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BY

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"THE CURRENT STATE OF EUROPEAN AMERICAN RELATIONS"

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1. European-American relations are currently a topic of extended, and sometimes impassioned discussion in our countries.

This, itself, is positive. It occurs, and not by chance, at a delicate time in international relations. Because of the East-West crisis, it is perhaps the most delicate time in the postwar period.

The attention that the Atlantic Alliance public is giving to European-American relations is indicative of how these relations are perceived - especially in times of tension - as essential and basic for western security, for stability in East-West relations, and for world peace.

It cannot be said, however, that objectivity and sound judgment are always used, on both sides of the Atlantic, in analyzing the different aspects of these relations. This is especially true when we deal with the Alliance's defense strategy and the divisions of responsibility within the Alliance, arms reduction, and allied response to Soviet attempts at destabilization in the Third World and to threats in Eastern Europe.

2. Let me give you my first thoughts on this.

Today we often hear about the weakness of Western democracies and their inability to react adequately to the internal and external evils afflicting them.

You will all recall, perhaps, the Trilateral Commission report on the "Crisis of Democracy." In the report, reference was made to the fragility of Western, and especially European societies. And it concluded that the times of democracy may be reaching their end.

But, on the other hand, it has also been observed that the crisis of democracy is as old as democracy itself. This is a valid observation because the dialectic within democracy helps make those societies, such as ours, aspire to the principles of freedom and pluralism.

Remaining differences between Americans and Europeans are not the result of a lack of good will on either's part. It is, rather, something inherent to our status as free men belonging to the same culture and civilization.

Therefore, these differences do not affect the essence of our common vision, but are a part of the process of exchanging ideas - which remains a positive one.

It cannot be said that the diversities between Americans and Europeans are always accurately perceived, or that differences between European countries are well perceived on this side of the Atlantic. And the very effort to reach a common position - that is, between America and the various European countries - is often viewed as a futile waste of time.

But this is not so. Each of our countries has its own traditions, needs and aspirations, making it an individual protagonist on the international stage. And the cooperation which unites us develops and enriches through constant contributions we make to each other as equals.

This is a fundamental point which is often misunderstood and boldly interpreted. This is where the roots of Western democracy's superiority over the gloomy totalitarianism surrounding it may be found - in its inherent pluralism.

3. In my opinion, European-American relations may be placed in this context.

These relations have been influenced conclusively, I believe by a change in the international picture which took place during this time, the end of the Seventies and the beginning of the Eighties. It has become obvious that Moscow no longer intends to respect the general rules of conduct between the two superpowers which were agreed to by Nixon and Breznev in 1972.

A final blow to progressively worsening East-West relations came to a head with the military invasion of Afghanistan. This cast the shadow of Soviet threat over the Gulf, and therefore, over the oil supplies vital to Western economies.

The Soviet invasion occurred in a part of the world shaken by the Iranian Revolution. The most disturbing episode of the revolution, although it ended positively, was the taking of hostages from the American embassy in Teheran.

I spoke of Afghanistan as something coming to a head. But Soviet intervention in that country must be linked to infiltration in Angola, the horn of Africa and South Yemen. These events have given Moscow's foreign policy the alarming image of open interventionism, although conveniently masked by the role assigned to the Cubans.

Not only are there threats against Third World countries but also those against the Atlantic Alliance countries, and particularly Europe, in the form of massive reinforcement of the Soviet Union's military potential. This reinforcement has become a source of tension, as an acceptable level of parity or equivalence has been exceeded, which may irreparably alter the balance of forces.

4. Finally, repression in Poland has greatly hindered the process, begun in Helsinki, of finding new ways to foster and develop fruitful and open relations between nations, peoples and individuals. It has, therefore, seriously compromised the goal of improving the very quality of East-West cooperation.

These dramatic events have altered, if not in fact upset, the rules of the game to which we were accustomed in the Seventies and to which we had strictly adhered in our relations with the East. It must be frankly admitted that, faced with

this new, radical Soviet attitude, we Americans and Europeans have been taken by surprise.

Thus the problem arises: how we will adapt to the new and changing situation of the Eighties; therefore, how we will translate the very comparable views of the Western countries on the most important international events into a more convincing and effective line of action.

5. To this end, it will be useful to examine, above all, if and to what degree the different opinions felt by the general public on both sides of the Atlantic can meet on the practical level.

It will also be necessary to examine the efforts made by the American and European Governments to develop, within the Atlantic Alliance or through direct contacts, a common ground, a common strategy on relations with the Soviet Union. Given this, we will have to see if it is possible to fill the gaps and improve the tools currently used in European-American discussions and actions.

