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LONG-TERM TRENDS IN TRANSATLANTIC RELATIONSHIPS

A Luncheon Address by Dr. Theodore Geiger, Director of International Studies, the National Planning Association, at a Workshop/Seminar for Leaders of World Affairs Councils, Washington, D. C., September 15, 1972

I'm going to talk to you today about basic trends in transatlantic relationships, but I'm not going to say much, if anything, about the familiar issues of trade policy, monetary policy, questions of how many U. S. troops should be kept in Europe and who should bear the cost of those troops, and so on. Those are familiar things to people who are engaged in the kind of work you people do and there's no need for me to review them for you. Rather, I'm going to try to put them into a much broader context and try to show you how they are part of the basic processes of the new period in world history in which we are today and therefore what the limits are within which these particular problems are likely to be settled.

I'm going to talk about basic changes at three levels: first, those within the national societies of Western Europe and North America; second, those in the international system as a whole, that is, the worldwide system; and, finally, those in Atlantic relationships, a kind of intermediate level between the national level and the worldwide level. All of these levels interact with one another. Really, the ideal way of talking about a subject of this kind would be to give you the whole thing simultaneously but unfortunately the human mind doesn't work that way and you've got to get it in series, but I hope you'll keep interrelating

the different parts.

Now, each of these levels is an enormously complex problem and in the twenty minutes given I can hardly do more than to try to tick off a few of the main characteristics. Certainly if we look at the changes that are occurring inside all of the Atlantic countries -- by which I mean Western Europe and North America -- one major set of trends stands out very strongly, and this is what I call the proliferation of national goals. In all of our countries, if we look back over the past ten years, we find that there has been a transformation in the diversity, the size, the importance of the goals which our countries are trying to realize both internally and externally. Just think of all the different things that our country is trying to do today: rebuild the cities, integrate the minorities into the mainstream culture, redistribute income more equitably, clear up the environment, improve the schools, provide better health care, take care of the aged, and take care of the need for leisure time activity as the workday and the workweek decline. The number of goals that we're trying to achieve simultaneously has expanded enormously and the urgency with which people feel these goals have got to be achieved now -- not in some distant future, but today, or, at worst, tomorrow -- has greatly increased as compared with the 1950's, let's say, or even the early 1960's. This means that there is competition among goals for resources. It is because all of these goals require economic resources, money, if you like, and the real goods and services that stand behind money. It's no accident that today we have the largest deficit in our peacetime history in the Federal budget because of the insistent pressure to realize these national goals. The sacrifices that people are prepared to make in order to achieve these goals

are less than they were before. You know how much Americans resent paying higher taxes. The President has to promise that he's not going to increase taxes next year, whereas we all know that he's got to increase taxes. Nevertheless, the fact that he feels that he can say this is catering to a yearning within Americans, even if in another mode we know that this isn't going to be the case.

Competition among resources means that the whole process of allocating resources among uses in our society has become highly politicized, politicized not only in terms of party politics but in terms of the dependence upon the decisions of the central government. Everything waits upon what Congress does now, whether we have decent health care or decent education or social welfare is improved or we have roads and highways, our national parks, and so on -- everything depends on Congress, everything depends upon the actions of the Executive Branch. People's attention is more strongly focused on the agencies of the national government than it has ever been before. There is a struggle among competing groups within the country -- those that are pushing for one goal as compared with another, those that are trying to deny resources to the exploration of space or to foreign policy or to development aid in preference for health or education or social welfare -- everybody feels these more strongly. Even the normal economic process whereby resources are allocated through the market process has become heavily politicized as the market itself is full of regulation by the federal government and regulation by the states, standards which are set for automobile emissions, safety -- in almost every field in which we look in the economy we find the hand of government, of deliberate decision-making becoming more and more prominent.

