"WESTERN EUROPE BETWEEN THE EC AND NATO: THE BASES OF A COHESIVE EUROPEAN FOREIGN AND SECURITY POLICY"
CEPS, Bruxelles, 19-21/VI/1986

(1) programma e lista dei partecipanti
(2) Berthelot, Yves: "Europe-Sud: la logique du partenariat"
(3) Carrington, Lord: "Intervento per il convegno"
(4) Ludlow, Peter: "The European Community and its Western partners"
(5) Stürmer, Michael: "A European Ostpolitik?"

(1)

CENTRE FOR EUROPEAN POLICY STUDIES

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CEPS' ANNUAL CONFERENCE - 1986

Theme :

Western Europe Between the EC and NATO : The Bases of a Cohesive European Foreign and Security Policy

Chairmen :

Mr. Leo Tindemans, Belgian Minister for External Relations

Mr. Jean François-Poncet, Chairman of CEPS' Council,
Member of the French Senate and former Minister of Foreign Affairs

Venue :

Dinner : Palais d'Egmont, Brussels

Conference : Palais des Académies, Brussels

Under the auspices of :

"L'Académie Royale des Sciences, des Lettres et des Beaux-Arts de Belgique"

Discussions about an enhanced European role in the defence of the West and about the extensions of European political cooperation have taken on a fresh urgency in recent months. The aim of the conference is to explore the bases of a cohesive European external policy, in which the essential linkages between security and economics are clearly perceived and maintained, and through which the European Community can achieve a more pronounced profile in the outside world that it has done hitherto, without undermining the solidarity of the western alliance.

Thursday, 19TH JUNE		**At Palais d'Egmont**
18:30		Registration followed by cocktails.
20:00		Dinner. Opening speech by the president in office of the European Council of Ministers, the Prime Minister of the Kingdom of the Netherlands, Mr. Ruud Lubbers
Friday, 20TH JUNE		**At Palais des Académies**
09:30-12:45		Introduction by Mr. Roberts-Jones, Secrétaire Perpétuel, Académie Royale des Sciences, des Lettres et des Beaux-Arts de Belgique
	SESSION I	Key note speeches
		Lord Carrington, Secretary-General of the North Atlantic Treaty Organization
11:00		Coffee break
		Viscount Davignon, Director, Société Générale de Belgique, and former Vice-President of the Commission of the European Communities
12:30-14:30		Lunch (at CEPS)
14:30-16:15	SESSION II	Europe and its Western Partners Peter Ludlow, Director, Centre for European Policy Studies Discussants : Alfred Cahen, Secretary-General, Western Europe Union Niels Ersboll, Secretary-General, Council of Ministers of the EC
16:15		Coffee break
16:30-18:30	SESSION III	Europe-Sud : La Logique du Partenariat Yves Berthelot, Directeur Général Adjoint, CNUCED, Geneva, former Directeur CEPII, Paris Discussants : Robert Cohen, Member of the European Parliament Michael L. Faber, Director, Institute of Development Studies, Sussex University
18:30		Adjourn

Saturday, 21ST JUNE **At Palais des Académies**

09:00-11:15 SESSION IV <u>A European Ostpolitik ?</u>
Michael Stürmer, Institut für Geschichte, Friedrich-Alexander-Universität, Erlangen
Discussants : John Kornblum, US Minister and Deputy Commandant in Berlin
Stefano Silvestri, Vice-Presidente, Istituto di Affari Internazionali, Roma

11:15 Coffee break

11:30-13:00 SESSION V <u>Concluding session</u>
led by the Conference Chairmen

13:00 Lunch (at CEPS)

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LIST OF ATTENDANCE TO THE SESSIONS TAKING PLACE

ON FRIDAY, 20TH JUNE 1986 AND SATURDAY, 21ST JUNE 1986

AT PALAIS DES ACADEMIES, 1 RUE DUCALE, B-1000 BRUSSELS

Mr. Jaime Abrisqueta Martinez	Chargé d'Affaires ad interim Royal Embassy of Spain, Brussels
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EUROPE-SUD : LA LOGIQUE DU PARTENARIAT

Yves Berthelot

A paper prepared for the conference

WESTERN EUROPE BETWEEN THE EC AND NATO : THE BASES OF A COHESIVE EUROPEAN FOREIGN AND SECURITY POLICY

Brussels, 19th, 20th and 21st June 1986

INTRODUCTION

L'Europe n'est plus au centre des transformations, pacifiques ou violentes, qui traversent le monde. Son rayonnement culturel s'appuie davantage sur le passé que sur la création. Son poids politique est diminué par la bi-polarisation Est-Ouest des relations internationales, et c'est le plus souvent hors de ses frontières que ses découvertes scientifiques se traduisent en percées technologiques et industrielles. Sa prépondérance dans le commerce international est de plus en plus menacée par le dynamisme des riverains du Pacifique. Par dessus tout cela, les tendances démographiques accentuent l'impression que donne l'Europe d'un continent moins tourné vers l'avenir que ne le sont ses concurrents et ses partenaires.

