

EUROPEAN COMMUNITY NEWS

PUBLISHED FORTNIGHTLY

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COMMISSION OF THE EUROPEAN COMMUNITIES

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MARCH 30, 1973 NO. 26

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FOCUS ON THE ATLANTIC COMMUNITY

A renewed sense of Atlantic community is the dominant theme to emerge from an all-star gathering of Americans and Europeans in Amsterdam March 26-28.

Sponsored by the International European Movement, the "Europe-America Conference" was attended by approximately 350 delegates and 400 observers and was billed as the largest non-governmental gathering of prominent Americans and Europeans ever brought together to discuss transatlantic relations. The theme of the conference was "New Roles and Relations in the Next Decade."

Setting the conference keynote was Prince Bernhard of the Netherlands, who noted "with great concern...a deterioration of the relationship" between the United States and the European Community. "Narrow interests must not be allowed to hack away at great Atlantic purposes," he warned.

New York Governor Nelson A. Rockefeller said that "our relationship must be readjusted in the light of new realities" and called for the development of "an overall conceptual approach.... If we don't do this, if we don't reach some agreement, we are on the way to creating a jungle of economic blocs and special interests."

Rockefeller also warned that "a proliferation of East-West negotiations and the conduct of independent foreign policies with the USSR -- in areas of mutual involvement -- can only increase the vulnerability of the West and, in the final analysis, destroy the Atlantic community."

Rockefeller's views were amplified by Joseph M. A. H. Luns, Secretary General of the North Atlantic Treaty Organization (NATO), who said that West European prosperity has not "in any way reduced the vital importance to European defense of the might and power of the United States. It would be doubly foolish if we were to allow that prosperity or the pursuit of that prosperity to become a source of conflict and dispute between the partners in the Atlantic Alliance....Our defense is the Atlantic partnership and the Alliance without which there is no defense."

A proposal for annual trilateral cabinet meetings between the United States, the EC, and Japan came from Zbigniew Brzezinski, the Columbia University political scientist. Brzezinski also proposed the creation of a permanent secretariat to further this cooperation.

Another professor, former US Under Secretary of State Eugene V. Rostow, now of Yale University, said that "the world is becoming smaller, more tightly integrated, and more dangerous every day -- so dangerous and so tightly integrated that it soon may have no alternative but genuine peace."

What is now lacking, said the director of the European Community Institute for University Studies, Max Kohnstamm, is the willingness of nations to surrender some sovereignty to a joint cause.

On the monetary front, former US Treasury Secretary Henry H. Fowler said, "We do not have a system capable of translating mutually advantageous international economic policy into meaningful and timely reality." No prompt monetary reform, Fowler said, would "encourage protectionism and trade wars between blocs...and weaken or drastically alter the alliances that have served the cause of peace and prosperity since World War II."

A new international monetary system, said British Labour Party Deputy Leader Roy Jenkins, cannot be based on "the dollar alone nor even on a dollar-European partnership," but must be "truly international." Jenkins added that, although it was time for the United States to "step down as a sun among the planets," it must remain "first among equals, outward-looking, cooperative."

Other speakers at the conference included: two former EC Commission Presidents, Walter Hallstein and Jean Rey; two former US Defense Secretaries, Cyrus Vance and David Packard; former Danish Prime Minister Jens Otto Krag, and French scholar Raymond Aron.

SEMIANNUAL US-EC TALKS

In the latest in a series of twice-yearly exchanges between the United States and the Community, William J. Casey, US Under Secretary of State for Economic Affairs, traveled to Brussels March 21. The two days of talks with EC Commission Vice President Christopher Soames, who is responsible for the Community's external relations, focused on trade and energy.

The semiannual talks were initiated after the Kennedy Round of negotiations within the General Agreement on Tariffs and Trade (GATT). They alternate between Brussels and Washington.

Earlier in the month -- on March 17 -- US Treasury Secretary George P. Schultz met with EC Commission President Francois-Xavier Ortoli in Brussels. Schultz's visit came after the March 16 international monetary conference in Paris.

NEWSPAPERS GO MULTINATIONAL

The Times of London, Le Monde of Paris, Germany's Die Welt, and Italy's La Stampa are joining together to publish a newspaper supplement fittingly called Europe. The tabloid, to appear as a separate section in each of the four newspapers, will focus on business news and is expected to reach over 5 million readers. Publication date is set for October 2.