This is a basic process that is happening to a greater or lesser degree in the United States, Canada, the United Kingdom, France, Germany -- all over the Atlantic world. One important consequence of it is that the tendency to inflation is now endemic in all of our societies. It's just not possible in a society of this kind to eliminate inflation. We're going to have greater or lesser inflation, not "no inflation", because the minute it abates, the pressure to allocate more resources to this or the other thing increases and therefore the demand is always greater than the supply of resources. This, I may say parenthetically, is why people who say "no growth" are voices crying in the wilderness, however much attention they may get in the press and the media, because the pressure for economic growth to increase resources comes as much from the people who are condemning the consumer society and want to improve the quality of life as it comes from those who are trying to increase material consumption and have more highways and more schools, and so on.

Now let us look at the worldwide level. Here again, a basic change is now in process, a change from the bipolar system of the Cold War period, the postwar period of the 1950's and early 1960's, to a multipolar world, really to a pentagonal world, a world in which in the course of the 1970's there are going to be five great powers. Whether you call them superpowers or not doesn't really matter. There are the two old superpowers, the United States and the Soviet Union, whose rivalry continues to be a major factor in the system but by no means the sole theme of world politics which it was in the 1950's, and alongside them you find three other major powers gradually emerging: China, Japan, and the European Community (the enlarged European Community).

One of the problems of world politics today is the differential rate at which the different aspects of becoming great powers is occurring. That is, we might distinguish three aspects: the economic aspect, the military aspect, and the political aspect. The United States and the Soviet Union are great world powers in all three respects. Our economies are gigantic. The Soviet Union doesn't have a great deal of impact on the world economy because it has an autarkic state and thus trade is still relatively unimportant in it, but it could become increasingly important in the future. However, the Soviet Union has a worldwide military capability and it has worldwide political prestige or influence which depends upon its military capability. The United States has all three. It has been until recently the premier superpower.

Now China. China's economic development lags. China is not a major economic factor in the world, but China has an important military capability and China desires to play an important role in the world and therefore it has political prestige in world affairs which depends partly on its own self-image of itself, partly on its military ability, and partly on the rivalry of the United States and the Soviet Union with respect to China.

Japan. Japan is a world economic power. There's no question about it today. It has the largest economy in the world after the United States and the Soviet Union (the largest national economy). It has no military capability of any kind and therefore it has very little political prestige in the world. Its voice in world political affairs is a very minor one. But it seems clear to me, at any rate, that in the course of the 1970's Japan is going to be driven, by force of factors that I will

mention in a few moments, to develop its own military capability and to become once again a great political power as it was in the interwar period.

Finally, we come to the European Community. The European Community is a major economic power in the world. In fact, it is the largest single trading entity in the world. In terms of 1971 trade, if you exclude trade among the Ten which is now internal trade and just take their external trade, they accounted for 23 per cent of world trade whereas the United States and Canada accounted for only 16 per cent of world trade. So the European Community is in a sense already the world's leading economic power in terms of the effects of its trade upon the world economy. As a military power, it's in a very weak position. Both the French and the British have obsolescent regional military nuclear capabilities, not world-wide capabilities. They are uncoordinated but, again, I think forces working to put pressure on the British and French will increase in the course of the 70's to coordinate their nuclear capabilities, to admit other European countries to some role in European military defense, and, by the late 70's or early 80's, the Community will be a military power in the world and therefore it will be a political power in the world -- not equal to the United States and the Soviet Union but influential enough to have world political prestige. But the differential rates at which the economic, political, and military capabilities are developing constitute major problems today in the relationships among states. They generate frustration, resentment. These psychological factors in turn, become important constituents of the conflicts, the issues that exist between the United States and Western Europe.