Cependant, chacun s'accorde à reconnaître que le déclin du vieux continent n'a rien d'inéluctable pour peu que l'Europe n'en vienne pas à douter de son identité.

C'est sans doute ce postulat qui sous-tend une rencontre comme celle-ci, où l'Europe se définit tour à tour par rapport à l'Est, au Sud et à l'Ouest. C'est aussi là le souhait qu'expriment nombre de personnalités du Tiers-Monde qui attendent de l'Europe la référence d'ouverture et de tolérance que ne lui proposent pas les modèles "clés en mains" des Etats-Unis ou de l'Union Soviétique.

Un projet proprement européen pour le Tiers-Monde mêlera nécessairement l'héritage historique, une vision culturelle, un dessein politique et l'intérêt économique. C'est ce dernier pan qui fournira à ces quelques remarques leur fil directeur, sans qu'on s'interdise pour autant, et au détour d'un développement, de toucher au politique. Mais notre propos tiendra avant tout à suggérer une stratégie européenne vis-à-vis du Sud (une SüdPolitik pourrait-on dire), et à en décrire l'application possible à quelques grands problèmes économiques du moment.

* * *

1. RISQUES ET INTERETS

Le rapport Interfuturs de l'OCDE illustrait l'analyse des rapports Nord-Sud par trois scénarios. Autour d'un scénario tendanciel central, trois variantes étaient développées. Dans la première, une détérioration des relations Nord -Sud affectait plus l'Europe que l'Amérique, le Japon et le Tiers-Monde lui-même. Selon la seconde, l'Europe ne tirait aucun avantage d'une spécialisation géographique l'amenant à privilégier ses échanges avec l'Afrique et le Moyen-Orient tandis que le Japon resserrait ses liens avec l'Asie, et les Etats-Unis avec l'Amérique Latine. Dans la troisième variante, l'approfondissement des échanges internationaux sans spécialisation géographique lui était particulièrement favorable.

Les données sur lesquelles se fondaient ces scénarios ont aujourd'hui dix ans. Qu'est-il advenu ?

La simple observation des échanges mondiaux de produits manufacturés nous conduit à observer que l'Europe ne s'est pas engagée sur la voie la plus prometteuse : ses exportations en direction de l'Afrique et du Moyen-Orient sont encore deux fois plus importantes que celles destinées à l'Asie en développement, et quatre fois plus importantes que celles adressées à l'Amérique Latine. Depuis 1979, l'Europe a perdu d'importantes parts de marché dans les pays du Tiers-Monde, et ne s'est pas ouverte à leurs exportations, au contraire des Etats-Unis par exemple.

Plus que l'intensité relative de ses échanges avec l'Afrique et le Moyen-Orient, c'est le manque de dynamisme de l'Europe sur les marchés asiatiques et latino-américains qui affaiblit sa position économique à long terme. En effet, la trajectoire historique nous enseigne que l'Europe a et doit encore accorder au pourtour méditerranéen une attention privilégiée. Les caractéristiques démographiques de cette

zone contribuent à en faire un pôle de pression croissante aux portes de l'Europe. Si ces populations jeunes ne discernent pas, dans les années à venir, de possibilités d'amélioration de leur niveau de vie, si, au-delà, l'évolution politique ne leur permet pas de prendre part au processus de gestion politique de leur pays, elles risquent fort de bientôt chercher refuge dans l'intégrisme religieux ou l'émigration. Ces perspectives, constituent autant d'arguments pour que l'Europe formule et applique, vis-à-vis de cette région voisine et stratégiquement sensible dans le jeu des super-puissances, une politique globale, cohérente et indépendante.

La récente extension de la Communauté à la Grèce, puis à l'Espagne et au Portugal, si elle peut indubitablement contribuer à une meilleure intelligence culturelle et politique Europe-Méditerranée, a introduit en revanche une certaine coupure économique qu'il conviendra de cicatriser.

Moins proche géographiquement, mais tout aussi liée à l'Europe, l'Afrique sub-saharienne reste une terre d'avenir. Les responsabilités de l'Europe y sont implicitement reconnues : elles découlent de la colonisation, de la politique de coopération privilégiée et du rôle de gendarme qu'elle y a assumé à plusieurs reprises. Sans doute valait-il mieux pour l'Afrique échapper au sort de nouveau champ clos de la rivalité Est-Ouest : l'Europe l'en a partiellement préservée. Mais si ce mérite doit lui être reconnu, il entraîne du même coup que l'Europe ne nie pas sa part de responsabilité dans la dramatique situation économique dont ce continent souffre depuis des années. Cette responsabilité interdit à l'Europe le désengagement pur et simple auquel une analyse en termes économiques de court terme pourrait l'inciter.

Sans entrer plus avant dans ce vaste débat, qu'il me soit permis de rappeler que l'Afrique demeure un important fournisseur de matières premières. Or, et même s'il est vrai que l'exploitation des ressources minières identifiées y a été particulièrement intensive, il demeure que

la prospection, au contraire, y a été moins systématique que dans d'autres continents : le potentiel de nouvelles découvertes y est donc relativement élevé. Ce doit être une dimension de la politique euro-africaine.

