

Mr. Chairman, Ladies and Gentlemen,

It is I know today the 159th anniversary of the Battle of Waterloo. I don't know if you all had a ball last night - I hope you did all have a ball last night - but let me assure you that I don't intend today to celebrate the occasion by having a battle with anyone - least of all with you Mr. Chairman or our other American friends who are my hosts or who like me are your guests today. As the Duke of Wellington himself wrote from the field 159 years ago: "Nothing except a battle lost can be half as melancholy as a battle won." And fortunately I don't think that, to look at the subject you have set me, the relationship between the EEC and the United States, in terms of an adversary relationship has ever been or I trust ever will be the most helpful way of looking at it. Our relationship is not only very different, it is also far more complex than that.

I know that 30 years ago it was fashionable in some European quarters to think of America as if she were some adolescent who had suddenly inherited vast wealth, vast power and vast responsibilities. There were some who wondered if it would all prove too much for such a young country to cope with. Well, I believe that America learned fast - and some of the lessons she had to learn were very tough indeed. And I hope no one will quote me out of context if I say that today perhaps in some ways that simile - if it were applicable at all - might be more appropriate in reverse. Today we have a very young emergent European Community - a Community which, if it can but make itself into a cohesive unit, can wield enormous
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influence. It has far more inhabitants than the United States. It does far more world trade. Its nations have far more of the world's currency reserves. It gives about as much aid to the developing world as the United States, and it provides twice as large a market for their products. It is this young Community which is having to find its place in the world, which is having to define its identity - and so it is quite natural that there are times when the United States plays the same sort of role in Europeans' psychology now as Europe played in the minds of Americans a few decades back. It is a difficult relationship because the United States draws all her roots from Europe, yet she over-shadows Europe in so many ways, militarily and politically. Europe has had to cede her place in the world order as a guiding force to America, and so it is not surprising that a Europe that is still groping for its unity should find the United States at the same time an ally, a protector and in some ways a nurse-maid and, therefore, an irritant, something to flex its muscles against, something to grate against in order to feel its own identity. And so we oscillate between different strains of this old love-hate relationship, and we see some of the permutations of ambivalence acted out within the European Community's deliberations. Those of us whose job it is, whose duty and whose privilege it is, to be interpreters of the one to the other are conscious, over and above the many solid concrete tasks there are for us to accomplish in the world together, of all the psychological complexes and colorations on both sides which don't make the job any easier.

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I remember when I came over to Brussels nearly 18 months ago we were conscious in the Commission of considerable strains in the economic and monetary domain between Europe and the United States. We were afraid also that these tensions, these irritations over monetary and economic matters would spill over into the political and military domains and cause difficulties there. It was almost one of our first jobs in the new Commission of the enlarged Community to help to contain those difficulties, to try to get an understanding about even very limited sectoral problems like citrus fruit, to assuage America's fears about Europe extending the tentacles of its special preferences, about Europe imposing reverse preferences on black Africa, and things of that ilk.

In those first nine months of last year we very largely succeeded in doing that. And certainly in all those domains which fall within the competence of the European Community we have a good dialogue going now at all levels. We have the twice yearly meetings between the Commission and the United States Administration - the last of them was in Brussels ten days ago. I have almost daily contact with Mr. Greenwald, the American Ambassador in Brussels, and the former Danish Prime Minister Mr Krag, the Head of our Washington Delegation, is in permanent touch with the American Administration. There are constant telephone calls between Brussels and Washington and constant visits between our offices in the rue de la Loi and the United States Mission in the avenue des Arts. So the Metro Station that hyphenates Arts and Loi seems to me well named. There is a very close trait d'union between us.

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But then, at the beginning of the autumn, the boot was suddenly on the other foot and - with the effects of the Middle East war and the energy crisis, with the disagreements which flared up in the winter and particularly around the energy conference in Washington at the beginning of the year - there suddenly came the threat that disagreements on military and political matters might this time spill over into our economic relations with each other. There were misunderstandings which led to hard words on both sides which I am sure are greatly regretted now.