Now let's look at the third level, the intermediate level between

the national and the worldwide. If we look back over the period since World War II, we can distinguish three periods in U.S.-European relationships. There was firstly the period of the late 40's, the 50's, the period even continued into the early 60's, the period of what might be called a bilateral relationship between the United States and each West European country individually. All of them related to the United States bilaterally, directly, and in that relationship they each -- each one of them, even the largest, in the late 40's and early 50's the United Kingdom was the largest -- each of them was confronted with a situation of enormous disparity. The American economy was so much bigger than theirs, manyfold bigger than the biggest of them. The capabilities of the United States were infinitely great compared with their own military or political capabilities. And so it was a bilateral relationship of great disparity. But this disparity which in other circumstances might have generated a great deal of resentment, jealousy, and so on -- it did generate some -- was largely repressed because of the need of the European countries for the kind of help that the United States could give them and the external menace of the Soviet Union which was perceived as being overwhelmingly great in the late 40's, early 50's, and through most of the 50's. It is important to recognize that what the Europeans needed from the United States during this first phase of the postwar relationship was something which it was very easy for us to give, something that it was in our interest to give. In other words, as the game theorists would say, this was a positive sum game. The Europeans gained from it and we gained from it. What did they need from us? Chiefly a transfer of resources in the economic field: Marshall Plan aid, other kinds of aid which we gave them, which was very good for us because it enabled them to buy our goods, our

exports increased, it created a favorable environment for our investment in Europe, and, furthermore, it helped to rebuild the world economy which was also in our basic interest to do. Politically, they needed American protection, they needed our nuclear energy. Again in terms of the kind of Cold War relationship which existed in the 50's between the United States and the Soviet Union, this was a thing which was in our interests to do, to have troops in Europe, to be able to contain, in the language of those days, Soviet aggression. So, by and large, the kind of problems which existed between the United States and Western Europe in the 50's and early 60's were problems which could be solved to everyone's mutual advantage. In other words, they expressed common interests, not conflicting interests.

Now the second period began in the mid-60's and we're just about at the end of that period. That's a mixed period, a transition period in which, side by side with the bilateral relationship of each European country to the United States, there has begun to grow up a collective European relationship with the United States. The two exist side by side, and the collective relationship has gradually become stronger as the European Community completed its transition to a customs union in the late 60's and is now trying slowly to go beyond the customs union into a deeper kind of economic integration. As this process has happened, the sense of collective European identity vis-à-vis the United States has increased.

Now this second period is still not over. It is hard to predict when it will be over, but we can see what is going to take its place some time in the course of the 1970's: that is a relationship in which the

primary, the essential, the most important aspect of transatlantic relationships will be between a European entity, the enlarged Community and its associates -- those that do not have full membership in it but enjoy associate status in the Community -- and the United States on the other side of the Atlantic. The individual national relationships will be comparatively unimportant. They will continue to exist so long as there are individual nation-states in Western Europe, but the important relationship will be the collective one rather than the individual national one.

When will this happen? That is the big question, it seems to me, in U.S.-European relations at the present time. Again this differential rate of change, the slowness with which the European Community is going beyond its customs union phase. The great questions are two: how fast it will go beyond this phase and what will it evolve into? Will it evolve into the European federation that has been the dream of the European Unionists for the last 25 years, or will it evolve into a looser kind of confederation, in which national governments still retain the essential national powers but in which greater responsibility is delegated to the central organs in Brussels. I don't want to go into this question which is a highly complex question. I'll give you only my conclusion and that is, for a variety of reasons, I believe that it is more likely that Europe will evolve into a loose confederation than it will evolve into a tight, centralized, supranational federation similar to that of our 50 states.

This in itself creates problems, the slowness with which this process is occurring, the fact that it has occurred faster in the economic field than in the military or political field -- all this exacerbates the

particular issues that exist between the United States and the Europeans. If you take any one of them -- take the monetary issue which is so important today -- the fact that the Europeans are unable to agree among themselves as to what kind of a European monetary arrangement they want to have makes it very difficult to reform the worldwide monetary system because of the economic importance of the Community in the world economy. Take the political field, the fact that the Europeans have so far been unable to play a bigger role in their own defense -- the British and French have been reluctant to coordinate their nuclear deterrent -- means that the kind of changes which need to take place in NATO happen too slowly. This generates resentment in the United States. Why should we be paying for troops in Europe when the Europeans are so wealthy and can afford to pay for their own defense. The differential rates of change of these basic trends are very, very important in determining the nature of current issues that exist among the countries.