En effet, on a beaucoup dit, ces derniers temps, que les pays industrialisés devenaient de moins en moins dépendants de leurs fournisseurs de matières premières; or, ce jugement mérite d'être nuancé. Certes, la consommation relative de matières premières par rapport à la production finale diminue constamment depuis plusieurs années, et elle devrait continuer à diminuer. Néanmoins, dans certains domaines aussi critiques que les équipements militaires ou de haute technologie (dont soit dit en passant dépendent de plus en plus les avantages comparatifs des pays industrialisés), certains matériaux demeurent "stratégiques" au plein sens du terme, et notamment pour l'Europe. C'est le cas du chrome, du manganèse, du cobalt et des métaux du groupe du platine, qui sont des intrants cruciaux dans la fabrication de biens hautement sophistiqués. L'un des principaux exportateurs de ces métaux est la République Sud-Africaine. Si cette dernière persévère dans la poursuite de sa politique raciste, la montée des troubles en Afrique australe demeure l'hypothèse la plus probable. Elle entraîne avec elle la possibilité pour l'URSS (qui se trouve être pour quelques uns des métaux précités le seul concurrent de l'Afrique du Sud) de remettre le pied dans la région quand elle jugera la situation suffisamment mûre. Cette seule éventualité suffirait à justifier, de la part de l'Europe, un soutien actif aux efforts de prospection minière dans les autres parties de l'Afrique. De surcroît, le succès de ces efforts augmenterait les chances que l'Europe et l'Afrique puissent exercer sur Prétoria une pression suffisante pour y susciter un changement de politique.

Dans toutes les questions que je viens d'évoquer, il est aisé de distinguer les intérêts stratégiques et économiques propres à l'Europe : accès aux matières premières et aux marchés du Tiers-Monde, capacité d'éviter l'éclatement de crises sociales et politiques dans son

environnement immédiat. Toutefois, l'Europe partage avec les Etats-Unis, le Japon et l'Union Soviétique le rôle important de créateur et de garant d'un ensemble de règles internationales qu'appelle l'interdépendance croissante des économies nationales.

La notion selon laquelle les problèmes propres aux différentes sphères des relations économiques internationales sont intimement reliés les uns aux autres et l'idée que les fortunes respectives des différentes économies dépendent les unes des autres sont depuis longtemps du domaine du lieu commun. Aussi est-il aujourd'hui accepté que les problèmes de développement des pays actuellement endettés ne sont pas uniquement le fruit de leurs propres politiques, mais qu'ils découlent également de la manière dont les systèmes commercial et monétaire ont été structurés, ainsi que des politiques monétaire, fiscale et commerciale suivies dans les principaux centres économiques: la montée des protectionismes affecte la capacité de ces pays à honorer leurs engagements et, donc, la bonne marche du système financier dans son ensemble. De même, chacun reconnaît que les percées industrielles du Tiers-Monde rendent nécessaire la restructuration des industries de l'OCDE, et nul ne conteste que lorsque la rareté de leurs ressources financières contraint les pays endettés à réduire leurs importations, la production et l'emploi du Nord comme ceux du Sud s'en trouvent affectés.

Cette réalité de l'interdépendance plaide en faveur de la mise en oeuvre et du respect d'un ensemble de règles multilatérales. Or, le risque est aujourd'hui considérable que, après les Etats-Unis et plusieurs pays européens, de nombreux pays en développement ne manifestent bientôt une certaine perplexité, voire un certain désintérêt vis-à-vis du système de négociations multilatérales dans son ensemble, et en particulier vis-à-vis du système des Nations Unies. Dans les années soixante-dix, l'attention portée au concept de Nouvel Ordre Economique International a contribué à masquer l'importance des responsabilités nationales. A l'inverse, depuis le moment où, au début

des années quatre-vingt, l'arme pétrolière s'est enrayée, les grands pays industrialisés se montrent sans cesse plus réticents à l'égard de l'idée d'un ensemble cohérent de règles du jeu favorisant le développement du Tiers-Monde; ils préfèrent prêcher la rigueur de gestion et louer les mérites des entreprises privées, nationales ou étrangères. L'approche des années soixante-dix et celle des années quatre-vingt ne sont en rien contradictoires, mais leurs complémentarités ont été occultées par des formulations souvent excessives, teintées d'idéologie.

Le climat des débats multilatéraux s'en est trouvé fortement détérioré. Dans nombre de domaines, les négociations s'enlisent. De plus en plus systématiquement, le multilatéral est abandonné au profit du bilatéral, quand ce n'est pas au profit de mesures unilatérales, c'est-à-dire de la loi du plus fort: l'imprévisibilité, qui sape toutes les bases offertes aux décisions économiques rationnelles, s'accroît dans tous les domaines. De plus en plus souvent, les préoccupations de court terme l'emportent sur les visions de long terme, et ce alors même que, au travers des transformations technologiques, se dessinent de profondes restructurations qui, pour être conduites au moindre coût, exigent plus de prévisibilité et de concertation.

