

The year of Europe

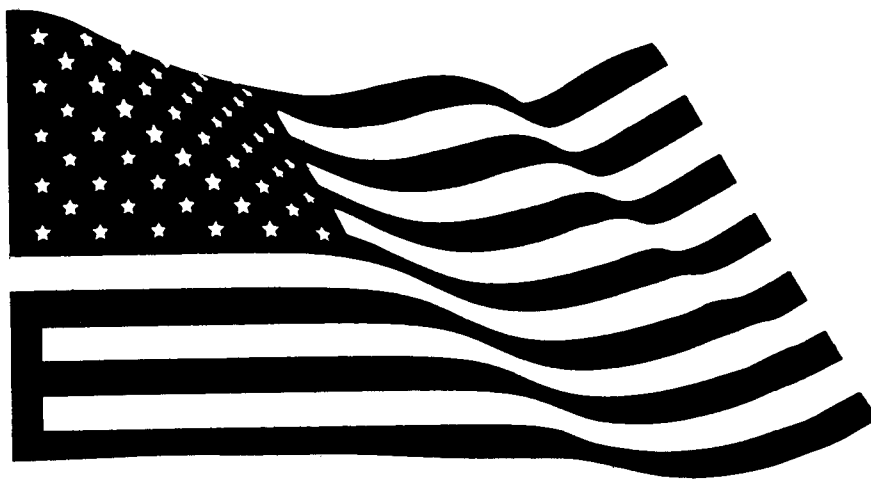
Prospects for American-European relations

Is 1973 the 'year of Europe'? The question is now being asked on both sides of the Atlantic. What can be said with some assurance is that the next eighteen months will see the beginnings of a new phase in relations between Europe and the United States. The enlargement of the European Community has coincided with the break-up of the monetary system created immediately after the Second World War, and calls for a redefinition of the relationship between Europe and America – a redefinition which is bound to include political as well as economic issues.

In these articles reprinted from the June 1973 issue of *European Community* three experts discuss the prospects. Leonard B. Tennyson, Director of the Community Information Service in Washington D.C., feels that future American administrations will still continue to react favourably to the idea of an integrated Europe despite the fact that less than half of Americans know what the European Community is. David Fouquet marks the steps so far taken in getting to

grips with the problems that divide Washington from Brussels. And Pierre Uri, one of the inventors of the European Community, takes a somewhat pessimistic look at a situation where psychological obstacles may weigh more heavily than the facts.

Perhaps, as George Ball has recently put it, the difficulties are caused rather by a lack, than by an excess, of European unity. Relations between the new Europe and the United States will be easier when the former's unity is demonstrated not only in trade but in other areas, too. A Europe assured of its own identity will be able to negotiate with enough self-confidence to make concessions when they are required and with the consciousness that, in the negotiations soon to get under way in the General Agreement on Trade and Tariffs (GATT) and the International Monetary Fund (IMF), all concerned have everything to gain from success and everything to lose from failure.



Dialogue not dispute

Pierre Uri

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According to Mr Nixon and Dr Kissinger, 1973 is to be 'the year of Europe'. In a sense, this is beyond dispute – especially if Eastern Europe is included. This year sees five negotiations: the new stage of the talks about strategic arms (SALT); the beginning of talks on force levels (MBFR); the European security conference (CSCE); the monetary talks; and the preparation of trade negotiations. But *vis-à-vis* Western Europe alone, the phrase 'the year of Europe' sounds both obscure and faintly menacing.

Can Europe be convinced that the shock tactics of Mr Connally, who suddenly suspended dollar convertibility and imposed a surtax on American imports, have really been abandoned? And on the other side, watching Europe make its free-trade or preferential arrangements with the European neutrals, with Africa, and with the Mediterranean countries, can America avoid the impression that the Community is hospitable to everyone except the United States? Contact, at least, is maintained when the President meets the member states' national leaders. Would it be possible to arrange a meeting between him and them, and the Community's executive, all together in Europe? Everyone keeps insisting that technical obstacles must be overcome by an effort of political will.

The dangers

On every side there are risks. In default of agreement on defence, will Congress not follow Senator Mansfield's call for a withdrawal of US troops from Europe? In default of successful trade negotiations, will it not be led into protectionism, imposing quotas on 'sensitive' imports or banning them altogether? In default of a monetary settlement, will Europe not be in danger of imposing an import surtax if the dollar slips still further? Dr Kissinger tells us that the President will not unilaterally reduce US forces in Europe: but the precondition is a fair sharing of the burdens. And he points out that all these subjects – security, trade, monetary policy, and even energy policy – are interlinked. So what Europe fears is a kind of global blackmail, with Europe forced to make trade concessions in order to maintain her security.