This will mean laying great stress on three areas which, in my opinion, will test Western cooperation: East-West relations, political and economic aid to Third World countries, and the crisis of the world economic system.

6. A profound malaise is often reflected by public opinion about European-American relations. In the United States there seems to be a tendency urging on immediate test of strength with the Soviet Union. This seems to be based on the hope that contradictions within the Communist world would increase and the conviction that only by increasing tension will the West decide to take the necessary measures to maintaining a balance of power.

On the other hand, there seem to be forces in Europe which urge pure and simple cooperation with the Soviet block - this, again, for different motives: either in the conviction that only in a climate of detente and cooperation can liberal tendencies and forces develop in the East, or in the fear that a renewed cold war and an arms race will risk conflict involving, first of all, the old continent. In addition, the immoderate growth of Soviet military power and the loss of strategic superiority, which the United States enjoyed until the mid-Seventies, make the European public all the more concerned.

However, to American observers, Europe seems tempted by dangerous neutralism and pacifism is threatening the very foundations of the joint defense policy.

In the nuclear area again looking at the opinions of the general public, there is today a difference of perception and awareness between America and Europe which would be dangerous to ignore, especially in an organization like ours, founded on consensus.

Due to its specific geographical position, Europe, the old continent, appears more aware of the risks of a nuclear conflict and, therefore, some react with greater alarm to the theory that the balance, which up to now has avoided conflict, can no longer guarantee peace.

As for the economic and trade relations with the Eastern countries, there seems to be concern in the United States over the negative consequences which would result if trade were to increase between the Soviet Union and Europe. Particular attention is placed on the European countries' "vulnerability" should the Soviet Union shut off the supply of natural gas.

In Europe, on the other hand, it is felt that economic ties with the West could moderate Moscow's behavior. And the possibility of Moscow's using natural gas as a weapon is regarded with much skepticism. It is felt that the psychological impact of cutting off natural gas supplies would be extremely negative. In any case, Europe would be able to compensate for any interruption with gas supplies from other areas - the North Sea and North Africa, for example - or from alternative sources of energy.

7. Economic and trade relations between America and Europe also call for some clarifications.

On both sides of the Atlantic, major interests are at stake. They have been threatened by inflation, costs of raw materials and the rigidity of production systems. In both Europe and America there is strong apprehension about the possibilities of increased protectionist pressures, increased debates, and more restrictions leading in turn to retaliation and various types of countermeasures. Both Europe and America stress their different economic approaches, especially towards agriculture. Another example of friction is the Common Market countries' steel exports to the United States. In the current delicate reorganizational phase of the iron and steel industry in all industrialized countries, these exports are considered to be against the interests of American business, which is urging the government to adopt retaliatory measures.

On the macroeconomic level, the Federal Reserve's high interest rate policy is causing anxiety in Europe. This is a policy which, although it certainly answers the need for restraining domestic American demand, is having a direct effect on the interest rates of the European countries and aggravating their financial situations.

The American and European Governments have reacted to these diverging attitudes - which are increasingly affecting public opinion - by making an effort to develop, and I would say with positive results, a common strategy toward the Soviet Union. The Soviet Union, in fact, represents the biggest danger to the unity of the Atlantic Alliance, while on other problems, in particular the Middle East, the viewpoints of Americans and Europeans have become increasingly similar, possibly to an extent that, as we shall see, they are nearer than they have ever been before.

Within this effort at rapprochement in all fields, I must stress the positive action of the State Department and, in particular, of Alexander Haig, whose openness and commitment to peace I have been able to appreciate - both in frequent personal contacts and in multilateral meetings.

9. I now come to the Polish question, on which I would like to dwell. It is currently a central issue; not only because it is at the center of Europe and therefore affects us Europeans, but because at this moment, at least, all East-West relations hinge on developments in the Polish issue. It is a touchstone of all the possibilities for furthering East-West relations. Hence, the interest and also the delicacy of discussions and the difficulty in finding common approaches.

Two acts have defined these approaches: the January 4 resolution adopted by the European countries and the statement issued by the Alliance countries at the January 11 Special Ministerial Meeting.

Politically the European resolution was harsh. It called a spade a spade; it called repression "repression," and defined it as being contrary to the Helsinki Act.

This reference to the Helsinki Act is important. It is important because the signatories of the Helsinki Act are mainly in Europe, and because it is incumbent on the European countries, in particular, to respect this code, which governs, or should govern, the behavior of the signatory countries, although this is not always the case.

