

A Luncheon Talk by Jens Otto Krag at the Council
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An old Chinese saying goes "if the Gods will give a man a hard destiny they will let him live during interesting times." To my mind I have lived in an interesting time. I was born in 1914 when the Germans were carrying out the Schlieffen-plan and consequently nearly won the First World War.

Since then my life has been a challenge. The latest challenge is my present job. As Head of the European Community's Delegation in the United States, I have already enjoyed since January some interesting changes in the political scenery.

Even though I have been endeavoring to analyze the current European-American crisis, I find it difficult to say in what sphere or on what level it belongs. Certain events indicate that it is decreasing while other events or interpretations indicate that there still exist serious difficulties in U.S.-European relations.

Judging by the content of President Nixon's Chicago Speech the crisis was indeed serious.

According to the President, the United States will withdraw troops from Europe and perhaps aircraft, naval vessels, tactical nuclear weapons, and so on if Europe is not prepared to have its political and economic affairs work linked with defense.

The President said that "the time of the one-way street" is over. He suggested that Europeans had given signs of hostility in their relations with the U.S.

If the President's speech had been taken at its face value it would have spelled a serious change in the conditions of the alliance for Western Europe. The Europeans would have had to accept the proposition that all US-European problems must be dealt with in unison -- and not handled at different times or in different frameworks. We are aware what the reaction of Western Europe would be. Especially one European country -- but not only that country -- would react vigorously against such a linkage.

The general acceptance of parallelism or linkage is not possible for Europe. This is true in spite of the acknowledged need for US-European solidarity to guarantee Western Europe's freedom.

It is readily recognized that differences of opinion on economic and commercial problems exist without these affecting the fundamental basis of the European-American alliance. Nor can one deny the practical link between political/economic and military/security problems. But to put them in one hat would create real difficulties for the Economic Community and would, for all practical purposes, be impossible.

The President said further in his Chicago speech that the time "for a one-way street is over." Americans could understand this only as meaning that the U.S., almost single-handedly, carries the burden of European defense. Nothing could be less true. The truth is that European military budgets never before in peace time have been so large. Western Europe provides about 75 per cent of NATO's ground troops, 80 per cent of the navy, and 75 per cent of the air force. The Western European defense budget has risen more than 30 per cent over the last three years.

Europe is not "freeloading" in the common defense. They provide a substantial and increasing contribution. Of course, Western Europe, even with its own strong defense effort, cannot alone guarantee its own security. Western Europe's security, as the French Foreign Minister pointed out in his answer to the President's Chicago speech, stands on two legs: one European, the other American. The basis for the Western European defense structure is cooperation with the USA and Canada, and reliance upon the atomic umbrella.

I started by saying that there are certain signs of a bettering in American-European relations. I refer to the Houston television interview last Tuesday in which the President gave a somewhat different opinion and clearly said that withdrawal of American troops from Western Europe, except as a part of an agreement with the Soviet Union about force reductions, was by no means his policy. The statement defused the most serious part of his Chicago speech.

The word "hostility" used by the President and also by Mr. Kissinger in connection with economic political decision in the Common Market Council refers undoubtedly to the decision by the Community to undertake direct negotiations with 20 Mid-East countries primarily concerning oil and European-Arab cooperation in this connection. As I understand, it was not the substance of the decision which evoked such strong American reaction. (Europe, of course, depends on imported oil to a much higher degree than this country and it thus seems reasonable that Western Europe as an independent economic unit should independently negotiate for oil with oil-producing Arab countries.) The indignation of the American Administration was aroused because it believed it had not been fully consulted before the decision was made.

The American side has admitted that they had certain fore-knowledge of it, and it seems that some consultations had taken place. But apparently they were not, in the American view, sufficient. The U.S. Administration also fears that Europe may negotiate with the Arabs at cross purposes with Mr. Kissinger's plans and thus weaken his negotiating position in attempting to bring peace in the Middle East.

It would indeed be wrong if Europe, in any way, hampered the American negotiations. We are as interested as the U.S. Government in seeing a durable peace emerge in the Middle East and in having Arab oil flow into Europe close to the normal level and at as low prices as possible.

However the decision made by the European Council of Ministers has no official status. It was taken at a time when Great Britain was about to change governments and the new British government has not yet accepted the decision. Therefore no steps have been taken which could hamper Mr. Kissinger's negotiating efforts. Thus, there is no act of "hostility" and the "crisis" in this respect can be regarded as nonexistent.

Commenting personally, I wish to add that though I feel that the European countries are within their full rights in seeking to negotiate with the Arabs, it must nonetheless be done with sufficient consideration for Mr. Kissinger's political negotiations in the Middle East and for the necessary follow-up steps to the Washington Energy Conference. The follow-up is under way and will lead eventually to negotiations between the main oil-consuming countries and oil-producing countries. This consideration is necessary for Europe to give in response to the American offer of cooperation.

The foregoing is what I had occasion to say to The Secretary of State last week during a Conference in Washington. He expressed satisfaction with this attitude and said it was wrong to speak of "hostility" when one was speaking of Europe as a whole. It was, he said, a single European country whose statements and acts were regarded as hostile to the U.S.

With respect to this part of the development, I believe the crisis has lessened. Other elements, however, seem to indicate a certain hardening of attitudes. We know that two American government officials, Messrs. Hartmann and Sonnenfelt, should have visited Brussels to finish the EC-US declaration of joint interests on the basis of the last draft presented by the Europeans. Their visit was cancelled as a reaction to the European Council of Ministers decision to negotiate with the Arab countries. Further, President Nixon's visit to Europe for the 25th Jubilee of the NATO declaration was cancelled.