Both Edward Heath and Willy Brandt, during their visits to Washington, tried to keep these subjects in their separate compartments, and to ensure that they be treated on their respective merits. Yet there is inevitably a link between trade and monetary policy. The United States seems to feel that countries in balance of payments surplus should lower their tariffs; Europe points out that the depreciation of the dollar has in effect nullified American tariff cuts and undermined existing European tariffs. The trouble is that here the attitudes in question

are diametrically opposed. The United States claims that it cannot accept a new international monetary system until its balance of payments is righted; Europe argues that monetary matters cannot be left to drift, with all the danger of crisis that this implies, during a trade negotiation that could take several years.

The difficulty is not one of principle. The European summit communiqué and the joint US-European declaration called for trade liberalization and expansion. The fact is that Europe has in no way suffered from the unprecedented tariff cuts resulting from the Kennedy Round. There is no point in stressing that Europe is not making demands: her exports and her balance of payments continue to improve – as do Japan's, only more so. If progress is needed to prevent a sudden wave of protectionism in America, such progress would benefit Europe. What, then, is the real situation?

The US balance of payments

The United States seems to hold other countries responsible for its balance of payments problems – either because of the cost of keeping troops in Europe or because of trade barriers. But the burden-sharing for which Americans call is hard to translate into figures. There has been no serious attempt to calculate military expenditure on a comparable basis. So long as the United States was fighting in Vietnam, it was a separate item. But it may well be that, in order to get them past Congress, the Administration slips into the defence budget some research projects that benefit the economy as a whole – whereas Europeans sometimes do exactly the reverse, although for similar reasons. How can one compare high American pay with the token wages paid in France and Italy? And if the United States have now reduced their military expenditure to 7 per cent of GNP, should other countries devote the same percentage to it, or should there be a sliding scale based on wealth? Again, more simply, can Europe not lighten the currency burden that America assumes? Perhaps; but she could well argue that she lends and continues to lend far more than America spends, and that her losses through the accumulation of dollars are really a kind of permanent repayment.

More direct opposition is aroused by the American claim that a trade negotiation would ease the US balance of payments. After all, it's argued, concessions must balance each other out, and in any ordinary negotiation one would expect American imports to increase on the same scale as American exports. Here, however, caution is needed. In the past, 'balance' of this sort was based on the volume of previous imports: but it would be much more meaningful

to try to work out the potential increase of mutual sales that any given set of tariff cut would make possible. Europeans doubt, with some justice, whether a country that make \$8,000 million a year from its overseas investments ought really to seek a trade surplus a well. Perhaps too much incentive is given to US investment overseas, and not enough to overseas investment in the United States. For example, the US tax authorities make overseas losses deductible, only tax profits if they are repatriated, and at the same time tax the income of overseas investors. Europe has no desire to finance American investments by accumulating non-convertible dollars, or to facilitate them by limiting her own exports and contributing to a US trade surplus which would threaten employment in Europe through an American invasion of the market.

Non-tariff barriers

Nor are matters made easier by the scope of the negotiations themselves. The Kennedy Round essentially dealt with industrial tariffs, and left agriculture aside. This time, there are no clearly established principles regarding the basis of the tariff cuts to be made. Non-tariff barriers – quotas, public tenders, state enterprises subsidies, tax concessions, etc. – are growing in importance, especially as tariffs fall. GATT has recently listed 800 types of non-tariff obstacles to trade. It has also been suggested that high tariffs should be cut more than low ones, in order to reduce effective protection rather than nominal duties. Indeed, an industry may be more protected in effect if there is less protection on its imports of raw or semi-finished materials, since the value added will be that much greater than it would be at world prices. This means that tariff structure is as important as the non-tariff barriers themselves. But, here again, the mathematical problems are formidable.

The atmosphere is further worsened by the ambiguous nature of the powers the President is seeking from Congress: to raise tariffs as well as to lower them. And America, so long the apostle of non-discrimination, is now seeking the power to retaliate selectively in those cases where, in US eyes, other countries are not sufficiently open to American exports. One such clause may be aimed at Japan: but it's no secret that Europe may also be threatened if she fails to give satisfaction on agriculture or on reciprocal preference arrangements with her neighbours and associates.

These are two areas in which passions run the highest and political considerations carry the most weight.

Does the CAP fit?

In reality, agriculture is the field in which the United States can most justly claim that restrictions imposed by others are partly responsible for her deficit. With production costs lower than her competitors, as far as large-scale crops are concerned, she could well earn several thousand million dollars more. True, America too has shown protectionist tendencies, in particular as regards milk products. And if wealthy cotton producers and Texas oil magnates have long been regarded as an important political element in Washington, it should be easy enough to establish that peasants from Corrèze, the Eiffel, or the Italian South are important too. Nevertheless, the negotiation should be a chance to ponder. It is not a case of trying to please America or to yield to American pressure: Europe has other reasons to wonder whether the present agricultural policy is the best for her least favoured farmers, for her poorer consumers, for success in the battle against inflation. In the present situation, it would actually be to Europe's advantage if she spent less on supporting grain prices and thereby made meat production more attractive. But Europe must also look to the world. Forecasts have fluctuated lately between predictions of famine and hopes of abundance: but today, drought is once again ravaging large stretches of the Third World.

