

NOTES ON THE APRIL 25-27 CONFERENCE " EUROPE IN THE 80's"

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The following remarks only reflect the views of their author and not necessarily the policy of the Commission of the European Community.

A rather traditional atmosphere and approach emerges from the proceedings of the "Europe in the 80's" conference. I believe this feeling is linked to the fact that the three countries chosen for close scrutiny, the U.K., France and the Federal Republic of Germany, are the kind of countries U.S. experts usually like to deal with: they are culturally familiar, politically stable and internationally rather predictable. If this conference had taken place in the 1870's, the 1920's or the 50's, these same three nations would have been on the agenda.

I think there is a need for the U.S. to consider more seriously the European situation as a whole and in particular the reality of a European Community expanding towards the south.

The southern European countries are less culturally familiar, less politically stable and more geopolitically fragile than their northern neighbors. These characteristics at the same time make them less convenient but more useful to watch than the U.K., France and the FRG.

Italy, if one takes into account the enormous impact of its underground economy, has probably today a larger GNP than the U.K. Despite the political turmoil it has been experiencing since 1969, the social and economic fabric of the country has held together much better than expected. The Italian economy, although right now showing signs of distress, has a much stronger capacity for expansion and dynamism than its British counterpart. Italy, before France and the F.R.G., was a pioneer in economic and commercial detente with the Soviet Union (i.e. the Fiat-USSR of the early 60s). While being over 90% dependent on foreign sources of energy, Italy, through its state-owned oil company, ENI (Ente Nazionale Idrocarburi) has been in the foreground since the late 1950s of the partnership efforts between oil and natural gas consuming countries and oil and gas exporting countries.

Italy's political system, while displaying obvious byzantine characteristics, is more flexible, more prone to compromise, more adaptable to change than a more rigidly class-based 2 1/2-party system like the British one. Also with its own blend of private enterprise and state-controlled economy, Italy is a rather attractive model for developing countries (perhaps surprisingly so). The latest British diplomatic initiatives have been spectacular, in particular the handling of the Zimbabwe independence settlement, but as one of the participants to the conference pointed out, Britain does not have too many Zimbabwes left to play with.

I do not believe that the "Franco-German Axis" will lose its grip on Europe in the foreseeable future but I anticipate a shift in emphasis towards the mediterranean area. It is in this very context that Italy could avail itself of the weight of the new member states (Greece, Portugal, and Spain) to impose with French and West German assent, a more active policy, in favor of the Mediterranean areas of the E.C. and towards the Maghreb and the Machrek.

As I pointed out repeatedly during the Reston conference, the enlargement of the Community toward Greece in 1981, Spain and Portugal, probably by 1983-84, will represent a major burden for the 9 at the political, economic and social levels.

At the political level, the EC institutions will become heavier, more cumbersome to maneuver. Threats of dilution will almost certainly become very apparent. Unanimity, more or less the rule for all vital decisions since 1965, will be more difficult to reach as national interests will become more heterogeneous and therefore even less compatible than today. From a European perspective, one can also point out that both Greece (PASOK) and Portugal (Communist party, fractions in the army) have organizations which see the future of these nations in a more "third world" context and this will definitely slow down any process of further integration that might have been contemplated by the 9. I would not underestimate either the Gaulist-like tendencies of some sectors of the Spanish center-right.

From a U.S. point of view, I would think that the 3 new countries (especially Spain and Greece, but also Portugal since the conservative government of Francisco Sa Carneiro may not be eternal) would reinforce the French inspired tendency which has led Europe on an increasingly independent course on foreign policy matters. Just pushing the matter a bit you could have the following situation in southern Europe in the mid-80s. France: Socialist-Giscardian coalition, Italy: Demo-Christian-Socialist-Communist coalition, Spain: Socialist government, Greece: PASOK government, Portugal: Socialist government with outside Communist support. Such a situation would, all other things being equal, undoubtedly lead southern Europe to a situation of friendly non-alignment with the U.S.

Economically, the regional disparity within the Community will be widened, which, in real terms means a sharp conflict between those favoring agricultural spending and those inclined to spend on social and regional policies.

These disparities between north and south could revive the idea to create a "two-speed Europe" which would eventually lead to a North-South fracture threatening the very existence of the EC as we know it today.

When the Community was created in 1958, the European economy was booming. Integration strengthened this process tremendously. Today our economies are battered, weak and structurally fragile. By adding 3 "semi-developing" countries to the ailing 9 economies one might already delay substantially the economic recovery of the whole.

Socially, the enlargement also poses some problems, particularly at the level of the EC policy of free circulation of persons within the Community. With high rates of unemployment in northern Europe,

it seems very difficult for the richer countries to welcome migrant workers from the new members. This situation could create tough political problems between north and south. All these elements are useful to keep in mind if one wants to fully understand "Europe in the 80s" without overemphasizing what is well-known, familiar and stable in a very dynamic region.