Cet ensemble de comportements nuit aux économies industrialisées; mais ses effets sont encore plus dommageables pour les économies en développement qui, presque par définition, ne disposent pas des moyens d'influer sur leur environnement. Ceci est particulièrement vrai pour ceux des pays du Tiers-Monde qui, trop peu diversifiés, reçoivent chaque fois de plein fouet les chocs qui en résultent.

Le doute s'est donc installé vis-à-vis de l'approche multilatérale, et la tentation de repli sur soi qu'ont parfois exprimée certains penseurs et hommes politiques du Tiers-Monde n'est certes pas dénuée de logique.

Elle n'a toutefois pas été prise au sérieux, tant il semble évident dans les pays industrialisés que seuls les pays en développement, qui ont besoin - et pour longtemps - des technologies, des capitaux et des marchés du Nord, ont intérêt au progrès du débat multilatéral. Deux remarques méritent néanmoins d'être faites à ce propos.

Tout d'abord, il existe au sein du Tiers-Monde des pays déjà fortement industrialisés, tels l'Inde ou le Brésil, qui, développant rapidement leurs capacités technologiques, sont d'actifs et efficaces promoteurs de la coopération Sud-Sud : la décision prise en Mai dernier à Brasilia de lancer une ronde de négociations tarifaires Sud-Sud est une première concrétisation de la volonté du Tiers-Monde de compter davantage sur lui-même.

D'autre part, les pays du Nord eux-mêmes, et notamment les pays européens petits ou moyens, ont avantage à ce que les législations nationales soient aussi homogènes que possible et concilient par exemple intérêts des investisseurs étrangers et objectifs de développement des pays hôtes : ainsi le droit d'établissement ou le traitement national sont-ils à l'heure actuelle des facteurs cruciaux d'expansion commerciale, qui deviennent décisifs pour la diffusion internationale des services. Faute d'accord international, les pratiques nationales risquent de gagner en hétérogénéité et en radicalisation, notamment dans les pays qui sont précisément les plus attractifs pour les entreprises étrangères.

Il existe donc d'une part des forces capables de promouvoir plus d'autonomie pour le Tiers-Monde et d'autre part un besoin partagé, y compris au Nord, de références juridiques communes. Mais ces forces et ce besoin ne peuvent s'exprimer que s'il existe quelque part un lieu où élaborer les lignes directrices qui serviront de base à ces législations. C'est là l'un des rôles du système des Nations Unies, et, plus particulièrement, dans le cas du commerce et du développement, de la CNUCED. L'Europe a un intérêt spécifique au maintien de l'activité

et de la crédibilité de telles enceintes, car il n'est pas dans ses moyens et sans doute pas dans ses intentions de faire prendre en compte - voire de faire prévaloir - ses vues autrement.

L'Europe et l 'ensemble des autres régions du monde ont également besoin d'enceintes où se forge une commune compréhension des problèmes cruciaux, et où se recherchent en commun des solutions acceptables par tous. En effet, un monde sans cesse plus interdépendant , où s'accroît continuellement le nombre des acteurs capables de définir et de poursuivre leur dynamique propre devient inéluctablement plus complexe et plus difficile à gérer.

Le nombre des acteurs plus autonomes augmente effectivement du fait de la mobilité croissante des facteurs de production, de la diffusion des technologies et de l'élévation du niveau de formation dans la plupart des pays. Il s'agit là d'un phénomène fondamental que l'on peut traduire par la formule suivante : les avantages comparatifs sont de moins en moins des dons de la nature; de plus en plus systématiquement, ils se construisent. Il s'agit là d'une tendance lourde, à laquelle il serait vain vouloir s'opposer. L'accent mis ces dernières années, dans les débats internationaux comme dans les analyses théoriques, sur la dette et sur l'importance de la coordination macro-économique au Nord avait rendu moins perceptible cette capacité dont disposent certains pays, même relativement petits, de se tailler une part des marchés mondiaux.

Complexité croissante du tissu économique, incertitude montante quant au respect des règles du jeu, doute naissant vis-à-vis du processus multilatéral, telles sont trois des caractéristiques de l'évolution récente des relations Nord-Sud. L'Europe se doit d'en tenir compte, au même titre que de ses objectifs économiques et géo-politiques propres, lorsqu'elle définit sa stratégie vis-à-vis du Tiers-Monde.

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2. LES GRANDES LIGNES D'UNE STRATEGIE EUROPEENNE POUR LE SUD

Jusqu'à ce point précis, cet exposé pouvait s'accommoder d'une définition relativement vague de l'Europe, qui recouvrait selon les cas l'ensemble de l'Europe Occidentale, la Communauté Economique Européenne, voire tel ou tel sous-ensemble de pays européens. S'agissant maintenant de définir une stratégie, c'est de la Communauté qu'il sera question, car il s'agit là d'une entité qui a la capacité de définir ses politiques propres et qui offre un lieu de concertation pour celles de ses pays membres.