Europe's 'special friends'

On Europe's relations with Africa and the Mediterranean countries, the United States objects not so much to the preferences that Europe grants to them as to those that they grant to Europe. Does anyone really believe that these 'reverse preferences' are needed to safeguard the self-respect of the associates? The fact is that reverse preferences reduce the range of choice open to purchasers in the associated countries, and thereby take back a part of what has been offered. Now at last the United States

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is thinking of granting generalized preferences to the Third World. Here, Europe pointed the way, however restrictedly; and the United States are in danger of excluding from the system those very products which are most important to the poorer countries. But, even worse, America plans to exclude from it altogether those countries that grant preferences to the developed countries. Once again, this threat should not be the decisive factor for Europe: but Europeans ought to reflect on the wisdom of some aspects of their policy.

Do as you would be done by

This is not the time for slogans. Dr Kissinger hit the headlines with his proposal for a 'new Atlantic Charter'; but Willy Brandt observed with some irony that if it took three days to write the communiqué about a political meeting, it would take more than three months to draw up such a Charter. Nor is it necessary. The North Atlantic Treaty is very flexible; and a new Atlantic Charter would, among other things, make an apparent contrast with the *Ostpolitik* that both America and Europe are pursuing. Nor should we be up in arms because Dr Kissinger has accused Europe of concentrating on regional interests. In fact, he reminded Europeans that the United States would like Europe to recognize her world responsibilities. If Europe were to equip herself to have a foreign policy, this would be a far better response than pained or angry rhetoric.

The time has come for Europe calmly to recover the inspiration that prompted her first efforts at unity. At that time, no country was asked to renounce anything essential: all they were asked to recognize was that they must do as they would be done by. We now have a new opportunity to apply the same logic. Rather than retorts or threats, it is this that should guide and arm the Community in its future negotiations with the world's greatest powers.

'Year of Europe' in full swing



David Fouquet

The 'year of Europe' is in full swing.

President Nixon has received and held bilateral talks with Italy's Premier Giulio Andreotti, Britain's Prime Minister Edward Heath, and German Chancellor Willy Brandt, and met French President Georges Pompidou in Iceland. The US President will be returning their visits this autumn.

Both the Community and the United States have started their preparations for the international trade negotiations that are due to begin in September in the GATT. To participate in the trade talks, the European Community and the United States must obtain negotiating mandates according to their respective procedures. The Commission submitted its outlines in April to the Council of Ministers. In a broad statement of general goals for the Community during the negotiations, the Commission focused on tariffs, non-tariff barriers, agriculture, developing countries, and safeguard clauses. (*European Community*, May 1973).

President Nixon's trade reform bill, sent to the Congress in April, sought authority: to

participate in the negotiations; to restrict imports as well as reduce trade barriers; aid workers and industries harmed by import competition; apply generalized tariff preferences for under developed countries (similar to those already granted by the Community); and accord most-favoured nation status to Communist countries.

Last month the Community Council of Ministers and the US House of Representatives began to study the respective trade proposals before them.

Other negotiations

The 'year of Europe' will also be marked by other sets of international talks that will affect the Atlantic relationship.

★ On the monetary front, 20 nations are trying to draft at least preliminary proposals to reform the world monetary system by the time the International Monetary Fund holds its annual meeting in Nairobi in September.

★ On the military front, the United States and the Soviet Union have begun discussions in

Vienna on the second phase of their strategic arms limitation talks (SALT). These may directly involve tactical nuclear weapons stationed by the United States in Europe or generally affect the US resolve or ability to continue to shield Europe with its nuclear arsenal.

★ Also, 12 nations from the North Atlantic Treaty Organization and seven from the Warsaw Pact have opened talks in Vienna on mutual and balanced force reductions in central Europe.

★ On a broader scale, 34 Atlantic and European states are preparing in Helsinki a conference that could open in July on European security and cooperation and could affect trade, political stability and East-West cultural scientific contacts.

Call for new 'Atlantic Charter'

The American send-off for the year of Europe was given on April 23 when US Presidential adviser Henry Kissinger, in a rare public address, proclaimed the need for a 'new Atlantic Charter' before the end of the year. The proposal was intended to be a significant initiative – some compared it with the address 26 years earlier by Secretary of State George C. Marshall that launched the Marshall Plan to reconstruct war-torn Europe.

