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THE US-EUROPEAN RELATIONSHIP

Sir Nicholas Henderson, GCMG, who took up his appointment as British Ambassador to the United States in July, 1979, made the traditional first major address in the U.S. to the Pilgrims of the United States at a dinner meeting at the Waldorf-Astoria Hotel, New York, on October 24, 1979.

The following is the prepared text of the Ambassador's speech, after introductory remarks:

I wanted to concentrate my remarks tonight on one subject -- relations between Western Europe and the USA.

I will not therefore be speaking specifically about Anglo-American relations, not for the reason that, as I have heard

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suggested cynically, they do better the less you talk about them; nor because they are not intensely interesting at the present time -- indeed with a new Government in power in London bent upon implementing new policies there is a lot to say -- but because I would like to take a wider theme.

Our life is now entwined with that of Western Europe and there are new developments that affect you in the US as well as in Europe.

But let me say now, before I go a word further, in case there should be any misunderstanding, that the fact that the new British Government has made clear its irrevocable commitment to the European Community, does not imply any reduction in the importance it attaches to relations with the USA.

These are part and parcel of our being; and I hope and believe that the tradition and ties, the shared triumphs and difficulties, our common but unique language, indeed the whole gamut of the Anglo-Saxon heritage of which others speak often with envy but rarely with contempt -- I dare hope that these blessings which mean so much to us may, like pebbles making towards the pebbled shore on your side of the Atlantic, affect you no less than they do us.

What then is new and significant about the trans-Atlantic relationship at this time, the fall of 1979? I would suggest the following:

Firstly, the military equation: the military relationship across the Atlantic has changed from the days when it was characterised by overwhelming United States predominance.

The military outlook has altered in Europe in recent years because of the great build-up in the Soviet conventional forces together with a greater threat from new Soviet nuclear weapons deployed

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for use in Europe. There is now asymmetry in Europe.

In the last 15 years Soviet defense spending has been increasing steadily while that of the USA has been declining in real terms.

This has produced a shift in the military balance, and in particular, a shift in the military balance in Europe.

Now, in response to this, there is no question of the European members of NATO trying to match the Soviet Union strategically. Nor is there the need for them to try to do so.

By his remarks on the credibility of the NATO Alliance at a recent conference in Brussels, Dr. Kissinger put the cat among the pigeons in a way that I could not and would not wish to emulate. Indeed I have no intention this evening of casting aspersions on the NATO nuclear guarantee. I speak on the strength of two convictions:

Firstly, the advent of nuclear parity has not changed the validity of the US commitment to NATO and we in Europe know that; secondly, as Dr. Harold Brown has specifically assured us, it is not possible to imagine a massive exchange of nuclear weapons in Europe that would not involve the USA.

Nevertheless, as I say, the military scene has altered; and what the European powers are doing is to undertake a considerable increase in defense expenditure to fortify their pillar of the Atlantic Alliance. It should not be overlooked that in the last ten years Europe's share of NATO's defense expenditure doubled, from 20% to 60%. I think that there will be increased emphasis now on the European theater, including Theater Nuclear Forces. We are more aware than we were of the enormous Soviet military effort. The new British Government is making swingeing cuts in government expenditure, in practically every sphere of government, but not in defense -- which

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shows both awareness and a readiness to respond. The other European members of NATO will be doing likewise. The result will be an increased contribution as much to American as to European security.

As a corollary, there will be increased consultation on defense matters across the Atlantic. This is an important development in the transAtlantic relationship.

Let me add that the new British Government is committed to the maintenance of the British strategic deterrent. We are the only European member of NATO to commit nuclear forces to the Alliance. This is important in the circle of Anglo-US relations. The US is not alone in the burden of nuclear decision-making. We too are involved with them.

The second area where the balance has been changing between the United States and Europe is economic. I do not intend to talk about the dollar, or the effects of the 1971 decision to end dollar convertibility, nor about Europe's remarkable and sustained post-war economic recovery, important though these subjects are to us all.

Rather I would wish to pick out three new developments that interest me in the changing US/European equation.