On January 11, fifteen of us unanimously recognized that, although repression originated internally, the political motivation also came from outside, from the Soviet Union, which had exerted strong pressure on Polish authorities.

I would really like to stress the similarity of views between the Western Allies. I am convinced that there could have been and there was only one decision as to the advisability of openly and clearly stating that the Soviet Union is directly implicated in the Polish problem.

10. Therefore, we have also discussed, and at length, the measures to adopt regarding both Poland and the Soviet Union.

With reference to Poland, it seemed to me that certain commentators made a distinction between the measures adopted by the United States and those adopted by certain European countries.

I must immediately say that this was not the point.

On January 4, in fact, the European countries decided to suspend the commercial credits extended to Poland, but to continue, although with certain guarantees, the supplying food aid.

On this point there was, therefore, no difference at all between the United States and the European countries.

There were some differences, on the measures to adopt towards the Soviet Union.

From the round of consultations carried out in the first days of January in the European capitals by Undersecretary Eagleburger, the need emerged to examine the problem in greater depth and, therefore, give each of our respective Governments the chance to carefully consider what to do next.

The American Administration considered that it had to take certain measures before the Special Session of NATO. I point out that, of these measures, some have an influence on European economies: for example, the gas pipeline; since European supplies to the Soviet Union include American know-how, some limitations have become necessary, due to these well-known American measures.

At that time, there was the political problem of what the Europeans should have done: that is, if they should have adopted the same measures as the Americans, or if they should have consulted with the United States and among each other to see what each of them could do considering existing legislation, political position interests of each country.

This was the approach in the NATO Communique of January 11. It, in fact, lists a suitably balanced series of measures to be discussed, in order to reach a common decision and, therefore, provides that there be immediate consultations by the experts

On these topics there are certainly some variations in Western positions.

I would judge the various stages of reaction to the events in Poland as positive. There had to be some discussion, it is true, but, in fact, the Allies succeeded in expressing a unity of intention for common political decisions, for decisions which are economically possible, and at any rate, none of the Allies took steps which would have hampered the measures taken or envisaged by their partners.

11. More generally, supposing real stability in East-West relations, our commitment continues to be that of maintaining the balance of forces in all spheres, especially militarily.

Maintaining the balance of power means for us in Europe, as well, accepting responsibilities and carrying out duties. And this is why we Italians, together with the Germans and the British, decided to install modern long-range theatre weapons on our territory, and we have also agreed to suitably increase defense expenditures in real terms.

These decisions are intended to insure the balance of forces and thus themselves represent a basic component of East-West stability.

The only way we can - with any chances of success - begin talks on arms control and reduction is with a balance of forces.

On arms control consultations between the two sides of the Atlantic have been particularly active lately. They have led, as you know, to the formulation of a joint position which has been expressed by the United States in negotiations currently taking place in Geneva with the Soviet Union on intermediate range nuclear weapons. The so-called Zero Option is a result of these consultations.

This offer must be seen in the context of the "Double Decision" adopted by NATO in December of 1979 - a decision which reflects the necessity that nuclear arms talks must not weaken the Alliance's defense capabilities, which would be fatal for all Americans and Europeans.

12. The Western countries must look at the need to equip themselves with ways to contain Soviet expansion, appropriate to the broader context of the eighties. This context involves, above all, a rethinking of the concept of security itself. Security is not only dissuasion: it also means finding the origins of the threat; it is prevention; it is reduction of conflict potential everywhere.

I believe, however, that in terms of the Third World countries we cannot reason in terms of containment alone. We must grasp the true sense of the existing tensions and local conflicts, which are outside the East-West relationship. We must first realize that different solutions exist from continent to continent, that the Western countries, and particularly the European ones, have historic responsibilities to the Third World and that, therefore, they must actively cooperate with each other to encourage stability within it.

And from these responsibilities comes the specific task of all of us! To ensure that our actions leading to peace also strengthen democracy in Third World countries or encourage democracy where it does not exist means that our actions must be coordinated and timely. In the case of El Salvador, the Italian Government, along with the other European governments, has maintained and will continue to maintain that conditions of armed conflict must be kept from spreading, and together we have supported a solution based on a dialogue between the political forces of that civil war-torn country.

The action of the Western countries - the United States and Europe - must move toward defending human rights in that troubled country and toward creating conditions for favorable social and economic development.

Development aid naturally represents an important aspect of Western strategy directed at promoting not only political stability but also the growth and well-being of the emerging nations. Government action is essential, but the role of private investment cannot be replaced as a way of transferring technologies.

It is even more important to promote a progressive integration of these countries in international trade, which in turn, presupposes the willingness of the more advanced nations to make appropriate adjustments to their economies.

