change and old enemies

become new friends. The relations between the US and Europe, whether political, economic or military, do not escape from these winds of change. In fact, you might say that this planet of ours has shrunk to a neighbourhood; it is a community so interdependent that if mistakes are made, they are exaggerated on a world scale.

6. An observer on the sidelines could be forgiven, when viewing this state of affairs in the world around him, for throwing up his hands in despair and being reminded of what Dickens wrote in another context: "it was the age of wisdom, it was the age of foolishness; we had everything before us, we had everything behind us; we were all going direct to heaven, we were all going the other way".

7. Despair, however, is not the solution to our problems. Quite the contrary. As far as the Community is concerned there is, based on the achievements of the past twenty-five years, a determination and renewed commitment to do everything possible to offset current problems and address the challenges before us.

8. How has the Community fared? Has it passed the test of endurance over the past years unscathed, and what are the major challenges it will have to face?

In the time at my disposal here today, I would like first of all briefly to outline the nature of the Community structure and point to some of the significant achievements reached and challenges ahead; and secondly to cast a critical eye on the current strains in the relationship between the U.S. and Europe.

9. The European Community cannot be compared to any existing organisation or group of nations. It is, by its very nature, unique and without precedent. In relinquishing sovereignty over several

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areas of their economic and social activity in favour of a decision-making process by institutions established at Community level, the member states underlined the reality, if need there was to prove the point, that the nation state as an individual entity which could solve its problems on its own was a thing of the past. The Community, however, is much more than a loose association of nation states; it is a community of peoples bound together through a carefully woven fabric of relationships; all aimed at promoting equality of opportunity and social justice and seeking to achieve greater integration while being responsive to the needs of the world community. The thread which weaves these constantly evolving relationships together underlines the supranational structure of the Community with its binding laws and system of checks and balances which can be likened to the American system of government and the federal/state relationship.

10. Set against these wider political motivations which underscore the organisation and development of the European Community, the Rome Treaties set out the objectives to be attained as follows:

- a harmonious development of economic activities;
- a continuous and balanced expansion;
- an increase in stability;
- an accelerated raising of the standard of living, and
- closer relations between the member states.

11. The record of achievement to date is certainly impressive when one considers the scale and diversity of problems which faced the member countries from the start. The removal of customs barriers has helped expand trade between the member states to the point where

it now constitutes well above half of their total trade, compared with scarcely one-third in 1958. Employees, traders, industrialists and, increasingly, members of the liberal professions can live and work in the member country of their choice. Customers benefit from a greater choice of goods, sharper competition between companies and increased productivity through more large-scale production. Agricultural prices are set jointly and, in this area as well, trade has expanded.

12. The process by which these objectives are pursued is essentially a law-making process. On the basis of proposals made by the Commission, which is the initiator of Community policy and the guardian of the Treaty, the Council of Ministers, consisting of Ministers or their representatives of the ten member states, approves instruments having the force of law aimed at progressively harmonising conditions as between member states.

13. The European Parliament, composed of directly elected members, the Economic and Social Committee which brings together representatives from employers, employees, consumer and other interest groups and which can be aptly defined as a legalised pressure group, and the European Court of Justice which ensures that Community law is respected by the Community institutions, by national governments and by individuals, are all an integral part of this decision-making process.

14. Many of the achievements to date affect the very fabric of European society and the improvement of general living and working conditions, whether it be the Community's social action programme, for example, which not only deals with the problems of work but is

also aimed at the most disadvantaged groups in society, the Community's industrial policy and its energy strategy, or its rules of competition and anti-trust policy which provide for the prohibition of agreements restricting competition between enterprises, and other rules governing the misuse of a dominant position;—an area of Community activity which has been marked by extraordinary dynamism. One of the most important areas of activity since the start of the Community has been in agriculture, where the Common Agricultural Policy has undoubtedly represented a key element in European integration and one of the major successes of the Community, directly affecting the income and the future of some 8 to 9 million people and determining the development of the whole agricultural and food sector of the Community. By pursuing the goals laid down for the CAP of increasing productivity, securing a fair standard of living for the agricultural community, stabilising markets, assuring availability of supplies and ensuring that supplies reach consumers at reasonable prices - goals which are very much the same as those of the U.S. farm policy, the Community has created a dynamic agricultural policy which it has adapted to meet the challenges of modernisation and structural change both within Europe and outside.