Firstly, there is the relative shift as between Western Europe and the United States in economic strength. 15 years ago America accounted for over 50% of the industrial output of the OECD area, while it now accounts for only 35% -- not because of any decline in the US production, but because Western Europe and Japan have grown faster.

Secondly, the fact that the degree of America's involvement

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in international trade has greatly increased. As recently as the 1960s only 3-4% of America's national income was earned from exports, compared with 20 or more percent for many European countries. Now the figure for the US has jumped, in a decade, to almost 10%. This means that the economic weather outside the United States has an increasing impact on the earnings and on the jobs of Americans at home.

Thirdly there is the energy equation. We in Europe have been accustomed for long to dependence on foreign energy. But this is the first time in its history that the United States finds itself dependent on the outside world for a key raw material; a dependence that obviously raises issues that are much wider than economic.

From importing little over 1/5th of her oil in 1970 the United States now imports nearly half of all the oil consumed in the country. This change, which has occurred during the past decade, has made a vast difference to the United States' sensitivity to events in the rest of the world.

This leads me on to another aspect of the changing US/European relationship. Many of the problems that most affect the United States and Western Europe at the present time, for example the North-South issue, international trade, the world monetary system, energy and non-proliferation, just to name a very mixed bag, cannot in their nature be solved simply between the United States and the countries of Western Europe. They require to be handled globally -- hence the regular summit meetings of the leaders of the seven major industrialized countries. Hence, too, the recent international trade negotiations, the Tokyo round, completed this year.

/In ...

In neither of these two arenas -- the economic summits or the international trade negotiations -- should one underestimate the contribution of the Americans and Europeans, or the importance of these two working together.

Finally, as central to my theme on the Atlantic relationship, has been the evolution that is taking place in Western Europe -- much less dramatic than looked possible ten years ago and disappointing certainly to the apostles of a United States of Europe. But there have been significant events.

Political cooperation on foreign policy is now a fact in Europe. This does not mean we have a common foreign policy but there is a web of consultation and communication that is quite new and enables the countries of the Community to forge a common approach to many international questions. And as a corollary of this I must mention the importance of the European Council -- of the meetings of the heads of government of the Community -- which is a new focus of European decision-making.

Then there is the planned growth in the size of the Community to embrace Greece, Spain and Portugal. Although one must be hesitant in politics in being too categorical about cause and effect it is worth noting that the Communist parties throughout Western Europe, including the parties in the countries that are now applying for admission, have all recently been doing badly.

And this summer we have had the first European election for the European Parliament, another important milestone in the development of European unity. It took 136 years before Senators in the United States were directly elected. It has taken Western Europe no more than 26 to bring about direct elections to the European Parliament.

/What ...

What conclusions about US-European relations should be drawn, then, from all these new features?

- from the changed military scene
- from our new economic relationship
- from the increased globalization of common problems including those affecting us all outside the North Atlantic area
- and from the evolution of the European Community.

I do not believe that this is the time, nor these the circumstances, that call for major new international institutions -- for grand designs of new Atlantic charters.

But there is a greater need now than ever for the USA and Europe to work together. Our interests will diverge at times as will our ideas for dealing with certain world problems. There could, I dare say, be positive advantage at times in a different approach, as between Washington and Western Europe. This is not incompatible with the joint determination we must show in tackling the over-riding concerns, security and commercial, that affect us both. We will therefore have to cooperate more closely in trying to solve these world problems, or at any rate in seeking to adjust them so as to reduce the threat to the fundamental interests alike of the United States and Western Europe.

We must be aware of the importance of each of us and what we can mean to each other and the difference we can make if we act together. You should not underestimate Europe, or be impatient with us, even though the present degree of unity may not quite live up to

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the aspirations of the early apostles of Europe on both sides of the Atlantic.

We, in Western Europe, will not, I assure you, underestimate the enormous might of the USA, nor its will -- whatever your own day to day doubts and self-criticism.

And I for my part can never doubt the particular influence that you, the Pilgrims can exert. I know the changes that have occurred in American society compared with only a few years ago, but I know too that the Pilgrims have, to quote William Bradford, always known "they were Pilgrims", and that they can now as always, through their character and influence, "cast a light upon the whole nation."

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