15. In the context of Western contributions to overcoming local tensions, the Middle East problem deserves special mention because American and European positions have become increasingly harmonized in this area. I am referring to the participation of four European countries, including Italy, in the "Multinational Force of Sinai Observers."

European participation in the "force" must be viewed in the wide context of the contribution which the old continent is attempting to make in order to bring peace to such a tormented region, and this is why Europe could not remain uninvolved in an event which has resulted in, for the first time in fifteen years, the Israeli withdrawal from occupied territories and has given a solid basis to prospects for peace between two countries which until recently were enemies.

For this reason Italy, on the invitation of the parties involved, including the United States, has seen it necessary to make a particular effort in demonstrating the European presence. This presence - which is based on the implementation of Resolution 242 - will strengthen the prospects for peace in the region, laying the groundwork for progress in future negotiations.

In this regard, and based on the statement of the Ten in Venice and also in light of my recent direct contacts, I believe I must stress the importance which the Arab world places on the solution of the Palestinian problem - which is a central

problem a positive solution to which is considered indispensable even by the moderate Arab countries.

We consider, for our part, that the real prospect of an overall solution to the Middle-East problem is linked to the direct involvement of the Palestinians in the peace efforts. We feel that this could come about only through mutual acceptance, by both Israelis and Palestinians of the essential rights of the other, even if only de facto and conditional at first.

14. I would now like to speak briefly of the present international economic situation and, in particular, of the responsibilities which America and Europe share in overcoming the economic crisis.

A careful evaluation of the way in which these relationships are developing leads to the conclusion that, at least up to now, there has not been satisfactory coordination between these two great economic areas. Coordination has been lacking, despite the efforts and the results of the summits of the seven industrialized countries, which have been held since 1975, from Rambouillet to Ottawa. There has not been sufficient harmonization of economic policies which is a concrete expression of reciprocal solidarity, which is especially necessary in periods of crisis.

It is precisely this crisis which has demonstrated the need for a global strategy on the part of the industrialized countries concerning economic growth, employment and inflation, monetary policy, energy and trade.

The manner in which cooperation is achieved between interdependent economic systems to overcome present difficulties.

I believe that it is necessary, meanwhile, to pinpoint some short-term measures which will act to harmonize the internal demand policies of the great economic areas of the West.

The most serious problem which these areas must tackle is seen in the projection that at the end of this year the surplus of the current part of the balance of payments of the oil-producing nations will be 80 billion dollars. There will thus be a corresponding deficit of the same amount which will mainly affect the balance of payments of the industrialized countries.

This premise means that the industrialized countries of the West must re-examine the goals of their respective economic policies based on the shortfall of the current balance which each is prepared to accept. It is here that we must meet, in order

to then adapt national policies of internal demand, interest rates, exchange rates and therefore foreign trade to the projected goal.

But coordinating short term economic policies is not enough. The countries in the great industrialized economic areas must also be more aware of the developments in the world economy to know how to draw the appropriate conclusions from the gradual appearance of newly industrialized countries on the international scene.

Discussions will therefore be necessary on structural policies in order to identify the sectors in which, on the basis of a better international division of labor, they can concentrate respective efforts on industrial adjustment.

This is why I said a little earlier that we need sufficient cooperation between the industrialized countries, particularly between the United States and the European Community, but also with Canada and Japan. Everyone, in fact, must keep well in mind the danger of deterioration, which can also arise from a limited and partial solidarity.

15. We must examine what adjustments the international situation calls for and how to ensure that this solidarity is full and beneficial.

In this regard, it is necessary to bear in mind the backdrop against which we are moving. The threats to our security and, more generally, to peace are many and varied - more so than in the past, even the recent past, and they are more dangerous, and I would add, subtler.

The acceptance itself of the term "solidarity", as understood in the North Atlantic Treaty, that is, as a commitment to the allies to maintain and increase their individual and collective capability to resist an armed attack, appears insufficient and, at any rate, inadequate in regard to a more complex reality.

The crises of these past years, which have given rise, as we have seen, to a process of consultation and discussion between the Atlantic allies, certainly cannot be attributed to predetermined concepts. Nevertheless, it is this process, imposed by circumstances, under the pressure of events, perhaps more than by the will of their protagonists, which has led to a new solidarity: a solidarity written in fact, more than in solemn declarations and agreements.

And with this solidarity, there is a corresponding assumption on the part of the United States and its European allies of common duties and responsibilities, arising from the awareness that, in view of the seriousness and the complexity of the situations facing us, we must give proof of unity and effectiveness.

