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EUROPE AND AMERICA: AN OLD PARTNERSHIP IN A NEW ERA

Extracts from the speech by Sir Leon Brittan,
Vice-President of the Commission of the European Communities
to the America-European Community Association
Washington, 22 March 1990

"We live in stirring times. Every day brings new and astonishing intelligence. The collapse of the politbureaucracies of Eastern Europe. The imminent prospect of German unification. The abandonment of the leading role of the Communist Party in the USSR. Lithuania. The pace of change is breathtaking. I remember Mr Gorbachev and Mr Honecker hugging one another on the tarmac, only about six months ago - but I almost picture the encounter in sepia, so long ago does it now seem, and so quickly has it been covered by the tide of history.

Just as the decisions taken in the immediate post-War period set their stamp on international relations for forty years, so now we are at a watershed. Europe has a rare opportunity to set the basis of her security and cooperation on a fresh footing. Equally, we face rare dangers. For if we make the wrong choices in the coming, critical period, the consequences could be alarming.

We can already make out the general contours of the new Europe - and it is a tribute to the institutions we have that that has been achieved, through all the turmoil of recent months, without any real sense of crisis.

One reason for that, and a central feature of the emerging Europe, is the European Community itself. It is surely no coincidence that the revolutions in Eastern Europe have taken place during a period of dynamism in Western Europe.

The first point I would make about the emerging Europe is that the Community must not be diverted from its central 1992 purpose, and the further task of achieving an Economic and Monetary Union. Although we have gone a long way in the past few years we still have much to achieve - from a true single market for insurance, for instance, to the elimination of internal border controls - and it would be absurd if we were to relax our efforts just as the single market is really beginning to yield results. Above all, it would be completely contrary to the interests of the emerging Eastern European democracies, which see in the Community a pole of attraction and a kernel of European economic and political stability. Our strength is their hope.

Germany

At the heart of the new Europe, and at the heart of the Community, there will be a united Germany. That much has now been clear for several months, and it was confirmed by the decisive East German election result last week. Work is in hand to manage the smoothest possible transition. The '2+4' formula provides both a framework for change, and a guarantee to the international Community that the new Germany will be an asset to Europe, not a potential source of tension.

Inevitably there have been fears expressed in Europe about German unification. This is not surprising. We are not so far from two World Wars in this century that we can expect everybody to be comfortable about the confirmation of Germany as the dominant Western European economic power. I am in no doubt, however, either of the depth of the democratic roots which the Federal Republic has put down since the War, or of Germany's determination to develop within the framework of the European Community. The Community and its continuing evolution, are the best guarantee that the smaller European powers can have that their interests will be respected in the new Europe. It serves as a political and economic anchor, and this is becoming more important than ever.

The Soviet Union

But what of the Soviet Union and its place in the emerging order? We all pray that a more democratic and economically efficient Soviet Union may join the world family after its long, destructive (and self-destructive) adolescence. That, however, is by no means assured. The Soviet economy has performed disastrously and the pressures on Mr Gorbachev are formidable.

There is little we can do, directly, to influence the outcome of the Soviet Union's internal crisis. We must, however, seek to ensure that we do nothing to hinder or complicate the reform process, which deserves our support.

NATO

It is too early, for example, to foresee the future of NATO. One thing, however, is clear : that NATO has been one of the great successes of the post-War era in its role as a defence organisation. We will be able to retain security in Europe at lower levels of troops and armaments in future : that is the peace dividend which we should not be afraid to declare. But I am doubtful about the thesis that NATO might develop a primarily political role. There will be a continuing need for military security in Europe. That has always been NATO's *raison d'être*, and should surely remain so, even if its profile can now be lower.

The Helsinki Process

The Conference on Security and Cooperation in Europe, CSCE, is another matter. The Helsinki process has more than proved its worth over the past 15 years, overcoming the doubts of those who believed that it would not seal on the permanent division of Europe. The CSCE is a unique

The European Community : New Challenges

It is the European Community, however, which may be the most important institution of all in determining the future shape of Europe. This is because the Community is now so much more than a traditional inter-governmental organisation. It has become an independent political entity. Already it is playing a crucial role, not only in transforming the economies of its members, but also as the reference point against which all the countries of Europe are assessing their future.