But since then we have all seen the clouds begin to lift a little. The particular misunderstandings that arose out of Europe's relations with the Arab world have, I think, been largely dissipated and so has the question - which sometimes degenerated into an almost theological dispute - about the right way to consult each other on foreign policy issues. Thank heaven we have settled that one - and settled it not by some heavy new procedure but by agreeing both to listen to each other whenever necessary, and also to recognise that of course in the last resort each side must be the best judge of its own interest. What we will now have to do is to apply this procedure in good faith - and I am sure that the practice of living together and working together and thrashing things out together will do more for our relationship than any formal procedure

In the economic realm too some useful things have been achieved over the past few weeks. We have satisfactorily settled the contentious issues between the European Community

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and the United States that arose out of the enlargement of the Community and the negotiations under Article 24 (6) of GATT. This settlement has, of course, a certain significance for trade. But beyond that the fact that we have been able to reach it, and the way in which we reached it, demonstrate our joint resolve not to allow such matters to cloud the European-American relationship. Certainly the consequences of failing to reach a settlement could have been politically damaging.

Again, our American friends assure us that the Trade Reform Bill still before Congress stands a good chance of being passed soon, and that will give the United States Government the power to negotiate effectively under GATT for a world-wide reduction in the barriers to trade. Perhaps somewhat paradoxically I strongly feel and I know this feeling is shared by Mr. Eberle that we need these negotiations now even more ^{urgently} than we did when we all went to Tokyo last year for their formal inauguration. Perhaps the best way to steer clear of the immediate risks of a return to protectionism is to get our sights firmly on the common objective of a further liberalisation of world trade and get moving in that direction.

Thirdly it must be a source of some satisfaction to us on both sides of the Atlantic that all the OECD member nations - and that includes the Community, the United States and Canada, as well as Japan - have pledged themselves for one year not to take restrictive trade measures unilaterally to try to correct their balance of payments problems at each others' expense. All this shows recognition of our mutual interdependence, and of the need to manage that interdependence by joint decisions.

Now Mr. Chairman, I need hardly emphasise to an audience who are as involved as most of you are in the commercial and industrial life of the world just how important, just how

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vital, just how crucial is the cooperation between the United States and the European Economic Community for a world economy that is beset by new and terrible dangers. I know that you are fully aware of how much we owe to the international system of trade and payments that was worked out and built up so painstakingly over the post-war years. But there are times when, I must admit, I wonder to what extent our peoples, or even sometimes some of those set in authority, are fully conscious of how much we owe to these rules of fair play. It is under this system that we have seen the fastest increase ever recorded in the real prosperity of our countries, in the employment chances of our men and women, in the material well-being of our families, in the benefits afforded by our social services and in the improvement of our educational and cultural opportunities.

There are of course pressures on all of our leaders to try to cope on a purely national basis with the economic tempests now surging towards us. There will be a temptation for many of our countries each to off-load on to the rest the balance of payments deficits we shall be running with the primary producers in general and the oil exporters in particular. Faced with sudden crises, each country will be tempted to act on its own regardless of its neighbours and without even consulting them.

But let us be clear as to where such unilateral action could lead. From one act of national self-defence, to others following that precedent, to ever greater pressures on those who have not yet sought to defend their own people at their neighbours' expense, to reprisals, until the whole fabric of economic cooperation between nations is torn apart and comes tumbling down.

The imports and exports together of the member countries of the Community amount on average to some 37 per cent of their gross national products. When we consider the dependence of the rest of the economy on supplying the export trade and those employed in the export trade, and also its dependence on supplies imported from other

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7 from other countries, the real extent of our mutual dependence for our economic stability, our social stability, and hence our political stability, stands out. And so does the enormity of the danger, if once we should begin to slide down the slippery slope towards protectionism and beggar my neighbour policies. There could only be one outcome for us all - disaster.