CONGRESSIONAL HEARINGS ON THE EC

Two subcommittees of the House Foreign Affairs Committee are holding hearings this spring on the European Community. Rep. John C. Culver (D-Iowa), chairman of the Foreign Economic Policy Subcommittee, and Rep. Benjamin S. Rosenthal (D-NY), chairman of the Subcommittee on Europe, said the hearings will examine "long-range political and economic interests of the United States in European integration which our country has steadily supported since the end of World War II. Now that this integration indicates growing problems for the United States, we believe that the long-term benefits and disadvantages of European unity should be assessed before our country starts new negotiations on trade and agricultural matters later this year."

The first day of testimony, on March 22, featured J. Robert Schaetzel, former Head of the US Mission to the European Communities, who called the hearings "especially timely." A portion of Schaetzel's testimony follows:

"It is sometimes argued that [European] unification is so difficult that it can only proceed if there is a clear and present external threat. It has been further argued that during the Cold War the threat from the East provided just such a menace. With detente, that particular external force has diminished if not totally disappeared. While there are few who would seek it for its unifying properties, it cannot be excluded that the United States could come to replace the Soviet Union. In other words and in a quite different way, Europe could come to see America as the external threat against which they were unifying. It has recently been said in European circles in grim jest that recent American behavior should be seen as an intricate American political technique to force the pace of European unity. This black humor refers, of course, to the spread of contentious economic issues, indeed of the meanest trade disputes, which have come to dominate the Atlantic relationship....

"The difficulty is that neither Americans nor Europeans have devoted much time or energy to reestablishing a balanced and political framework for the Atlantic relationship. Quarrels break out and are pursued within narrow economic confines, frequently left exclusively in the hands of experts who would rather see negotiations fail than be accused of conceding national interests to the end of a compromised solution. Today, trade disputes dominate American-Community relations. Since my return from Brussels at the end of last year, I have spent a considerable amount of time traveling and speaking around the country. That exposure has confirmed this judgment: the public in general, to the extent it thinks about Western Europe at all, has the image of a spreading economic bloc primarily engaged in doing America in.

Fortunately this popular impression has not yet so established itself that it cannot be altered by exposure to the facts. Yet little effort is being made to set the record straight or to put the economic situation in perspective and within a political context.

"This leads to the matter of timing. I want to emphasize again that the next 12 to 18 months will determine the nature and the direction of American-European Community relations for perhaps another generation. The closing of one epoch of Atlantic relations is the opening of another. At the moment nothing has been determined. But out of the present fluid, confused situation a new set of policies will emerge. At the moment, men seem to have stepped aside and to have allowed events to take charge. It seems to me a poor way to arrive at decisions; but one way or another, the crucial decisions will be made.

"The key question is what should be done. The first step is awareness of the dangers in the present drift. In general, it is the instinct of governments to deaden this sensitivity. They see their purposes better served by soothing public opinion and by insisting that the problems don't exist or that they have been unduly dramatized. I am convinced that responsible and informed observers -- European and American -- are truly alarmed by the present situation and by the path we seem to be on. In a word, the dangers are further estrangement, an Atlantic relationship dominated by economic conflict, the sense of alliance and common purpose subordinated to some balance of power notion that Europe and America are merely two entities among the other three power centers -- China, Russia, and Japan. The danger is an adversary relationship.

"If we are to avoid this danger, then some sense of priorities must be established. To do so is not to act as though real problems do not exist but to see them on a scale of sensible values. One of the major problems we have today is the wide-spread notion that American trade difficulties, our balance of payments deficit, derive largely from foreign behavior, from high tariffs, non-tariff barriers, and from what is vaguely described as "unfair practices." To persist in this fallacy does no good and much harm....

"Our insistence that the problem lies with others, especially with the European Community, originally baffled the Europeans. Now, that bafflement is turning to irritation. In personal as in public matters there has always been a certain satisfaction in finding that someone else was responsible for the problem. To insist that our trade problem is largely due to "them," the foreigner, not only exacerbates our foreign relations but kills any incentive to continue to search for the real problem.

"If we don't get this matter right, we also run the risk of ignoring and distorting the importance of American investments in Europe. The return on these investments, already significant, will rise at an exponential rate. Nothing would be more tragic than to ignore this national asset or to misjudge its dynamism. A further error would be to assume that, no matter what we do or what happens in other fields, the present favorable European investment climate will persist.

"My principal plea would be to stand back and see the integration movement in an historic framework. It is an extraordinary political phenomenon. The emphasis is on the word 'political.' The European goal remains political unity. The economic tasks that consume their energies are merely means to this end. They are now turning finally to the purely political elements of the process, strengthening the institutions, increasing the power and responsibility of the European Parliament. Their attention is turning increasingly to political unity such as, for instance, the work of the Davignon Committee. During the meetings in Helsinki concerned with plans for the European Conference on Security and Cooperation, the Western Europeans have behaved as representatives of the Community. I anticipate that over the next several years there will be attention given to what the Community should do in the area of defense.