Parler de "politique européenne" semble avoir un sens. Mais peut-on véritablement concevoir une "stratégie communautaire" vis-à-vis du Tiers-Monde, eu égard aux divergences multiples qui caractérisent les situations et les intérêts des pays qui composent cet ensemble hétérogène ? Leurs divergences sont si nombreuses et si évidentes qu'il serait absurde de vouloir les ignorer. Toutefois, il existe également entre eux des facteurs d'unité extrêmement puissants, qui tiennent autant à la nature de leurs économies respectives qu'aux comportements du reste du monde à leur égard.

Trois de ces facteurs méritent d'être soulignés.

Premièrement, les économies des pays du Tiers-Monde étant encore peu intégrées, les mesures incitatives ou de régulations n'y ont pas les mêmes effets potentiels que dans les pays industrialisés.

Deuxièmement, ces pays n'appartiennent pour la plupart à aucun des systèmes économiques dominants, n'étant membres ni du CAEM, ni de l'OCDE. Ils ne sont pas représentés au sein du Groupe des Dix, ni du Groupe des Sept, et ne sont jamais consultés ni même souvent informés à propos des décisions majeures touchant l'économie mondiale.

Enfin, même si ces pays bénéficient tous grâce au Système de Préférences Généralisées, d'avantages dans leurs relations commerciales avec les pays de l'OCDE, ils demeurent aussi la cible privilégiée des mesures non tarifaires [1].

Ces différents modes d'exclusion fondent, plus encore que les données économiques ou géographiques, la véritable unité du Tiers-Monde.

[1] La CNUCED a montré que la part des importations hors énergie des pays développés affectée par des obstacles non-tarifaires était en 1984 de 23% pour celles provenant des pays en développement, contre 17% pour celles provenant d'autres pays industrialisés (Rapport de la CNUCED sur le protectionnisme et l'aménagement structurel, TD/B/1081 - 1ère partie, page 17 - Genève, 1986).

C'est cette unité qui plaide en faveur d'une stratégie européenne globale envers le Sud. Dans sa dimension politique, cette stratégie doit viser une alliance Europe-Sud qui accroisse les marges de manoeuvre européennes sur la scène internationale en contribuant, dans la conduite des affaires mondiales, à conférer au Tiers-Monde le statut de partenaire consulté et écouté. Dans sa dimension économique, la stratégie européenne à l'égard du Sud devra tirer les conséquences de l'interdépendance, et donc contribuer au renforcement de ce partenaire dont l'appui politique est sollicité en échange de perspectives de croissance plus prometteuses.

Echanges de produits agricoles ou manufacturés, achats de matières premières, fourniture de services, financements et aides d'origines publiques ou privées, flux d'investissements directs, apports de technologies, constituent autant de canaux des relations économiques internationales auxquels les pays ont recours selon les besoins et les capacités de leurs économies. La stratégie ici proposée pour l'Europe implique que cette dernière oeuvre constamment et résolument à une ouverture maximale et permanente de tous ces canaux, voire qu'elle les réamorce si le besoin s'en fait sentir. Il ne s'agit pas là d'une remise en cause des lois de l' offre et de la demande : bien au contraire, il s'agit de permettre aux marchés de fonctionner au maximum de leurs potentialités. Si, au-delà de ce principe de base, l'Europe accorde à tout ou partie de ses partenaires certains privilèges tels que avantages commerciaux non réciproques, soutien aux mécanismes de régulation des cours des matières premières, financements bonifiés, coopération technologique ou autre, elle entre alors dans une politique active de coopération en faveur du développement dont l'efficacité dépendra au bout du compte de sa permanence et de sa cohérence.

Toutefois, une vision proprement européenne de la coopération ne saurait en aucun cas limiter ses ambitions à l'amélioration des conditions de l'échange international au sens large : elle doit aussi,

pour avoir une chance de réussir, inclure une compréhension des mécanismes-mêmes du développement. Cette compréhension peut valablement se fonder sur l'expérience déjà accumulée; elle devra, entre autres, prendre en compte les rôles respectifs de l'Etat et de l'entreprise privée dans la croissance, l'importance de la formation, de la santé et de l'environnement, et les conditions nécessaires à l'adhésion du corps social aux efforts entrepris. Ces dernières années ont été riches d'enseignements quant aux ravages causés aussi bien par l'application de politiques ignorantes des indications du marché et des principes élémentaires de bonne gestion, que par l'imposition de politiques oublieuses des besoins mimimum des individus et de la nécessité d'actions collectives volontaristes. Aujourd'hui, l'idée que la rémunération des facteurs de production en fonction de leur productivité marginale peut suffire à créer un tissu productif est souvent mise en avant : son simplisme la rend pourtant particulièrement dangereuse pour les pays en développement qui pourraient être tentés de l'ériger en règle de conduite.

J'ai souligné plus haut que le système des Nations Unies était le lieu naturel où pouvaient mûrir la réflexion sur le développement et s'élaborer les règles susceptibles d'infléchir en sa faveur les pratiques internationales. J'ai aussi rappelé que l'Europe ne pouvait s'accommoder du déclin de l'institution onusienne ni de sa marginalisation. Au contraire, redonner crédibilité et vitalité au forum des Nations Unies, et accroître le rôle de l'Organisation dans la gestion coordonnée de l'économie mondiale constituent deux objectifs stratégiques majeurs pour une Europe soucieuse de renforcer ses liens avec le Sud.