The problem of participation in defining and managing a joint strategy must be placed in this context - a strategy which also reflects, in the spirit of "equal Atlantic partnership," the fundamental features of our democratic, pluralistic

societies, while respecting differences, and mediating between different, and often opposing requirements.

But a common strategy, designed to safeguard as much as possible the fundamental interests of the West, cannot result from an operation which may be terminated at any time.

The very fact that it must have an effect on a changing reality proves the need for continual adjustments wise and appropriate corrections in order to respond promptly in the most suitably tactical manner to the new circumstances which are continually arising.

16. How likely is it, then, at such a complex and critical stage of international politics, that the policies of the Atlantic Alliance Governments will converge, for any length of time?

We are all of us convinced of the necessity for this convergence.

We are as President Reagan said, a strong and prosperous America, at peace with itself and with others. There is the need - I add - of a Europe, able to assume high-level political responsibilities in world affairs.

It has been said here in the United States that Europe's inability to emerge on the international scene has been "the principal and continual delusion of American postwar politics".

There is, in this evaluation, another aspect, which I consider positive: the awareness that America, facing the gravity of the international situation, can only gain if it can count on a strong and responsible partner with whom to share its basic objectives.

Today Europe is advancing, albeit laboriously, along the road to political, as well as economic integration.

The European community has become a model for the Third World countries, as well as a guide for other countries in Western Europe.

The system of European political cooperation has improved with time as well as with the thrust of international events. So, today, the formulation of common positions and the community-wide implementation, through the rotating chairmanship of decisions adopted by the Ten tend to reduce the weight of national choices, and thus announce a European foreign policy.

But today this process designed to lead to European union is still incomplete. There remains a wide margin for the action of the individual governments even though they are tending to become part and parcel of the plans for European political cooperation. Today, European countries have been able to assume their responsibilities under the terms of the Strategic-Military Alliance and assert the European presence

throughout the world. I recall, in particular, the decisions to modernize the theatre nuclear weapons and to participate in the multinational force in the Sinai. 17. It has been said that, faced with our present difficulties, we need a spark of "healthy diligence" which lets us go straight to the heart of matters.

I believe that we should bear this maxim in mind when we speak of Atlantic consultation, about which so much has already been said and written, although often superficially.

In a situation such as this, with a crisis in the Soviet system, where weakness contributes to a potential danger, with instability in developing societies, with the structural economic difficulties in the industrially advanced societies and with a Europe in the throes of difficult unification, the Allies must find a way to continually evaluate any situation which may arise.

It seems also appropriate to ask, when evaluating existing communication channels, whether they are world wide both in topic and geographical scope.

Also, I would say there are numerous formal and substantial limits to NATO discussions. They do not presently cover the entire range of political relations which have developed among the members of the Alliance.

Political consultation is a part of the summits of the seven industrialized countries. These summits, initially designed for dealing with world economic problems in the last two years, have begun to tackle - due largely to Italian requests - political topics as well. But since the summits only take place once a year, "Adjustments" - absolutely necessary to draw up and direct a common Atlantic course - cannot be made.

In the field of economic relationships, the periodic consultations between the United States and the European community commission assume particular importance in the topics they cover within the sphere of action of the latter. And we should not underestimate the different and wider role played by the Organization for Economic Cooperation and Development.

Along with these multilateral channels there are bilateral contacts, which remain valid in the current phase of European integration.

One can easily see that the way in which the Atlantic consultations are presently carried out does not necessarily lead to that convergence of allied positions which is, however, indispensable.

We must, therefore, urgently remedy these deficiencies. It is essential that the political will of America and Europe (that is the European community in its political and economic forms) must be strongly reaffirmed so that we act together in order to pursue the common ideals of security, freedom and peace. My preference is for a formal instrument.

I would propose that this common political will be solemnly re-affirmed in a text, for example, a Euro-American Friendship Pact strengthening democracy and cooperation which should, naturally, cover the political aspects of East-West relations, actions to be taken in favour of the Third World and the coordination of our economic policies.

This pact, in my opinion, should provide for periodic meetings between foreign ministers to coordinate their respective views, particularly in times of crisis.

Without in any way encroaching on the authority of either NATO or the summits of the industrialized countries, this would provide continuity in the discussions and contacts that are necessary to ensure prompt implementation of summit directives.

Achieving this new framework for European-American relations would - I am certain - make these relations more harmoniously and would be in the interests of peace.

The European community countries recognize their share of international responsibilities, and the need to actively consult with a strong and committed America so that the next generations may enjoy freedom in a democratic future.