The danger of nations cutting each others' throats by selfish measures of uncoordinated protectionism applies equally within the Community and also on a world scale. If we look at the trade of the member states of the Community, half their trade is with each other. But the other half is with the rest of the world - and these are largely the essential imports that keep our economies going. That is why no one in Europe should fall into the trap of naively regarding cooperation within the European Community as being in competition with, or an alternative to, economic cooperation on a world scale. That would be a totally false antithesis. Without the large areas of free trade within Western Europe (which does about half the world's international trade), the world system would undoubtedly collapse. And without a world system of economic and monetary order, the strains on our national economies could break up the Economic Community here in Europe. We need the rest of the world and the rest of the world needs us. That is the fundamental truth of the matter. /And let us in Europe never forget that we in Western Europe - together with Japan - are far more acutely dependent on

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international trade and payments, and therefore far more vulnerable to a breakdown in the world system, than the United States!

That need of course applies not only to trade and payments but to a number of vital other problems including defence and energy supplies. We should be blinding ourselves to some of the most conspicuous facts in this modern

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world if we did not recognise that there are cardinal problems that exceed Western Europe in scale. To attack such problems successfully, a united Europe is necessary, but it is not sufficient: it must itself cooperate on an equal basis with others parts of the world involved. And we in Europe must, therefore, not only improve the institutions which deal with our internal problems, but also ensure that we act coherently in foreign affairs. That is in our interest and it is the interest of the rest of the world including notably the United States. I am glad Mr Kissinger was so explicit a few days ago in reaffirming before members of the North Atlantic Assembly that "the United States wants a strong Europe. The United States has always favoured and continues to favour a united Europe."

So we in the Community owe it not only to ourselves but also to the rest of the world to make a concerted effort to get the European show on the road again. This is a time when, just because of the difficulties all about us, we must summon up a new resolve to go forward together to a politically united European Community. Our Member States must together consciously summon up the political will to arrive at common foreign policies and together they must create an institutional framework in some way grafted on to the Community which enables these policies to be effectively expressed, explained and pursued. Thus and thus only will we be able in full and equal cooperation to work with the United States, with Canada and Japan and the rest of the world, to roll back the dangers ~~the~~ grave dangers - that confront humanity today.

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SPEECH PREPARED FOR DELIVERY BY SIR CHRISTOPHER SOAMES TO
THE AMERICAN CLUB, BRUSSELS : 18 JUNE 1974

Sir Christopher Soames, Vice President of the Commission responsible for external relations, in a speech prepared for delivery to the American Club of Brussels called for two lessons to be learned from European-American relations: "First, our Member States must, together, consciously summon up the political will to arrive at common foreign policies. Second, they must, together, create an institutional framework, in some way grafted on to the Community, which enables these policies to be effectively expressed, explained and pursued".

"This is a time," concluded Sir Christopher, "when, just because of the difficulties, we must summon up a new resolve to go forward together to a politically united European Community. Thus and only thus will we be able in full and equal co-operation to work with the United States, with Canada and Japan and the rest of the world, to roll back the dangers - the grave dangers - that confront humanity today".

The outcome of any descent into protectionism and beggar-my-neighbour policies would be the same for all - "disaster" - declared Sir Christopher. In this connection it would be naive to regard co-operation within the EC as being in competition with, or an alternative to, co-operation on a world scale. "That would be a totally false antithesis. Without a world system of economic and monetary order, the strains on our national economies could break up the Economic Community here in Europe. We need the rest of the world and the rest of the world needs us. And let us in Europe never forget that we in Western Europe - together with Japan - are far more acutely dependent on international trade and payments, and therefore far more vulnerable to a breakdown in the world system, than the United States."

There had been various strains between Europe and the United States, but lately the clouds had begun to lift a little and misunderstandings that arose out of Europe's relations with the Arab world, and about the right way to consult each other on various policy issues, had been largely dissipated. "I am sure that the practice of living together and working together and thrashing things out together will do more for our relationship than any formal procedure."