

"USA-EUROPE RELATIONS: A NEW ASSESSMENT"

By Mr. Albert Coppe

Perhaps it is convenient to look back a few years in our history in order to set up a framework for our purpose. On the whole since World War II there seem to have been three periods in American-European relations: firstly, the honeymoon; secondly, mutual reproaches as in a family quarrel; thirdly, a new assessment. The first period runs from 1945 to 1958; the second from 1958 to 1973; the third begins in 1973. I would like to end with some views about the possible future.

I - The Honeymoon Period

It starts immediately after the end of World War II and culminates in 1949-1952 with the creation of the E.C.S.C. by the six countries in the closest collaboration with the United States.

First, the origin of the E.C.S.C. is to be found in the American decision of 1949 to give up the occupation of Germany with the warning that it would not allow a further occupation of West Germany by the European allies, in order to prevent the sort of political antagonism which followed World War I. The second origin is to be found in the fear of Stalin; the Berlin airlift and all that went with it, convinced Europeans of the need to ignore the technical and political objections to what became the most supranational European construction ever achieved, the E.C.S.C.

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The evolution was planned between the United States and the European leaders such as Monnet and Schuman, Adenauer and De Gasperi, who became the fathers of the E.C.S.C. in 1952 and this in turn gave rise to the E.E.C. in 1958. The degree of confidence established between a man like Monnet and American leaders was extraordinarily strong.

May I give some illustrations: when the Americans asserted that the E.C.S.C. could become a new version of the former steel cartel between France, Germany, Belgium, and Luxembourg, Monnet immediately asked George Ball, legal Adviser to the American forces in Europe, to draft the anti-cartel regulations of the Treaty of Paris. This text eventually became Article 56 of that Treaty.

Another illustration: the E.C.S.C. needed to establish its international credit. The first help came from the Eximbank with a cheap loan for 20 years.

This honeymoon relationship was never to return and, above all, not at the time of the founding of the Common Market. The degree of supranationality and decision-making capacity of the E.E.C. is also considerably less than was evident in the Coal and Steel Community.

This period starts around 1958 and lasted until last year. Altogether this period parallels that of growing detente between Washington and Moscow. The circumstances provoked a weakening of the U.S.-European relationship and there was a tendency for both sides to give the least favorable interpretation to any events of interest to both parties.

America accused Europe of a loss of steam in its drive toward a United States of Europe. Europe reproached America with its failure to consult its allies in major decisions -- for instance, the confrontation with Moscow over Cuba. Each side was justified in its criticism of the other. The Common Market indeed looked like a purely commercial, protectionist operation and Europe failed to explain adequately to the United States the very real difficulties of going beyond purely economic integration, and American anxieties were perfectly understandable. Opposition to loss of political sovereignty was strongest in France, the oldest of the six nations -- the only one of the six that was older, and much older, than the United States.

And there was an ambiguity in the fact that America had both a special responsibility toward Europe and a global responsibility with larger consequences not always understood by Europe.

Europe, especially European youth, doubled the usefulness of America's involvement in Vietnam, while America opposed what Washington saw as a futile war by France against the Algerian nationalists. These two wars weighed heavily on the political climate of the period.

Several other events contributed to the family quarrel. Firstly, American multinational corporations were indeed the first to profit from European economic integration. Secondly, the so-called brain drain from Europe to America. Thirdly, America's balance of payments deficits were held responsible for inflation in Europe. Fourthly, inconvertibility of the dollar in 1971 raised for Europeans the specter of 1934.

In America, there was alarm at France's opposition to British membership in the Common Market; there was the bad image created here by De Gaulle's imperialistic attitude; his scorn for the United States. Since then, the French sociologist Raymond Aron has devoted a book to that period in which he calls America the "imperial republic". So the empire was on both sides.

Finally, it can be admitted that the astronomic economic growth and international success of Europe in the first years of the Common Market went to the heads of Europeans and led them to believe that there was no limit to how far Europe's role in the world might go.

Jean-Jacques Servan-Schreiber's 1968 book "The American Challenge" formulated the European attitude to America along these lines very well, as did Dr. Kissinger's remark in London in 1973 that Europeans tended to measure

their identity by its distance from the United States.

Europeans were slow to recognize that their new market of over 200 million consumers could initially be managed better by experienced American multinational firms while European corporations had to adjust to this new dimension.

In a more understanding atmosphere, this would have been better understood, and "The American Challenge" might have been seen by Europeans for what it was -- a European challenge.