L'Europe peut contribuer à redonner vitalité et utilité au débat multilatéral onusien en l'acceptant comme nécessaire et en y participant de façon positive plutôt que purement défensive. En indiquant clairement ses dispositions en ce sens, l'Europe peut amener nombre de pays du Tiers-Monde à reprendre confiance dans les

perspectives de collaboration Nord-Sud, et à abandonner le registre de la revendication pour celui de la recherche concertée du possible et de l'efficace. Ces pays ont maintes fois montré dans le passé, à chaque fois qu'un accord leur paraissait possible, combien pouvaient être grands leur réalisme et leur sens du compromis.

Au-delà du débat sur le développement et l'amélioration des règles du jeu international, l'interdépendance et la complexité croissantes qui caractérisent les relations économiques internationales plaident en faveur d'une meilleure coordination. A Tokyo, les Sept ont reconnu cette nécessité en mettant en place un système de concertations régulières et une batterie d'indicateurs sur lesquels ces dernières se fonderont. En ce sens, cette étape convient d'être saluée comme un succès. Toutefois, le reste du monde, et notamment le Tiers-Monde, est singulièrement absent de cet effort de coordination : rien ne peut lui assurer que les décisions prises par les Sept lui seront bénéfiques. L'accroissement du rôle de surveillance du FMI sera fort utile, mais ne retirera rien à l'utilité d'un lieu où le Tiers-Monde puisse participer à la gestion de l'économie mondiale. Cette participation devrait devenir l'un des objectifs de la stratégie européenne vis-à-vis du Sud.

Parmi les idées récemment émises en ce sens, la plus réaliste est sans doute celle de la mise en place d'un Conseil de Sécurité Economique des Nations Unies, qui serait le pendant économique de l'actuel Conseil de Sécurité, et en copierait les caractéristiques, notamment celle d'un effectif restreint, comportant, aux côtés de membres permanents, des membres élus pour une durée limitée.

Ainsi définie dans ses grandes lignes, la "**SüdPolitik**" européenne devra dans la pratique être affinée de façon à s'appliquer à chacun des grands problèmes qui affectent aujourd'hui les relations Nord-Sud. Elle doit donc être précisée, en fonction des domaines considérés, tant en ce qui concerne sa mise en oeuvre que pour ce qui est des partenaires

qu'il conviendra d'associer à sa réalisation. Des exemples en seront donnés plus loin. Auparavant, quelques remarques sur les conditions du succès de cette politique sont nécessaires.

Ce succès dépendra étroitement de la capacité que manifestera l'Europe de se présenter comme un partenaire différent, que le Tiers-Monde souhaite privilégier. Tout ce qui contribuera à renforcer le potentiel économique et technologique de l'Europe ira bien sûr dans ce sens, mais dépasse le propos de cet exposé. Par contre, il est des attitudes que l'Europe devra adapter dans les rapports Nord-Sud afin de manifester sa spécificité. J'en mentionnerai quatre.

La première est le respect des règles acceptées. A l'évidence, la crédibilité et le rayonnement européens ont été considérablement affectés, en Asie et en Amérique Latine, par la prolifération des mesures non-tarifaires prises par les pays de la Communauté en dépit de principes maintes fois rappelés, de même que par la multiplication des pratiques privées restrictives que ceux-ci tolèrent malgré leur engagement à les réduire.

Deuxième attitude : l'Europe doit se montrer respectueuse des options des pays du Tiers-Monde, y compris de leurs alliances politiques et de leurs choix de modèles et de trajectoires de développement. L'Europe peut, naturellement, avoir et exprimer des préférences à cet égard, mais elle doit respecter le choix de ses partenaires, en reconnaissant avec eux que ni les succès ni les échecs n'ont été jusqu'ici l'apanage d'un seul modèle politique ou économique. Par chance, la diversité des situations nationales des pays d'Europe et les changements dont ils ont été le théâtre au cours des trente dernières années devraient leur inspirer une ligne de conduite faite de pragmatisme et de tolérance. L'histoire a d'ailleurs montré que les pressions extérieures conduisaient souvent celui qui en était l'objet à radicaliser sa politique, et que, au contraire, la collaboration, lorsqu'elle savait

anticiper sur la radicalisation, permettait d'induire certaines inflexions de ces politiques. Dans le passé, l'Europe s'est montrée capable de telles anticipations; persévérer dans cette voie lui serait très utile aujourd'hui.

La troisième attitude prolonge la précédente: elle est celle de l'indépendance. L'image que le Tiers-Monde attend de l'Europe est celle d'une référence alternative aux deux modèles dominants symbolisés par les Etats-Unis d'une part et par l'Union Soviétique de l'autre. Certes, il est clair que l'Europe appartient au système des économies de marché, mais, au fil des ans, les capitalismes européens se sont mâtinés des éléments de socialisation et de planification qui les rendent plus proches des pays en développement.