Following the mixed initial reception to the Kissinger speech, it is unclear whether his call will result in a concrete set of guidelines for a new relationship between nations, a set of platitudes, or no document at all. Speaking for the President, Dr Kissinger proposed that 'by the time the President travels to Europe toward the end of the year, we will have worked out a new Atlantic charter setting the goals for the future.' He added that to be viable, 'Atlantic' solutions must include Japan.

Dr Kissinger observed that 'In the forties and fifties the task was economic reconstruction and security against the danger of attack. The West responded with courage and imagination. Today the need is to make the Atlantic relationship as dynamic a force in building a new structure of peace, less geared to crisis and more conscious

of opportunities, drawing its aspirations from its goals rather than its fears.'

He said President Nixon would deal with Atlantic problems comprehensively. 'The political, military and economic issues in Atlantic relations', he continued, 'are linked by reality not by choice nor for the tactical purpose of trading one off against the others.'

In the course of his address, Dr Kissinger touched on the major elements of Atlantic relations. In the military sector, he said, America remained committed to 'doing its fair share,' and was 'adamantly opposed to unilateral withdrawals of US forces from Europe.' Nevertheless, he added, 'we owe to our peoples a rational defence posture, at the safest minimum size and cost, with burdens equitably shared.' He reassured Europe that troop-reduction talks between NATO and Warsaw Pact nations were not a subterfuge for US troop withdrawals regardless of the consequences.

Although the United States would continue to support the unification of Europe, he noted that 'Europe's economic success and its transformation from a recipient of our aid to a strong competitor has produced a certain amount of friction.' He added that the forthcoming world trade negotiations in the General Agreements on Tariffs and Trade (GATT) and monetary reform talks were a historic opportunity. But, he warned, they must have the guidance from top political leaders lest they become dominated by competing economic interests and pressure groups. America regarded 'these negotiations not as a test of strength, but as a test of joint statesmanship,' he said.

Détente with Communist states

He also foresaw that the United States would continue its efforts at détente with Communist states, but assured the US's allies that 'we have no intentions of buying an illusory tranquillity at the expense of our friends.'

US officials later told the press that Mr Nixon visualized the signature during his visit to Europe of a document of principles between the United States and Europe, similar to the statement signed between the United States and the Soviet Union on the occasion of Mr Nixon's 1972 visit to Moscow. That declaration was a broad statement of principles to guide US-Soviet economic, political, security, scientific and cultural relations.

European reactions

Official response by European governments to date has been sparse. And much press reaction has been reserved or sceptical. However, some of Dr Kissinger's proposals were not far from those made a short while before by Commission President François-Xavier Ortoli, British Prime Minister Edward Heath and Commission Vice-President Sir Christopher Soames.

In a speech to the European Parliament on February 13, President Ortoli stated that US-Community 'difficulties, however natural, will be less important than the mutual advantages to be gained from the whole body of our relations with each other.' He also agreed that these forthcoming trade negotiations would be complex but would be a 'test of truth for the participants.'

During a visit to Washington Mr Heath on February 1 agreed to the linking of certain disparate elements of Atlantic relations when he observed that 'it is not possible to think

of these (economic and monetary) issues entirely in isolation.' He cautioned, however, that 'we must ensure that progress in one does not need to wait on detailed decisions in another.' On the question of military burden-sharing, raised again by Dr Kissinger, Mr Heath commented: 'We certainly recognize that as the relative economic strength of Europe increases, so too should the share of the common defence burden which Europe bears. Already we have shown that we intend to improve our defence effort.'

The inclusion of Japan in the European-American dialogue was also foreseen in a speech by Commission Vice-President Sir Christopher Soames on April 5. 'It may be healthy,' he noted 'that the bilateral European-American relationship should be reinforced by a subtler triangular one in which Japan is brought on the same basis into our consultations on trade, on money, on the crucial and pressing issues of the world's future supplies of energy, on research, on international investment, on development aid and on whatever else is of their concern as much as ours.'

Although many of the points in Dr Kissinger's speech were not radical trial balloons, the idea of imposing a deadline at this moment to codify policy guidelines was not greeted with enthusiasm.

Perhaps the warmest comment came early from NATO Secretary Joseph Luns, who termed the Kissinger address 'a far-reaching concept' requiring careful study. He forecast that Europe 'will respond positively to this worldwide initiative and it will prove an important element in revitalizing and updating the transatlantic relationship.'

France noted its 'interest' in the proposal and said it deserved 'attentive study'. A French spokesman said the French examination would be undertaken 'in the spirit which has always been ours, that of faithfulness to the alliance in the context of respect for our independence.' On May 10, French Foreign Minister Michel Jobert joined others who did not want the various negotiations due this year to be strictly linked.

Mr Heath last month said the emergence of Western Europe made necessary a new definition of relations between the Nine, Japan and the US. Britain would respond positively to the Kissinger call, he said.

