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Summary of remarks

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EUROPEAN AMERICAN RELATIONS:

FORGING A RENEWAL OF PARTNERSHIP

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Some of you will recall that in the early sixties when John F Kennedy was President and Harold Mac Millan was Prime Minister of Britain, Mr Mac Millan had a favourite analogy for the "special" relationship between both countries. He used to say that the British should be to you as the Greeks had been to the Romans.

I never understood why this comparison appeared to give such comfort to the Prime Minister. If you think about it, the experience of the Greeks when the sun began to rise on the empire of Rome was not altogether enviable. But the attitude of mind which introduces such an analogy, and may find reassurance in it, is, I think, fascinating. It is also quite prevalent today, and not only in Britain.

Europeans are at times prone to pessimism and its gloomy satisfactions but perhaps less so today than is sometimes portrayed here. It is more than three decades now since the Anglo-Irish writer Cyril Connolly announced that it was "closing time in the gardens in the West". Henceforth, he said, we should look for no consolations beyond the quality of our solitude and the "resonance of our despair". The mood that Connolly so elegantly expressed is by no means universally entertained now. "Europessimism" is a recognised ailment, often linked to the still more debilitating condition of "Eurosclerosis" which has become fashionable in recent months - however many of us believe that not alone have we made a diagnosis but we know the cure.

There is undoubtedly a problem of confidence. We have to rid ourselves of the notion that because Europe is old it must be tired. We have to conquer the fear that the prodigious self-renewing creativity of Europe sustained through centuries of war and division may now be exhausted - just at the moment when we have rendered war between us unthinkable, and have made serious progress in dismantling our age old divisions.

To state the problem in that way is I suggest, to see that it is manifestly a false problem. Rarely can the famous words of President Roosevelt have been more true of a particular situation than they are of Europe now: "The only thing we have to fear is fear itself".

The introspections, doubts and anxiety which have been the subject of recent comment are only a transient phenomenon. All nations and all people experience it from time to time. It is hard to recall this now, but I would suggest that Americans too suffered a serious erosion of confidence during and after your involvement in Vietnam. And that was but a moment ago, historically speaking.

But, you may say, we Europeans have had no Vietnams, no such trauma to shake our nerves and make us doubt our future. True, but we have had difficulties and setbacks, mainly of an

economic nature, ever since the first explosion in oil prices in 1973, which have brought their own kind of trauma. The most painful aspect of our problems is the quite unacceptable level of unemployment which has spared none of our countries, and which finds its principal victims among young people.

Our recent experience is therefore so different from yours that we can only look with admiration and envy at the manner in which you have soared out of recession and achieved a particularly stunning record in creating new jobs. We have to respect your achievement while trying to emulate it. We need to learn from you and compete with you at the same time. I think also that there is a great deal that you can learn from us.

If this amounts to a rather ambivalent set of European attitudes to the United States it is, I believe, no more than a mirror image of the attitudes which you hold towards us in that rich and complex relationship which binds us into a condition of almost familial tension and rivalry.

American ambivalence towards Europe is, I suppose, as old as the Pilgrim Fathers, and it has been plentifully nourished by every wave of European migrants who followed them. So on the one hand there are tens of millions of Americans who feel close, natural attachment to the "old country" of their forbears. On the other hand Europe remains the land which was left behind in the search for a better life, whether material or

political, and not all the memories are pleasant. To a considerable extent the US was founded on the basis of getting away from the failings of European society.

The underlying ambivalence built into America's ethnic pattern was, of course, reinforced by the events of this century when European conflicts generated two world wars in which the US was reluctantly forced to intervene. It is no exaggeration to say that on the second occasion at least you saved our democratic system from extinction and then gave us, through the Marshall Plan, the material means to rebuild it. But here again the recurring theme of loss and gain in our relationship asserts itself. For after 1945, the baton of world leadership passed from the hands of the European powers to those of the US. This new situation was in turn instrumental in reviving the ideal of European unity which had been expressed so often (but with so little practical effort) over the previous four centuries.