15. Another example of Community action is in the field of environmental protection. Inspired by the rallying call of the pioneering spirits of Barbara Ward and Rene Dubos, for "the care and maintenance of a small planet", the Community pooled together the resources and expertise of the individual member states and put forward the first Action Programme of the Community in the field of

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the environment which was adopted in 1973 and which has been reconfirmed twice since then. The Programme was not just another piece of paper, but provided the basis for an impressive number of achievements, not least in the adoption of a large array of legislative measures applicable throughout the Community and covering reduction of air pollution, waste, control on the marketing of new chemical substances, as well as the protection of wildlife including the ban since 1981 on the imports into the Community of the main products derived from whales, and land use, planning and natural resources. These actions have been based on the pursuit of two guiding objectives - on the one hand, proper management of natural resources, economic assets of increasing importance which are the common heritage of humanity present and future, and on the other hand, to introduce concern for quality into the conception and organisation of economic and social development.

16. All these developments serve to underline the unique nature, both from the point of view of decision-making and continuous development, of the Community.

17. Meanwhile, with a population of 270 million people and as the world's largest single trading bloc, the Community has not been oblivious to the responsibilities it must assume in the world arena.

By setting up a common customs tariff in trade relations with the rest of the world, by negotiating as a unit with the major industrial countries, with China, and with the developing countries; by encouraging the ten member countries to coordinate their foreign policies and speak with one single voice in a number of international fora, the Community has pursued a vigorous external relations policy and has woven a comprehensive network of relations with most countries of the world. Perhaps the most impressive of these is the Lomé

Convention which links the Community with over 60 African, Caribbean and Pacific countries, and which testifies to the development of a unique relationship steeped in history.

Under this Convention, which will be up for renegotiation at the end of this year, duty-free access to the Community for over 90% of ACP industrial exports plus a large amount of the agricultural exports is guaranteed. In addition, under a mechanism established in 1975, and which covers 46 commodities - mostly agricultural - ACP countries are compensated when a bad harvest or fall in price cuts their earnings from exports to the Community. European action is increasingly concentrated on individual projects and integrated rural development programmes (40% of aid to the agricultural sector between 1976 and 1981, compared with 8% previously). The former particularly benefits the poorest rural populations, providing irrigation, the building of schools etc., while the latter concern the human as well as the economic and technical aspects of development and promote basic training programmes, the exploitation of new energy resources, such as solar energy and environmentally-related development projects.

18. But, Mr. Chairman, as we stand on the threshold of the future we cannot afford the luxury of merely contemplating the successes of the past. There are many urgent and pressing problems such as unemployment, inflation, growing inequalities between rich and poor which require our attention.

By "our" I, of course, mean not just the Community but also the United States. As the West's major industrial powers, the Community and the United States face in the 1980s similar economic and social problems, especially in the areas of employment, prices, industrial policy, energy and environment and relations with developing countries.

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Their collaboration, at all levels, is therefore vital for the future of the West.

19. It is therefore rather ironic and odd to say the least that it is precisely the relations between the U.S. and the Community whose development has been supported and even nurtured by successive U.S. Administrations, that have been fraught with strains and have experienced one quarrel after another during the recent past: to put it bluntly, they are going through the roughest patch in living memory.

20. A noted contemporary Irish writer and wit, Flann O'Brien, would have described this sad state of affairs as a "conundrum of inscrutable potentialities". But not to be left undaunted, he would have proceeded to scrutinise, like a doctor his patient.

What would he have discovered?

21. First of all, that in international trade the United States and the European Community are by far the biggest operators on the world stage, accounting between them for something like a third of world trade - nearly half if you take into account trade among the Community member countries. And this means that the trading relationship between Europe and the United States is fundamental to the preservation of the open world trading system on which the prosperity of the West has depended for the last 25 years.