British Foreign Secretary Sir Alec Douglas-Home also promised a positive British contribution to the Community's reaction, but added 'In an ideal world we would have chosen a different time scale. We would have preferred that the new Community of Nine had time to shake down and find its way to common positions with greater deliberation. The pressure of events on both sides of the Atlantic and in Japan obliges us all to quicken the pace.' Sir Alec observed that 'an economically strong and unified Western Europe may create some awkward cases of competition for the United States, but a weak and divided Western Europe would be a dangerous source of instability.'

A strong reaction came from Germany. Herbert Wehner, deputy chairman of Chancellor Willy Brandt's Social Democrat Party, was quoted as saying that the Kissinger proposals seemed like 'an outline for a monster'. During Chancellor Brandt's official visit to Washington on May 1-2, he dashed cold water on the 'new Atlantic charter' suggestion by calling at least for a delay in its consideration.

Soames's seven principles

Without labelling it as such, Commission Vice-President Sir Christopher Soames on May 8 provided what could be a blueprint for the proposed charter, if it is ever written. In a speech to a European Parliament session attended by a delegation from the US House of representatives, he drew a line between the Kissinger plea for overall political control of all the negotiations and direct links between the talks. He also rebuffed a charge in the Kissinger speech that the Community had a 'regional' outlook.

Although he professed reservations about documents and institutionalized dialogues, Sir Christopher outlined seven 'cardinal objectives we share' that could form the nucleus of a new Atlantic charter:

- ★ A commitment 'to uphold our common democratic political traditions';
- ★ Making the world safe 'against injustice, violence and aggression';
- ★ Seeking peace and cooperation with 'those whose collective aspirations differ from our own';
- ★ Acknowledging 'our joint responsibilities towards the poorest parts of the world';
- ★ Further liberalizing world trade;
- ★ Seeking to build 'a sounder monetary order';
- ★ Joint action to protect the environment and energy reserves.

Press comment

Newspapers were generally cool in their comments. Some, on both sides of the Atlantic, raised doubts that in the wake of the Watergate affair Mr Nixon could defend his recently presented trade bill in Congress or his vow not to cut US troops in Europe. *The Guardian* noted that it might be extravagant to compare the Kissinger proposals with the Marshall plan, but added 'the answer to Dr Kissinger's main question, does Europe want to join America and Japan in seeking common objectives, is a clear and resounding, "yes".'

Monnet group's call for two experts

Another major reaction came out of a meeting in Brussels on May 3-4 of the Action Committee for the United States of Europe, headed by Jean Monnet, the founding architect of the Community. The Action Committee urged the Community to 'respond actively' to the Kissinger proposals and suggested the appointment of two independent personalities by the Community and the United States to make an inventory of the commercial and monetary difficulties between the two sides of the Atlantic.

The group also passed a resolution stating that the most urgent tasks facing the Nine were to make progress towards economic and monetary union and to ensure that the discussions between the Community and the United States took place on a basis of equality.

Interest in Atlantic relations has not been so acute for many years. What it will lead to is far from clear. Some sceptics recall a previous American appeal for a new Atlantic relationship that went partly unanswered. In 1962 President John F. Kennedy suggested a 'declaration of interdependence' between Europe and the United States and a new 'Atlantic partnership'.

But even if the formal signing of a 'charter' does not take place, perhaps during Mr Nixon's visit, both sides clearly want to end the bickering over trade and troops.

Soames: EC policies not 'regional'

Commission Vice-President Sir Christopher Soames, in charge of external relations, answers questions put to him by EUROPEAN COMMUNITY.

President Nixon's 1973 Foreign Policy Report to Congress suggests that the Community pursues increasingly 'regional economic policies while seeking to preserve American protection in defence and an undiminished political commitment to European unification.'

Is Europe trying to have its cake and eat it? Certainly our political commitment to European unification is undiminished, and I am glad to see that the United States commitment to that same political objective has just been reiterated by the President himself.

Certainly we shall continue to see our defence and that of the United States as part of a cooperative endeavour with the United States in which each benefits from the efforts of the rest, and each must play his honourable part, sharing risks, costs and burdens.

But the Community is not increasingly pursuing regionalism. It is increasingly pursuing global objectives. Without its existence, the

Kennedy Round could not have been engaged and could not have succeeded.

The Community was the first to institute a generalized preference scheme for the benefit of developing countries.

And our member states yield to none in the proportion of their national product that flows to the Third World for its development.

As we grow in strength and unity, so will our worldwide responsibilities. We intend to do our utmost to live up to them.

In his 'Atlantic Charter' speech on April 23 Dr Henry Kissinger said President Nixon would seek 'to deal with Atlantic problems comprehensively'. He added: 'The political, military and economic issues in Atlantic relations are linked by reality, not by our choice nor for the tactical purpose of trading off one against the other'.