The Europeans recognized, first, that something must be done to ensure that war would never again break out in Europe and, second, that the individual European nation state was no longer capable of responding to the social, political and economic challenges of the post-war world. Thanks to the unprecedented gesture of Marshall Aid, a number of states were enabled to rebuild their shattered economies and to take the first important steps towards European integration.

Of the several experiments which developed out of this new found desire for unity, it is the European Community which has proved the most significant and the most enduring. Predicated on the idea of creating a de facto integration through the meshing of our economies and the establishment of supra-national institutions, the EC has grown in size and stature, expanded its activities and assumed a significant role in world affairs. Two examples: the present Community of ten Member States is the largest trading bloc in the world and also the largest donor of development assistance to the Third World. Recent agreement on the enlargement of the Community to include Spain and Portugal and discussions on the possible conclusion of a new Treaty on European Union - which would consolidate the achievements and expand the scope of the Community - are evidence that we are committed to the achievement of integration in the fullest sense of the word.

While the US view of this process has basically been positive, and often supportive, it is not surprising that the relationship has had its tensions. First of all, from a psychological point of view, I think many Americans find it difficult to understand the Community because, although it is clear that in many areas (most notably trade) Member States can no longer act individually, it is also clear that we are a long way from the ideal of a "United States of Europe". Secondly, as Europe recovered economically and began to seek a new political identity, a certain rivalry entered our relations. We began to

compete for international markets and we began occasionally to disagree on matters of international relations such as the Middle East or East-West problems.

These are the elements I would identify when I look at the state of the relationship today:

Firstly, the basic commitment of both sides to the fundamentals of Western democratic civilization remains unshaken. We share the same values and recognize the need to protect those values in a difficult international climate. But we are also competitors.

In the area of trade, for example, we criticise each other's policies on agriculture and steel. In some quarters there are growing calls for protectionist measures against what are seen as "unfair" practices in other areas, and there is resentment at the differing approaches in regard to a new round of multilateral trade talks.

In the area of macro-economic and monetary policy, there is mutual criticism on excessive deficits, high interest rates, the over-mighty dollar, excessive subsidization and labour market rigidities.

In foreign policy, there are important differences on Central America, the Middle East, the right approach to the problems of the Third World and the whole question of security and East-West relations which are, of course, of very immediate and real concern to all Europeans who live in the shadow of the Soviet and Eastern European bloc.

I think, therefore, that we are living through a period of some tension in the US-EC relationship. We should not exaggerate this but nor should be ignore it. What we need is a new vision of the nature of our relations so that these differences can be seen in perspective. We need a firm reinstatement of the fundamentals which unite us, a reaffirmation of our common goals.

Let me try to sketch some lines for a new perspective.

In the matter of trade, we ought to recognise the inevitability, in these difficult economic times, that pressure groups on both sides of the Atlantic will begin to question the benefits of the liberal one-world trading system which has been so painstakingly built, largely, be it noted, by the US and Europe. The fight against protectionism is something which is essential to the generation of world economic growth and Europe, which is even more dependent on foreign trade than the US and which continues to be the largest export market for US agricultural and manufactured products, is more than willing to engage in talks towards this end.

Talks in themselves are not however sufficient. There must also be a willingness to reach conclusions and this needs preparation. The developing countries are extremely sceptical about the value of these proposed negotiations and we must take the time necessary to convince them otherwise.

Trade is but one element in the complex equation of problems which face the world economy at present. We should not forget that the twin pillars of economic growth in the 1950s and 1960s were the GATT and Bretton Woods. The GATT principles are under attack, while Bretton Woods has collapsed entirely. So we need new structures - this issue must also be addressed.

There is a need for coordinated action between the three main pillars of the industrialized world. Japan will have to open its markets more to imported manufactured goods and facilitate the international role of the yen; the US will have to tackle the budget problem and the adverse impact of a strong dollar on US trade performance; and Europe will have to create more dynamic conditions for stronger growth in its internal market.

I know that there is a body of opinion in the US today which is disillusioned with Europe, which believes that most of our problems (especially the economic ones!) are of our own making, and which would like to see a shift in the focus of US interest away from the Atlantic towards the Pacific.

I think that these views are misguided.