Similarly, Europe's tendency to measure its maturity by its distance from the United States rather than by distance from Eastern Europe or China, it could have been seen as a compliment to America.

III - A New Assessment

(1) Now, we turn to the symptoms of a new Euro-American relation. When Giscard d'Estaing, President of France, said last month that no country could expect to save itself by the mechanism of self-protection, it was clear that there was a new political sound in Paris. De Gaulle had always insisted proudly that France had existed before the Community and would survive its disappearance.

Similarly, when French Foreign Minister Jean Sauvagnargues calls in Washington for a common energy strategy, it is a far cry from the truculence of his gaullist predecessor, Jobert, earlier this year. Jobert was of course even more gaullist than his President, Pompidou.

Now Europe is coming round to the idea that Germany has defended for two decades -- that the world economy can only be served by a common front of the major industrialized countries, including, of course, Japan and America. Europe is beginning to understand that the pin pricks which Europe and America gave each other were based on false problems, and I think America is beginning to understand this also.

(2) The philosophy seems to be that when events on a world level turn to real danger, both sides of the Atlantic come nearer to each other and feel a solidarity that evaporates in times of euphoria.

Distances are relative: when Nazis and Soviets entered into our picture, we felt an immense solidarity with America and possibly overestimated it. Now that the explosive Middle East has entered the picture and threatens both ^{economic} European/balance and peace itself, we feel (I think on both sides of the Atlantic) that we are joined together for better or worse.

(3) The Permanent Solidarity

(a) Energy: For years we have seen in the E.C.S.C. the danger of a growing dependency on oil and especially on Middle-East oil. Keeping our marginal coal mines alive was hopelessly inadequate and the atomic alternative developed too slowly. So we became the hostages of the Middle East. 90 per cent of our oil imports come from that area.

To be honest: there was room for a reevaluation of oil prices and of the prices of other raw materials. They had suffered from inflation on industrial goods which had depreciated the purchasing power of oil. But what has resulted is a threat to the world economy and a boycott on certain countries like Holland for showing a platonic sympathy for Israel.

For the moment, in the short-term, Europe has no alternative source of energy to develop. Our reaction can only be:

- reduction of consumption
- stabilize coal production
- accelerate prospection and production of North Sea oil

In the middle-term: Europe's answer to the challenge is an increase in coal production, not in Europe, but in the United States, permitting increased imports from the United States.

In the long-term, we all have to develop, as a sure alternative, atomic energy. The situation is such that the prospects of an International Agency for Energy are hailed and Europeans hope that this will rapidly be put on feet with French participation.

I am not alone in attaching enormous importance to such an agency; which creates solidarity in times of emergency on a basis of all for one and one for all. Each partner will thus have a voice in the policy of the partnership and the danger of oil producers playing consumer countries against each other is diminished. Similarly, the danger of major importing countries staying silent, through fear, while small nations heavily dependent on imports go to the wall is also diminished.

Integrating this agency in the OECD, which links Europe, America, Canada, Japan, and other countries, would make it politically easier for France to join, especially if -- as France justifiably demands -- Europe speaks with a single voice within the agency.

(b) Balance of Payments situation. For 1974, the balance of payments deficit for the whole of the OECD is estimated at 30 to 40 billion dollars. For the Community, it is expected to be 20 billion dollars. It is especially heavy for Britain, France, and Italy. In the Benelux countries -- Belgium, Holland, and Luxembourg -- a favorable balance was reduced to zero. Only Germany now has a strong, positive payments balance.

The normal reaction of the institutions of a common market is to keep that common market open, and to establish conditions whereby the member states can in fact do this. This is just what is happening, but owing to the weakness of the Community's decision-making machinery, results come only slowly. In the meantime, Italy has had to introduce some nontariff barriers in the Common Market, and France has let its currency float."

The common answer must be a Community loan to all the countries in difficulty. Germany has offered to finance the balance of payments deficits of member countries, but this is insufficient. One country should not bear the burden alone, and it would be unhealthy for the Community if one problem country member was dependent on a single richer member.

Oil prices must be reduced if we are to prevent a collapse of the world economy, with financial instabilities and massive unemployment threatening the whole of the industrialized world.

These two new events have shown clearly that there is no antagonism between the two sides of the Atlantic and that there is no antagonism either between the pursuit of European integration and Atlantic cooperation. But we have to realize that America disposes of an autonomy in its movements that the EEC does not possess. Europe is to begin with more dependent on external energy: -- sixty per cent of its energy is imported, against ten per cent in America, Japan imports eighty-four per cent -- Europe is also more vulnerable

to the consequences of financial instability if international liquidities start to move, for instance, when petrodollars start shifting across borders from one member country to another. We are indeed a Common Market but not a monetary union.