Isn't the Community handicapped because it cannot speak with one voice on all three aspects? Yes, certainly the Community is handicapped because it speaks with one voice so far really only on trade.

But our member states have recognized this and pledged themselves to achieve a European Union by 1980. That is an urgently necessary objective. It will allow us to act as a unit in monetary matters, on energy questions, and, I trust, more and more also in foreign policy.

We in the Commission have long argued that the coming trade negotiations can succeed only if we bear in mind that they form part of this great complex relationship in which many other wider political considerations are equally involved, and that these negotiations, technical though they may be, are of prime political control.

On the other hand, it would be mistaken to argue, because these problems are interrelated, that they should therefore all be lumped into one big basket and dealt with together in a single negotiation; that all issues, regardless of their

intrinsic time-scales, have to be tied up by a single deadline; that every solution for any one must be conditional on solutions for them all; and that the difficulties in any one should block progress in the others.

Certainly all these problems call for overall political direction and management. But to force into a single forum all the diverse questions we confront, far from simplifying their solution, could complicate and exacerbate them.

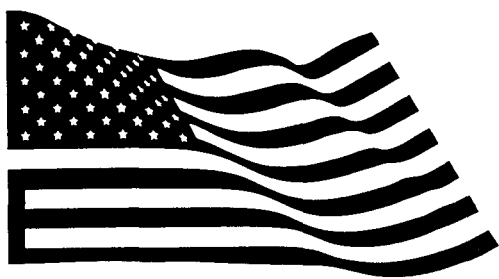
President Nixon's visit to Europe in the autumn will provide a most welcome opportunity for meetings at the highest level, where our interrelated problems can be treated in political perspective and our ways of approaching them coordinated. That is the sort of overarching political control which is so essential in the face of the many and abrupt changes which have played on our relationship.

Would you agree with a comment in the NEW YORK TIMES that the next round of world trade negotiations will differ from the Kennedy Round because the emphasis will be on 'safeguards' that amount to temporary restraints on free trade, rather than on the expansion of world trade through more liberalization?

Safeguards will figure, of course, as they must do if we want to liberalize trade in general: but we are proposing that any more flexible safeguards procedures should be placed under close international supervision and must be operated according to strictly defined criteria.

In our approach to the trade negotiations we lay the chief emphasis on positive measures: on reciprocal trade liberalization, on the reduction of tariffs, on the elimination of non-tariff barriers to trade, on increasing trade in agricultural products, and above all on ensuring that the developing nations of the world reap a major benefit from whatever the developed countries in these negotiations agree to do amongst themselves.

The US looks to Europe—still



Leonard B. Tennyson

Mr Tennyson is Director of the European Community Information Service in Washington, DC

From 1945 to 1973, time and events have altered and loosened the ties that bind the Atlantic nations. The 'postwar era' is gone. It expired some time in the sixties. Historians have still to pinpoint the circumstances and time of its death. There are those who are distressed by its departure. It was founded upon comfortable assurances. Two superpowers simplified the task of global stability by their bipolar interaction and their patron-client relations with

allies and neighbours. It appeared to be a world of linear political equations and uncomplicated economic truths.

Today, a convenient label has not yet been found to describe the ambiguous, complex, and changing multipower world of the 1970s. New conceptual frameworks are being sought by nations to contain policies for the new era. Among these is the search by the United States for a proper place for old allies and a new power - Western Europe - in the shaping of a new global policy.

Eurocentrism

The plight of the ravaged nations of Western Europe, allies and foes alike, found ready and sympathetic response from Americans at the war's end. When private and international relief efforts could not match the need, Secretary of State George C. Marshall's proposal in June of 1947 marked the US government's recognition of the inseparable fate that linked Europe and the United States.

The generation of men who helped shape US foreign policy after 1945 were distinguished by two particular characteristics. First, they were well armed with plans and ideas, formulated during the dark war-time years, for restructuring a world wherein obsessive nation-

alism and the threat of war could be lessened. Second, the 'world' they saw lay to the east, across the Atlantic. It was Europe.

Early expectations were that a revived Europe would of necessity be made up of states 'acting in concert'. Official papers, often seeming to reflect the views of Jean Monnet, and the pronouncements by Marshall Plan leaders, stressed the need for a European customs union or an economically united Europe. Congressional leaders went further, with some espousing a 'European federation' as a suitable guarantee that Marshall Plan aid would be politically as well as economically effective.

Well-wishers for Europe's future were also among the editorial writers, journalists, businessmen, and trade union leaders of the day. Consequently, when M. Monnet and Robert Schuman proposed the Coal and Steel Community in 1950, it seemed an expected fruit, albeit modest, born of US aid and hopes.