Although Europe has experienced considerable problems in the last ten years (not least because, as an open trading bloc, heavily dependent on imported raw materials, we were more severely hit by the oil shocks than the US) there is a new spirit abroad which recognises our deficiencies and which is determined to change the situation. In fact, Europe has made a major effort to restructure in the last few years. There has been a significant loss of jobs in many industries - textiles, steel, shipbuilding - as a result and this has generated major social and economic strains. For example, in the steel sector, Europe has lost between 300-400 000 jobs compared with around 40 000 in the US. However, we have come through this period of adjustment and are now poised for an economic lift-off. We know our weaknesses. But, we also know our strengths.

I would point out the fact that the new European Commission has already made a positive beginning. We have been active in getting agreement on the many technical/budgetary issues which have seized up the Community decision-making process in recent years. We have managed to pilot through an agreement on enlargement to include Spain and Portugal and thereby create a potential internal market of 320 million people. We have committed ourselves to a determined assault on the obstacles to free trade in our internal market. In the field of agriculture, we have taken painful decisions to impose a tough price discipline and this must surely be recognized as a solid contribution to better equilibrium on world markets.

When Europe does cooperate we can be very successful. Let me cite three examples: in the field of aeronautics, Airbus Industry represents a significant force which is providing serious competition to the dominant position of Boeing. In the field of space, the European Space Agency and the Ariane rocket offer a commercially viable alternative to the Space Shuttle. In the field of nuclear energy research, Europe is extremely well advanced.

In all of these successes, European cooperation is the essential common element. I believe that the need for Europe to push forward in the area of integration is now widely recognized, especially by industry. However, although we may move towards a goal which may loosely be described as a "United States of Europe" and while we may adopt many aspects of the American model, it must also be recognized that what we build will remain distinctly European. I say this because some recent criticism of Europe in senior US Government circles seems to suggest that it is the very nature of European society which is at the heart of our problems. The idea seems to be that only if Europe abandons its basic traditions and becomes a carbon copy of the US can there be any hope for progress.

I think it is unrealistic to suggest that the US is the only model or recipe for economic success and that automatic imitation of this is the only possible road for Europe. We know what we need to do but it has to be consistent with our own identity and traditions and the need to preserve those aspects of our social structure which we believe are essential to our way of life. I believe firmly that the European model of economic development to which we are committed will produce few surprises in the next decade which will show the "Europessimists" to have been seriously mistaken.

On the European side, there has been, I think, two polarised and misplaced views of the US-EC relationship in Europe. There has been the one view which has sought to minimize the differences and to seek a degree of privileged relationship which ignored the

fact that the size of the two partners was so unequal that a balanced relationship was impossible. There has been on the other extreme, a view which tended to downplay the similarities and seek what often seemed like a fake and stubborn independence. I believe that, within a united Europe, it is possible to set aside such extreme" perceptions and to settle on a realistic appraisal of our relations which takes full account of all the values we share, recognizes and tolerates the differences and thus enables us move towards the new relationship in world affairs which President Kennedy called for in a historic speech in Philadelphia in 1964 when he proposed an equal partnership between "the new union now emerging in Europe and the old American union founded here 175 years ago." "We do not regard," he said, "a strong and united Europe as a rival but as a partner."

This is how it should be. There will, of course, be occasional tensions because Europe will speak with a stronger and more united voice. But the basic convergence of interest should never be lost from sight.

Speaking as an Irishman I am tempted to say that Cardinal Newman may have raised our hopes unduly some one hundred and twenty years ago when he foresaw Ireland becoming, about now, a "road of passage between two hemispheres and the centre of the world". But who would say that the instinct underlying that ambitious statement, the instinct which told Newman that the two sides of the Atlantic were destined to share a strong, harmonious relationship was not sound and realistic?

It was a great son of St Louis, the poet and critic T.S.Eliot who did perhaps more than anyone in modern times to embody, in his work and life and with his own particular individuality, the essential underlying common basis of American and European values. He was, perhaps, a Roman who came back to teach the Greeks new ways of seeing and judging. He expressed a truth about our relations that transcends the more technical aspects of

European-American relations that seem at times to cause such exaggerated tensions. The central point to keep in mind is that we both share a passionate commitment to freedom and democracy.