Les erreurs et les excès commis dans ce processus, de même que les erreurs et excès qui, à l'inverse, ont déjà été commis ou vont bientôt l'être dans le ressac actuel de dérégulation et de privatisation, donnent et donneront à l'Europe le recul nécessaire à une réflexion fondamentale sur son propre développement économique. Les pays du Tiers-Monde suivront avec le plus grand intérêt le cheminement de cette réflexion. Mais, pour l'instant, ils constatent trop fréquemment que l'Europe s'aligne sur les positions américaines, ce qui est interprété comme un signe de faiblesse, ou comme la preuve d'une incapacité d'analyse autonome.

Dans l'un et l'autre cas, la crédibilité de l'Europe en tant que partenaire s'en trouve amoindrie.

Cet aveu de faiblesse rend plus cruciale encore la quatrième condition du succès de le **SüdPolitik** européenne : le maintien de la politique africaine et la mise en oeuvre d'une politique méditerranéenne. En Afrique, l'Europe s'est en effet montrée capable de définir et de mener

une politique de coopération cohérente qui en a fait le principal partenaire économique et le conseiller le plus écouté de ce continent. Dans le bassin méditerranéen, l'Europe a su aussi, en plusieurs occasions par le passé, faire la preuve de son autonomie de décision et de son unité; mais il manque à cette région un plan économique à la hauteur des risques sociaux et politiques exprimés plus haut. Ce plan doit viser prioritairement l'exploitation rapide des complémentarités dans les domaines de l'agriculture, de l'industrie et des services.

Au delà de ces quatre conditions nécessaires, la stratégie de l'Europe vis-à-vis du Sud aura d'autant plus de chances de réussir qu'elle se conformera aux réalités géo-politiques du monde actuel. Pour les raisons exposées plus haut, l'Afrique et la Méditerranée rassemblent les partenaires naturels de l'Europe. Mais une véritable **SüdPolitik** européenne doit être mondiale. En ce sens, le Brésil et l'Inde sont appelés à jouer un rôle pivot dans les relations de l'Europe avec l'Amérique Latine et avec l'Asie, respectivement, mais aussi probablement dans les relations Europe-Afrique et Europe-Moyen Orient. Ces deux pays ont, en effet, des politiques mondiales. Progressivement, ils sont en train de se donner les moyens de leurs ambitions en renforçant leur autonomie technologique, en se dotant d'entreprises capables de concurrencer les plus grandes, en intensifiant leurs réseaux d'alliances commerciales et d'influences et en formulant des positions autonomes de négociation (comme actuellement au GATT sur les échanges de services).

L'Inde se montre particulièrement active dans l'Asie du Sud, en Afrique orientale et au Moyen-Orient, alors que le Brésil est de plus en plus présent en Amérique Latine, et en Afrique occidentale et centrale. L'Europe pourra sans doute tirer plus de bénéfices de cette évolution en s'y associant qu'en s'y opposant. Ses atouts se nomment technologie et grandes entreprises : ils appellent la multiplication d'entreprises conjointes visant non seulement les marchés locaux, mais aussi les marchés mondiaux. Une telle collaboration, au-delà de ses avantages

directs, alimentera l'élaboration d'un savoir-faire très pointu, et donc très utile pour une future coopération avec d'autres partenaires du Tiers-Monde.

Dans les enceintes multilatérales, l'Inde et le Brésil sont des alliés dont la **Südpolitik** européenne ne peut se passer au plan politique, compte tenu de l'influence déterminante que ces deux pays exercent déjà sur certains pays de l'Est et sur leurs partenaires du Groupe des 77. Toutefois, l'Europe devra rester attentive aux préoccupations de ces derniers, dont les attentes et les problèmes ne convergent pas toujours avec ceux des "deux grands" du Sud. L'ouverture de consultations régulières et institutionnalisées avec le Mouvement des Pays Non-Alignés servirait également ce propos, tout en contribuant au nécessaire renforcement du cadre des Nations Unies. L'arrivée prochaine du Zimbabwe à la présidence de ce mouvement constitue d'ailleurs pour l'Europe une occasion à saisir en ce sens, dans la mesure où ce changement amènera probablement les non-alignés à se pencher de façon prioritaire sur la question de l'Afrique australe. Par ailleurs, dans le cadre particulier des négociations internationales, la Communauté sera plus forte si elle sait intéresser et associer à ses efforts l'ensemble des pays nordiques ainsi que la Suisse et l'Autriche. Une telle "grande Europe" aurait plus de chance d'entraîner l'ensemble des pays industrialisés sur une voie constructive.

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3. QUELQUES ILLUSTRATIONS

Très schématiquement, je me propose, pour conclure, d'illustrer cette analyse en décrivant la façon dont la **SüdPolitik** européenne que j'ai esquissée s'appliquerait aux dossiers brûlants du moment : les services, la dette et les matières premières.