Thus, in the late forties and early fifties, a vital cornerstone of US foreign policy was laid: support for the integration of Western Europe. Successive administrations of both American political parties endorsed this policy, which became the most durable and consistent of the many stances the United States adopted *vis-à-vis* the rest of the world for the next two decades.

Appraisal, options, and partners

American hopes for speedy economic and political integration in Europe soared in the early fifties when the European Defence Community (EDC) was proposed by France and quickly embraced by the United States. Here at least was a political solution to the vexing problem of Germany. Yet, when these hopes were dashed in August 1954 by the French National Assembly, John Foster Dulles' earlier warning of an 'agonizing reappraisal' of US policy toward Europe failed to materialize. Not even the 1956 Suez crisis and the accompanying Anglo-French misadventure in the Middle East swerved US European policy from its course. Europe's economic well-being, and with it political stability, were already visibly restored.

When the European Economic Community became a political possibility a year after Suez, the United States stood at the fore-front of its supporters. British leaders warned privately against the continental monster being fostered by US policy, but the Eisenhower administration turned a deaf ear. The Americans merely regretted that Britain had chosen not to join the 'Six' in their bold new endeavour. They ventured the opinion that the British option of a free trade association would be a dead-end street.

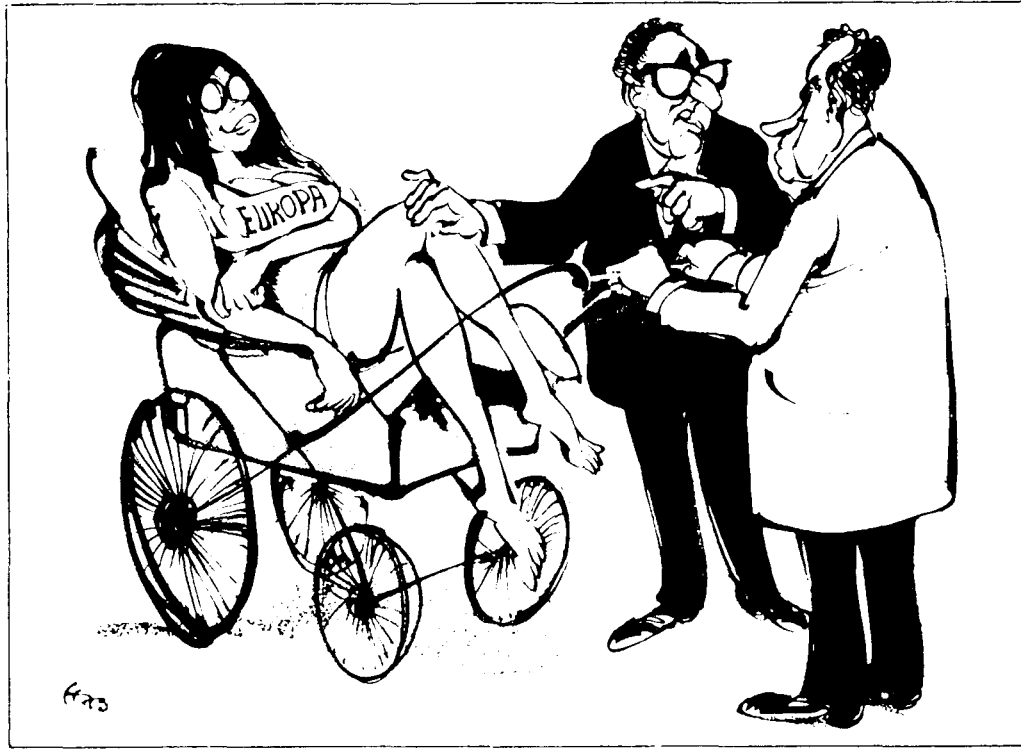
When John F. Kennedy came into office in 1961, his was generally regarded as the first postwar administration not oriented toward European affairs. The Cuban missile crisis and Kennedy's confrontation with Nikita S. Khrushchev in Vienna quickly overcame that misperception. The Administration immediately moved to strengthen its ties with Europe and reaffirm its faith in an integrated Europe. 'Atlantic partnership' became a popular catchword, and his 'declaration of interdependence' became a new 'grand design'. The Trade Expansion Act, leading to the Kennedy Round negotiations within the General Agreement on Tariffs and Trade (GATT), became a more palpable manifestation of American regard for an emerging European entity in the form of the European Community.

French President Charles de Gaulle's veto of the United Kingdom's membership of the Community in 1963 doused American optimism for Europe with icy water. Yet, it was France under de Gaulle toward which US policy showed reserve and the polite restraint rather than to the European Community. France's cold-shoulder to the North Atlantic Treaty Organization confirmed the trend. The postwar Atlantic world had indeed changed. The old client-patron relationship was shifting. Things would never quite be the same again.