In the so-called PHARE exercise the European Community has been given responsibility for co-ordinating the Western effort to help the emerging democracies of Eastern Europe : smoothing the transition to free market economies.

That in itself is a remarkable tribute. For the decision to give us that responsibility was taken not by the Member States of the EC, but by the 24 countries of the OECD, including the US.

America and Europe

So where does the United States fit into the picture? It is, of course, a leading actor in a number of the processes I have mentioned : in the '2-4' formula for Germany; in NATO; in CSCE. But there has been a widespread feeling, which I share, that this is not enough. We need to look again at the relationship between the US and Europe, and adapt it for a changing world.

If Europe and America are no longer drawn together by a common ideological and military threat, our common values remain. These are an inestimable historical legacy, and a resource which has become more important than ever in a world in transition. Such values provide the basis of trust, shared outlook and joint objectives which will enable us to work together on the international agenda of tomorrow.

We face common challenges, for example, in tackling the world's environmental problems; in finding new solutions to the appalling and widening gap between the developed world and countries for which the term 'developing' has become a bitter and inaccurate euphemism; in dealing with the concomitant problems of international debt; and so on.

The Uruguay Round

There is one immediate challenge we must face together : to establish international trade on a fairer, firmer and more open basis.

The Uruguay Round offers us a chance which may not come again to bind each other, and Japan, and the newly industrialising countries, into a more disciplined, open, world trading system which is comprehensive in its geographical coverage, and as broad as possible in its scope.

We need such a system if we are to prevent a slide into global or regional protectionism which has been threatened, for example in reactions in the US and in parts of Europe to the strength of the Japanese commercial challenge. We must develop cooperative strategies to meet that challenge and to draw strength from Japan's own strength.

There are tremendous opportunities, both for the US and for Europe, in Japanese investment and technology. By all means let us maintain pressure on Japan to open up her own market. But let us avoid, at all costs, a series of under-the-counter bilateral arrangements which could erode the International trading system. It is that system on which we all depend; and it is that system which we have the opportunity to strengthen in the Uruguay Round. There is no future for managed trade in a system such as ours.

EC/America : The Institutional Relationship

I have spoken of the need to develop the European-American relationship in this critical period. It goes without saying that we need the right institutional framework for that purpose. This is a subject of intense discussion at present.

I have a particular suggestion within my own fields of responsibility. This is my second visit to the United States in the 15 months since I came to the Commission. I intend to maintain at least a regular annual rhythm, and I hope that my successors in both the Competition and Financial Services portfolios will do likewise.

I suggest that future visits, in both directions, might be prepared rather more systematically to identify particular policy issues which we should carry forward, and to arrange the most appropriate contacts to achieve those specific purposes.

For example, we are seeking to develop our ability to sell unit trusts in each other's markets.

On the competition side, I shall be suggesting in a speech I am making a little later during this trip, that there could be value in more formal arrangements between the European Community and the United States in the field of anti-trust providing for consultations, exchanges of information, mutual assistance, dispute resolution and so on. This is another area in which we might make progress more rapidly if we prepared high-level visits systematically.

Conclusion

This is an important year for Europe, and an important year for the world. There has been an absurd tendency in some public comment on the changes which are afoot to see only difficulties, threats and complications.

I believe, on the contrary, that we should rejoice wholeheartedly that the countries of Eastern Europe have thrown off the Communist yoke; that the Soviet Union itself is undergoing a process of economic and political renewal; and that Germany will soon be united.

The balance is overwhelmingly positive. It is an exciting time to be involved - at any level - in international affairs. The institutions we have are coping remarkably well with the changes under way. We all have a responsibility to ensure that these changes do not constitute a threat to the existing order but a catalyst for progress."