These two events are of course unpleasant signs for Western Europe. It is not a very good omen for the alliance when the President of the United States can visit the Soviet Union but not visit Western Europe at the same time or a couple of months before to mark the Atlantic treaty's 25th birthday. According to my information the American Administration feels that any new initiative to resume talks on the content of the US-Community declaration should come from the Europeans. It is the present American view that the current European draft is unacceptable.

If the U.S.-Community Declaration is still important to the Americans and if they wish to have it ready for a Presidential visit at the end of April, then the initiative for resuming drafting negotiations must come from this side of the ocean.

I would like to point to a suggestion made recently by German Foreign Minister Scheel as a way out of the dilemma. He suggested that the European political committee which consists of the top political civil servants from the nine member countries could serve as the body for the European side of the negotiation.

Of course the problem here is whether this is acceptable to all the nine countries and the US. One should not count on the creation of a ten-country committee wherein the US would have the same right of veto as a representative of the Nine. A solution can, with good will, be found. For instance the Committee of the Nine could meet, reach accord among themselves, recess, and then have an informal meeting with the American representatives in which a spokesman for the Nine gives the EC views and hears American reactions and views. Then the Nine could return to their own committee circle to seek a final decision. If such a consultative procedure could be adopted it would undoubtedly be of great help.

It is hard for me to comprehend just why an expression of US-European partnership should create problems. I refer to partnership on equal footing. I am in a complete accord with Mr. Kissinger in that I do not believe the U.S. has any intention to dominate Europe. If this were the case, the U.S. would have attached political strings to Marshall aid or sought a quid pro quo during the period of the US atomic monopoly. But there was not the slightest attempt at American domination.

Yet this myth of American dominance must still be periodically refuted. On both sides we must improve our cooperation -- necessary for the security of Western Europe and, in the long run, indispensable for the U.S. in affording it the necessary strength in dealing with the Soviet Union and China. A Western Europe no longer allied with the U.S. and one which had its own agreements with the Soviet Union would not only weaken itself but also weaken the United States in its attempt to forge a balanced and durable world peace. To my mind, the goal of our common western policy is now being pursued by Mr. Kissinger. A durable world peace is difficult to achieve and hard to keep.

The danger for both Europe and the United States is not US domination: it is of an isolated U.S. and a European policy which does not recognize the necessity of Atlantic solidarity. Such a European policy would strengthen isolationistic forces in this country and threaten the foundation of a policy which has maintained the peace and freedom of the Western world for 25 years.

It is necessary to seek solutions that will upgrade Atlantic cooperation to higher levels. We must fear the opposite situation -- an isolated and frustrated United States on one side of the Atlantic and an isolated Western Europe on the other side open to Soviet pressure -- which eventually will lead to a European "Finlandisation."

I would further like to mention a few economic problems between Western Europe and the U.S. It is not disputed that the United States, according to GATT, has a right to concessions due to the enlargement of the Community. There are some disagreements between responsible American officials and spokesmen for the Community as to the size of the concessions. Seen in the broader context these disagreements are minor and can be solved through reasonable negotiations.

When evaluating military burden-sharing and these economic commercial negotiations, one has to bear in mind that the situation now is quite different from the background of Mr. Kissinger's speech on the 23rd of April last year -- his "Year of Europe" talk.

At that time the United States had a heavy deficit in its balance of payments, the dollar was weak, and Congress was against military expenditure for troops in Western Europe and pressed for hard economic bargaining. The scene has changed. 1973 showed for the first time in 14 years a surplus on the balance of payments. The balance of payments surplus was a bit less in the fourth quarter and it seems doubtful whether 1974 will show a surplus or not, but a strong recovery of the US economy and the dollar has taken place in spite of the latest small dips. I am aware that the U.S., for the moment, has a weaker economic development. Whether this is temporary or not is probably too early to say. But as far as I can judge, the economy of this country is, in spite of inflation, in good shape and the economic circumstances of last year are no longer a factor in the debate.

If I may return to security policy and to the expression "one way street" I would like to end with remarks which I say as a Dane, not as a representative for the EC and also as a former member of changing Danish governments through the years. I know very well that certain European countries can be criticized-- among those Denmark-- for spending a smaller percentage of their GNP for defense than for instance the United States.

But still the expression "one way street" is wrong. I am thinking of the important bases of the U.S. in the Northern part of Europe. On Greenland there is the Thule base which had and still has great strategic value. In Iceland there is the Keflavik Base which to my mind is important. During a visit to the Faroe Islands I saw the NATO Base there which although small is an indispensable link in the chain of our common strategic defense. The Danish defense system, for the time being, is undergoing change with a view to creating a system which will be particularly adapted for Danish needs and not merely a miniature of the system of a large country.

We have a common defense system in the Baltic Sea with other NATO allies. We have in Karup in Jutland a very important military airport with top NATO capability in war time and finally we have a close cooperation with other NATO land forces in the Southern part of Jutland especially with the German defense of Schleswig-Holstein. None of these arrangements show defeatism or lack of cooperation.

I think the United States should evaluate the European defense effort more realistically.

An evaluation of the conditions of the European side of the Atlantic should include the fact that British Labor Government through statements by Foreign Minister James Callaghan has given some very realistic views. When the new Wilson Government took over one could be in doubt as to what was meant by the expression "renegotiation" to which he politically had tied himself. After reading Mr. Callaghan's statement it seems unlikely that the British Government wishes a deep and thorough re-negotiation of the Rome Treaty. Such an exercise would take several years and would involve the governments and parliaments of all the nine countries, and it would be followed by scores of problems from other governments which may not have anything to do with the British interests in renegotiation. It would dangerously weaken the Community, which still has a long way to go before it becomes the Community envisaged by the Rome Treaty. According to Mr. Callaghan, Great Britain wants a renegotiation on specific areas within the Rome Treaty-- for