22. Secondly, that in spite of this, the past two years in particular have seen a growing escalation of problems and potential conflicts, with the sanctions imposed by the U.S. Administration only last year over the Soviet gas pipeline issue perhaps representing the worst offense, at least in our view. Let us pause for a moment on this controversy.

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23. Firstly, we in the Community considered that the June decision of the U.S. Administration's Department of Commerce to prohibit the export of goods and technology on oil and gas following the agreement reached between Western European countries and the Soviet Union, to be inconsistent with international law. We took exception in particular to the extraterritorial and retroactive nature of the decision. The Administration argued that without this decision high technology would flow dangerously to the Soviet Union. But this decision would in fact have simply given the Soviets a strong inducement to enlarge their own manufacturing capacity and to accelerate their own turbine and compressor developments, thus becoming independent of Western sources.

Nor could we have accepted the argument that the pipeline would dangerously increase Western Europe's dependence on the Soviet Union. Even when this gas is flowing at a maximum rate in 1990, it will represent less than 4 percent of the Community's total energy consumption. And I cannot imagine for a moment that the Administration would prefer to have us instead increase our dependence on such suppliers as Iran? There is not much evidence that they would be more dependable.

While fortunately the matter has now been settled with the Administration lifting the export prohibition, the action of the U.S. Administration in this affair caused disarray in the Western alliance and created a deep sense of mistrust across the Atlantic which could have been avoided. The Soviets were, as you can easily imagine, not displeased by this controversy which in their view placed a further wedge between Europe and the U.S.

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24. Another problem area has been, and continues to be, agriculture.

The Community remains the biggest importer of agricultural imports and had a trade deficit in agriculture in 1980 or nearly 29 billion dollars. The trade deficit of the Community in agriculture with the U.S. increased in fact from 5.8 billion dollars in 1970 to 6.8 billion dollars in 1980. That was an increase of 17% and in 1981 it continued to have a double digit increase. These facts in themselves should pour cold water over the charge that the Community is a protectionist bloc.

Most of the argument between us is not about imports into the Community but about exports from the Community to external markets. And here there is a basic difference of perception. The U.S. authorities say agricultural subsidies are bad and must be removed. We say that this is not what the international trading rules provide. The agreement came to after long and difficult negotiations in the GATT which brings together the world's main trading nations, in the so-called Tokyo Round in 1979 confirmed and elaborated a long-standing rule that agricultural subsidies are permitted providing that these did not lead to any member of the GATT obtaining more than an equitable share of world trade.

How has this worked out? First, we are not the only ones who give government aid to our farmers. In our view if you compare like with like, farm spending in the EEC per farmer is not far off what it is in the U.S. Added to that is another factor which many on this side of the Atlantic tend to forget - the fact that the number of people working on the land in the Community is over 8% of the working population (in Ireland, for example, it is over 20%), whereas in the

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U.S. it is less than 4%. Thus we have a farming population which is more than double that of the U.S. and much less agricultural land at our disposal as well.

Having said this, what has happened then to our share of world trade? Let me give an example. There have been complaints that "subsidies have helped to push E.C. wheat exports to 14 million tons, double their wheat exports three years ago, with a depressing effect on world prices". Yes, it is true that Community exports doubled between 1969-70 and 1980-81 to 14 million tons. But world trade was expanding even more rapidly. Our share actually fell from 16.6% to 14.9% over this period. What happened to U.S. exports? They did not just double. They more than doubled. They rose from 16.5 million tons to no less than 41.9 million tons - from 38.4% of world trade to no less than 44.8% of the world market. Indeed, thirteen years ago the United States exported 40% of their production - now this amounts to between 60 and 70%.

It would, as you can imagine, be difficult for us, after the hard-fought agreement we reached in the Tokyo Round about "an equitable share of the world market" to go back to our farmers in Europe when the world market for a certain product is doubling or trebling and say to them that they cannot increase their exports because this might inconvenience farmers on this side of the Atlantic.