The curtain may have fallen on the postwar era in May 1967 when the United States and the European Community emerged from their three-year GATT negotiation. By reducing global tariffs to their lowest level in history, the United States and the Community gave the first proof of their 'partnership' for the first time. The 'Europe of the Six' had successfully confronted a superpower in a show of equality.

Beyond the postwar era

The cheers and self-congratulations had scarcely subsided after the Kennedy Round when American disaffection with Europe began to surface. The portents had been present long before. In process since 1964 were a sharply down-turning US balance-of-payments, a reduction of the US trade surplus, and an inward-



'Our baby is getting dangerously big'

turning of the national consciousness partly encouraged by growing involvement in Southeast Asia. Also, US industry had been investing heavily in wholly owned subsidiaries throughout the world, particularly in the booming Common Market.

By 1968, protectionism, which had been hidden in the closet for more than a decade, came out into the open. The trade unions, long the bastions of liberal trade, turned protectionist, blaming US multinational firms for exporting jobs. Congress regarded as almost whimsical the notion that it should honour the Johnson administration's pledge in the Kennedy Round to abolish the American selling price system of customs valuation, and from 1968 to 1972, some 200 bills were introduced annually in Congress to restrict trade.

The turn-around came swiftly from liberalism to protectionism and from optimism to guarded suspicion. One scapegoat of these new attitudes and reactions was the European Community. It was linked with Japan, multinational companies, and international speculators, as a contributor to United States' economic and monetary woes. By 1970, spokesmen in the Nixon administration were upbraiding the Community for its 'highly protectionist' policies and threatening that the 'United States' is no longer willing to pay an economic price for non-existent political unity.'

These frustrated expressions, which also came from the Congress and certain sectors of industry, flew in the face of fact. Even US trade statistics disproved the complaints. With the Community the US had had a consistent trade surplus, the Community's industrial tariff levels were lower and more even than those of the United States, its quantitative restrictions were fewer, and its non-tariff barriers were no more protective.

Why, then, the disparity between claims and facts? One answer may have been that the US administration, preoccupied with balancing US interests elsewhere in the world, neglected Europe and allowed the dialogue to fall to the level of a greengrocer's quarrel. For a while, the administration seemed to have forgotten that trade and

related matters involve foreign policy.

'The year of Europe'

This year, on April 23, Henry A. Kissinger sought to redress the balance and to assure Europe that 1973 is still 'the year of Europe' as far as the US administration's foreign policy is concerned. He acknowledged that both sides have benefited from European integration and pledged continuing US support for the unification of Europe. Alluding to the low level of recent debate, he underscored the importance of ensuring the success of forthcoming monetary and trade negotiations by engaging the 'top political leaders' who could commit a political will to the undertaking.

What will happen to United States' policy toward Europe remains to be seen. Kissinger's address held out hope of a change in the climate of relations and a reawakening of the 'partnership' but his reference to the Community as having solely regional interests *vis-à-vis* US global interests was neither true nor generous. The *New York Times*, commenting editorially on the address, said: 'Mr Kissinger's text includes along with its spirit of uplift, all the administration's stock complaints about Europe - the dubious as well as the justified.'

Odds are favourable that this and succeeding administrations will continue to lend support to the concept of an integrated Europe. But the period of the United States as the doting and protective parent to a growing European child is finished. The years ahead will be marked by continuing differences as the United States adjusts to the reality of being parent to a nearly-mature offspring and as the European Community seeks further to establish its identity.

After more than 20 years of the march toward integration of Europe, a recent poll shows that only about 48 per cent of Americans know of the European Community's existence. This decade could mark the period when the American people, always generously disposed toward the idea of a United Europe, will awaken to the reality of the Community as a partner and as a powerful factor for peace and stability in the world.

The European Community and the United States in figures

	European Community	United States
Area (1,000s of square miles)	591	3,600
Population (1971)	253,142,000	207,500,000
G.N.P.	\$694.1 billion	\$1,068.8 billion
Imports	\$68,012.7 million	\$55,555.2 million
Exports	\$68,032.7 million	\$49,675.7 million
Average Grain Production 1970 (1,000s of tons)	\$93,558 (1970)	\$204. 604 (1970)
Meat Production (1,000s of tons)	18,344	23,227
Milk Production (1,000s of tons)	936.37 (1970)	527.07 (1969)
Steel Production (1,000s of tons)	138,996 (1972)	111,780 (1971)
Car Production (1,000s)	10,246.8 (1972)	8,584 (1971)
Electrical energy in use per head (Kilowatt hours)	3,115 (1971)	7,579 (1971)
Cars in use (millions)	58.6675 (1971)	92.7530 (1971)
Cars per 1,000 population	232	447
TV sets (millions)	57.5	81
TV sets per 1,000 population	227	399
Telephones in use (millions)	50.2 (1971)	115.2 (1971)
Telephones per 1,000 population	198	567