The paradoxical situation is that a strong American stand against abusive oil prices actually helps Europe and especially the Community, and more than is generally believed. The question is not only a financial one; it is also a political one, France having always had strong pro-Arab sentiments and a pro-Arab political orientation. This French policy is now put to a strong challenge, but it will certainly not change as fast as would be desirable.

But in the end, the solidarity between the United States and Europe in this case is evident, and together our arguments against the present oil prices are very strong.

Mr. Ford referred in his recent UN speech to the availability of food as a weapon against oil. He emphasized his hesitation to intervene in the conflict with that weapon. But as I noted in a recent column in a Belgian newspaper, Talleyrand once remarked that non-intervention is a metaphysical concept meaning essentially the same thing as intervention. Ford's speech got little play in Europe, and in any case a European reappraisal of its traditional soft attitude in Mediterranean affairs would indeed be an agonizing one.

IV - What Happens Now?

Twenty-five years ago, cold war has shown fundamental solidarity between the United States and Europe. The present situation shows clearly once again our solidarity. Why then is Europe not more active?

For the moment, uncertainty over Britain's continued membership weighs heavily on the Community's orientation, not only in international but also in internal European affairs. Nobody knows if in a few months time Britain will still be a member of the European Community or not.

Indeed, it is very doubtful that a referendum in the United Kingdom on further adhesion would get a positive response, for experience has shown how conservative our populations are.

If a referendum had been organized in 1952 on the establishment of the Coal and Steel Community, the answer of the six countries would probably have been "no", except perhaps in Italy. And the same would very probably have been true in 1958, on the creation of the European Economic Community. So, with this experience it was very risky to let the further adhesion of the United Kingdom depend on a referendum, but this is now inevitable.

If the referendum is to be organized in a year from now, the months ahead will mean immobility of the Community not only in international but also in Community affairs, in a period of history full of tension and danger. But no one could possibly foresee that British adhesion to the European Community would evolve in such a hesitant way.

The British hesitation, however, is not the sole obstacle to Community action. There are some more permanent obstacles to a more positive influence of the E.E.C. in international affairs.

(1) The E.E.C. is a common market and not an economic union as the name could suggest, and still less a monetary union. Now all the important decisions to be taken in this period of time are on a level that is not covered by the existing Treaties of Rome or Paris.

(2) In the twenty-five years that we have been working at European integration (taking the line of lowest resistance by going through economic integration first) we have never been able to decide if Europe is to become a Federation or a Confederation. Especially in France and in the United Kingdom, the partisans of a Confederation are in the majority. But in all the other countries, public opinion is strongly divided. So we need time and probably we will in practice go further along both lines of evolution for some time until facts and not doctrine have the last word, that last word, I hope, will be Federation.

Here the question could rise what is a probable evolution in the E.E.C. I understand that some doubts could rise about the future of the Community we started twenty years ago. I think a fair picture could show a more differentiated situation than simply an opposition between complete success or total failure.

- There is a stronghold of Germany and the Benelux countries who are keeping their currencies in step and in balance with the dollar;

- France shows good signs to integrate the stronghold sooner or later as this country is facing courageously a very difficult balance of payments situation owing to its oil imports. In fact, France has imposed to itself a ceiling of its oil payments abroad: 10% less than last year.

- There is a serious threat to Italy's political regime and there is a serious doubt about Britain's further participation. But even in case Britain leaves, it is very probable that Ireland and Denmark will remain in the Community.

To conclude - just three ideas.

The first is that for some years more, Europe will be an economic giant and a political midget. This is the inevitable consequence of the way we have chosen to put economic integration first.

Secondly, Europe's inability to make major political decisions internally and internationally will probably continue until the choices are finally made by events rather than by doctrine. So far, Europe has adjusted, however slowly, to the course of events. What is a European, after all? A good definition of a European would be a person who knows history and who knows that he or she knows it.

Finally, just as it was twenty-five years ago, when real storm clouds were gathering over the Atlantic, both sides moved toward solidarity and all governments were able to make demands on their populations involving new evolutions. Twenty-five years ago, it was NATO, the OECD, Benelux, the Coal-Steel Community, the European Payments Union -- which was an American initiative at the end of the Marshall Aid era. This proves that when real danger looms, even in a too conservative Europe, the dynamism is there. There is therefore every reason to hope that now that real danger threatens again, we will adjust. The only question is -- will it be fast enough?