25. In observing these contentious issues between us, Mr. Chairman, it is difficult to avoid two conclusions.

The first is that there seems to be a tendency to see the cause of American difficulties originating abroad. It is in the case of U.S. agriculture that this tendency seems strongest to us. The deep troubles of U.S. agriculture can be ascribed to a variety of causes:

interest rates, growing agricultural surpluses, a strengthening dollar and lower prices on the world markets. But the Community cannot accept that its farmers do not have a right to make a living selling overseas providing they abide by international trading rules.

A second conclusion is that the attitude and tone of voice in Washington in foreign trade policy seems a good deal more extreme than anything we have seen for a long time.

26. Mr. Chairman, all of these problems are, I believe, but symptoms of a wider malaise which we have let seep into our relationship. Support for the Community and the advancement of the European idea is official U.S. policy. Yet I cannot help but be reminded of what Robert Schaetzle, former U.S. Ambassador to the Community, said a number of years ago: "for the U.S., the Community is a series of paradoxes. Its successful development and enlargement is the fruition of American policy; yet never has the Administration been so uneasy in the face of the developing Community. We are unhappy with the burdens we carry, seemingly irritated by the impotence of small nation states, yet uneasy with the emergence of a European federation with great potential weight and power and independent ideas." He goes on to say: "While it was the political idea that originally captured American interest, today Washington has largely forgotten this element in its sour fascination with the intractable trade disputes".

27. So, it is, to say the least, unfortunate that whether it is in the economic and trade area, or in the military and defence with the emerging controversy over missile deployment and the INF negotiations,

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or over a number of highly volatile situations in the world around us such as in Latin America, there seems to be a certain lack of sensitivity on the part of the U.S. Administration over the European view point, and a not uncertain underestimation of the depth of concern over many of these issues expressed by European public opinion. These are not just fringe elements of public opinion. They reflect deep-rooted feelings across a wide section of European public opinion, regardless of political party affiliations.

28. At a time when the world requires effective leadership and increased trust and cooperation between friends and allies, we see more a conflict of interest rather than a unity of purpose, and little effort being deployed to rectify the situation, with obvious advantages for powers such as the Soviet Union.

A perfect scenario you might say for Beckett's "Waiting for Godot" where Vladimir and Estragon are waiting, waiting for the enemy and calamity to fall on top of them, the enemy being of course themselves.

29. Isaac Stern, the celebrated violinist and philosopher of music education, was once asked how it happened that all professional musicians could play the notes in the right order, but some made beautiful music and some did not. The important thing, he replied, is not the notes, it's the intervals between the notes. This is not only a wise comment about music, it's a piece of fundamental wisdom about the study of human and international relations. The important think about any process is not its isolated components; what makes them dynamic is the connections between and among them - connections made by people who understand the whole system of which

their own actions can only be a marginal part; for what may appear to be an isolated action is bound to have a much wider effect far beyond what was intended. If that action turns out to be a mistake, it could easily be exaggerated on a world scale.

30. Do not misunderstand me - mistakes are made on both sides of the Atlantic. Many of the public opinion movements I mentioned are also directed at European leaders; the unemployed, migrant workers, ethnic minorities and support for cultural diversity, environmental groups and the green party in Germany - while their very existence testifies to the strength of democracy in our countries, they also reflect the growing concern of public opinion with the problems facing the world community of nations.

31. An adequate response to the enormous and urgent challenges before us, whether it is unemployment or world hunger, will require an unprecedented degree of global cooperation and commitment. History will treat us harshly and future generations will never forgive us if we do not undertake this response.

32. In a few months time the Heads of Government of the leading Western industrialised nations together with the European Community will meet just a few miles away from here, in Williamsburg, to discuss many of these issues. Let us hope that these world leaders will not let this opportunity slip by, but will raise the level of discussion beyond the petty squabbles that have plagued our relationship in the recent past. What will be expected of them is not simply fancy words but a determination and renewed commitment through dialogue and open discussion to meet those challenges with cooperative and effective action. Only in this way will we ensure, in the words of the Faustian legend, that the end is not torment but redemption and the protection and perpetuation of the delicate balances of the planetary environment.