"If the Community is a political affair and if the Europeans see it as such, then these facts should affect our own assessment and approach. Furthermore, if they are in the middle of a process of searching out the identity of this new Community, then we should be keenly aware of the significance and opportunities of this period of transition, of gestation. During this sensitive period we shall continue to have trade problems and, presumably, major trade negotiations. There is high risk in leaving these matters in the hands of technicians, quite outside any political context. On both sides of the Atlantic these are men who would rather debate and fight than compromise and settle. Sterile economic squabbling in Geneva [setting of talks within the General Agreement on Tariffs and Trade] would be bad in any circumstances. In the present, tense Atlantic atmosphere this kind of quarreling could poison an already equivocal relationship.

"In sum, this is a critical moment in our relations with a most critical area. We must have the sense to stand back and see American interests in a larger setting -- in terms of decades, not days, not piecemeal and in the most immediate framework. There is not much time left to begin this process."

BRITISH LABOR SHOULD GO EUROPEAN

The British Trades Unions Congress (TUC) is avoiding its responsibility to the labor movement by boycotting the European Community's Economic and Social Committee (ESC), in the opinion of German labor leader and ESC President Alfons Lappas. In London on March 16, Lappas said that he understood the domestic political considerations that led to the boycott -- that is, the British Labour Party's opposition to EC membership. The British Labour Party is also boycotting the European Parliament. British labor's attitude, however, is unrealistic, Lappas said, since the terms of entry into the EC cannot be renegotiated. The Economic and Social Committee, an advisory body representing various interest groups, must be consulted in advance of many EC Commission proposals and Council decisions. The TUC's boycott thus means that the British worker's voice is not being heard as it should in the Community's decision-making process, Lappas noted.

FIRST TARIFF CUT IN EXPANDED EC

The first reduction in tariffs between the old and the new EC member states will take effect on April 1. The reduction amounts to 20 per cent on all industrial goods. It marks the first of five equal steps for the complete abolition of industrial trade barriers between the original "Six" and Britain, Denmark, and Ireland, which joined the Community January 1. The next tariff cut is scheduled for July 1, 1974, and the last for July 1, 1977.

"BRUGES WEEK"

The American experience in such areas as inter-university cooperation and the academic "service function" will be among the discussion topics at the College of Europe's annual symposium on April 12, 13, and 14. The symposium -- known as "Bruges Week," after the Belgian city in which the college is located -- will focus this year on the theme "Toward a European Policy of Higher Education -- Objectives and Means." Helping the College of Europe to organize the symposium are the International Council for Educational Development, New York; the European Cultural Foundation, Amsterdam; and the European Community Institute for University Studies, Brussels. (For further information, contact: Ms. Nicole Claeys, Secretary to the Rector, or Mr. Gustaaf Dierckx, Administrative Assistant to the Rector, College of Europe, Dyver 11, 8000 Brugge, Belgium.)

US PRESS VIEWS: THE MONETARY CRISIS AND EUROPEAN UNITY

The Common Market countries worked out a way of handling the latest money crisis, by themselves....Obviously, the ability to patch up a solution to one monetary crisis does not prove the capacity even to handle the next one. But it is stimulating mightily the amount of traffic between the capitals of Western Europe. They are getting to know each other better by the day. They begin to understand each other's problems and points of view. In other words, Washington's neglect has the effect of pushing Europeans together for their own protection. It is beginning to fuse the highly diverse nations of classic Europe into a new European community. At least, it has revived momentum in that direction. By contrast, most observers thought, as of about six months ago, that momentum had been lost. No one at the turn of the year was quite sure that it would ever be regained. -- Joseph C. Harsch, *The Christian Science Monitor*, March 17, 1973.

....The European countries were able for the first time to make a concerted initiative toward the United States and the United States was asked to react, instead of the other way around. The West German Finance Minister, Helmut Schmidt, said modestly afterward that the decisions did not advance the task of creating European union but at least prevented a setback. Others saw in the actions taken a reinforcement of the European will toward a common monetary policy. Jean Monnet, the Frenchman who inspired and helped found the effort to "make Europe," rejoiced at what he considered renewal of a constructive approach. The important thing, in his view, is not negotiation, which tends to be divisive, but prior consultation to define the problems and identify real national needs and mutual concerns. Thus the "year of Europe" that President Nixon had heralded was proceeding in an unexpected direction -- not so much a haggle between the United States and its European allies as a shift of momentum across the Atlantic. Flora Lewis, *The New York Times*, March 16, 1973.

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FIRST CLASS