Furthermore, there is a change in the nature of the issues themselves. As I said before, in the postwar period they were largely issues which were a positive sum game. Today they are increasingly becoming issues which are a zero sum game, that is, you lose and I win, or I lose and you win, but we both don't win simultaneously as we did before. The Europeans no longer require us to transfer resources to them as they did in Marshall Plan days. What they require of us are things that will involve real sacrifices on our part, and what we require of the Europeans involves real sacrifices on their part. Let me give you an example. The U.S. balance of payments deficit. This is a cause of great concern to the Europeans, and quite rightly so. They have every

reason to be worried about it, and they say to us: eliminate your deficit. Well, we would like to, but what does that involve? It can be done in a very few ways. We could deflate the American economy to the extent that our import demand would fall off so substantially and our exports would be so low-priced because of the declining demand that we could balance our payments that way. But that might mean 12 to 15 million unemployed in the American economy. No American Administration is ever going to adopt a prescription of that kind. So we say to the Europeans: all right, you have surpluses in your balance of payments. That's the counterpart of our deficit. You eliminate your surpluses. But what does this mean to the Europeans? To them, foreign trade -- exports -- are on the average 20 per cent of the European economy. If they were to cut their exports in order to eliminate their surplus in the balance of payments, it could mean massive unemployment in Europe too. This is a zero sum game, and that's why it is so difficult to settle this issue because it can't be settled by acts of generosity, by acts of altruism. It can only be settled by one side or the other of the Atlantic making a real sacrifice and, for the reasons I gave at the beginning -- that is, the internal pressures, the rising expectations of people for everything -- it is immensely difficult for national governments to make such sacrifices. Now I could go through the whole range of economic issues, political issues to show you how they are today zero sum games rather than positive sum games as they were in the past, but time doesn't permit that. The danger is that they will become negative sum games, that is, that we will interact with each other in ways where everybody loses, not that one side wins and the other loses, but everybody loses. What do I mean by

that? A negative sum game would be a mercantilist trade war, which is a definite possibility, a situation of economic restrictions, retaliations by one side against the other, or it could be an international monetary crisis in which the entire international monetary system collapsed, or, in the political-military field, it could be premature withdrawal of American troops from Europe, or something else. So that there is a danger today, a real danger, that the zero sum game will deteriorate into a negative sum game to everybody's very substantial cost.

This doesn't open up a very pretty picture, that is, for those of us who have been brought up and lived our lives to think of U.S.-European relationships as being essentially relationships of mutual advantage, common interests, where compromise and concession was easy, this new situation is a very difficult one to handle and, for the reasons that I've explained, the resentments, the jealousies, the frustrations which it breeds become very important psychological factors in affecting attitudes on both sides of the Atlantic. We say, "those bloody Europeans, how ungrateful they are." You read about the talk in Congress all the time about how we've been "Uncle Sucker", the rest of the world has taken us for a ride all these years, and so on. The reaction is generated by these fundamental changes. In Europe, you hear the exact counterpart: "Those terrible Americans. They don't do what's necessary to have a really decent, functioning world. What's happened to the Americans? They're no longer the altruistic leaders of the 1950's and 60's."

I foresee a period of great difficulty in transatlantic relationships, one in which therefore I think that the role of the World Affairs Council is even more important than it was in the easier, postwar period. It is because today you have got to explain to the American people a much more complex, ambivalent, contradictory world than you did in the very simple world of the bipolar confrontation of the U. S. and the Soviet Union. You've got to deal with these psychological resentments and feelings which are deeply rooted and which aren't susceptible to being reasoned away. You've got to deal with situations in which real American interests are at stake, not just appeal to American altruism. We love to think of ourselves as an altruistic nation, but today we no longer can act in that mode. These are very difficult problems. The task of interpreting these changes to the American people and making them understand how we should behave in a situation of this kind so as to avoid the "negative sum game" (which is a real possibility today) is a very important responsibility and I'm glad that you people are shouldering it.