1. Les services

Le débat sur les services est sans nul doute obscurci par l'extrême diversité des activités qu'englobe ce vocable. Mais ce que certains ont récemment appelé la "révolution des services", par analogie avec la révolution industrielle, doit une grande partie de son importance à la catégorie de services tout à fait spécifique des "services d'information" . Ceux-ci comprennent bien entendu tous les services de télécommunications, y compris par satellites, mais aussi les activités de bases de données, de logiciels, ainsi que les services financiers qui leurs sont attachés, depuis les cartes à mémoire jusqu'aux marchés d'options sur les matières premières. Ces domaines constituent de plus en plus l'avant-garde des mécanismes de formation d'avantages comparatifs, et il n'est pas surprenant qu'ils occupent d'ores et déjà le devant de la scène en prélude aux futures négociations commerciales multilatérales.

2. Les matières premières

Au contraire des services, les matières premières sont depuis des décennies l'un des domaines privilégiés de la négociation internationale. L'effondrement récent de tout un ensemble d'accords internationaux de produits, s'il ne condamne pas plus le système que la faillite d'une entreprise ne condamnerait la notion d'entreprise, a au moins permis de mettre en évidence une confusion largement répandue

entre stabilisation des cours et soutien des prix. Cet effondrement a aussi donné à tous (y compris, bien sûr, ceux qui étaient opposés au principe même d'accords de produits) l'occasion de plaider en faveur de la recherche de solutions nouvelles.

L'Europe, ne serait-ce qu'à cause de sa grande dépendance vis-à-vis de matières premières importées, a tout intérêt à ce que ces nouvelles solutions soient rapidement trouvées. Les accords de Lomé, et le mécanisme du STABEX, qui constituent de plus en plus un point de référence pour la communauté des pays en développement exportateurs de matières premières, sont la preuve vivante de la capacité de l'Europe à innover en un tel domaine.

Une première composante de mécanismes nouveaux pourrait donc consister dans le passage de la stabilisation des prix à celle des recettes d'exportations. Toutefois, les perspectives d'évolution de la demande mondiale de matières premières plaident en faveur de la poursuite de solutions plus fondamentales, dont l'essentiel tient en un mot : diversification. Que les efforts actuels des pays en développement s'orientent vers une diversification horizontale (c'est-à-dire entre produits), ou verticale (c'est-à-dire vers la transformation des matières premières actuellement exportées à l'état brut), ces efforts devront être soutenus par l'Europe, comme une condition nécessaire du développement du Tiers-Monde à moyen et long terme.

Il va sans dire que, plus vite l'Europe réagira en ce domaine, plus elle sera à même d'assurer que cette diversification s'opère sur des bases de complémentarité Europe-Sud, plutôt que sur des bases conflictuelles.

3. La dette

Un certain nombre de pays européens ont récemment apporté une contribution remarquée à l'allègement du fardeau de la dette pour les pays en développement en annulant l'en-cours de cette dette pour les Pays les Moins Avancés ou l'Afrique. L'essentiel, néanmoins, reste à faire pour que l'ensemble des pays endettés puisse retrouver le chemin de la croissance et du développement. L'Europe peut y contribuer en tenant compte de l'étroitesse des liens qui unissent désormais les pôles du quadrilatère " taux de change / prix du pétrole / service de la dette / échanges commerciaux ".

Or les récents événements, liés en particulier aux baisses simultanées du dollar et du prix du pétrole, ont pu conduire certains à parler un peu vite d'une prochaine résorbption du problème de la dette. Les indicateurs disponibles laissent néamoins entrevoir la possibilité d'une deuxième crise du type de celle de 1982, si les risques déflationnistes se concrétisent et annulent les avantages attendus d'une poursuite de la baisse des taux d'intérêt et du dollar. L'augmentation des liquidités internationales en faveur du développement reste à cet égard une impérieuse nécessité, et l'Europe est à même d'en plaider la cause auprès du Fonds Monétaire International.

* * *

CONCLUSION

La logique qui conduit l'Europe et le Tiers-Monde à se tourner l'un vers l'autre dans la recherche de nouveaux équilibres devrait les amener à se considérer de plus en plus comme des partenaires privilégiés.

Les mutations que nous vivons actuellement, qu'elles soient géo-politiques, techniques ou culturelles, sont à la fois profondes et concomitantes. Comme toutes les mutations, elles diviseront le monde en deux catégories : les acteurs d'un côté, et les spectateurs de l'autre. L'histoire nous a enseigné que les gagnants appartiennent rarement à la seconde de ces catégories.

Le Tiers-Monde, pour sa part, s'est pratiquement toujours trouvé en position de spectateur, se voyant trop souvent imposer le contexte économique dans lequel conduire son développement. L'Europe, au contraire, a souvent été au centre de l'action, mais cette place ne lui est plus garantie aujourd'hui. Il importe qu'elle en prenne conscience. Il importe aussi qu'elle ne sous-estime pas les atouts dont elle dispose pour infléchir les processus en cours dans une direction qui lui soit favorable : l'audience dont elle dispose dans le Tiers-Monde fait partie de ces atouts.

La logique du partenariat Europe-Sud n'est pas seulement une logique historique. C'est aussi la logique pragmatique que souhaiteront suivre ceux qui, en Europe comme dans le Tiers-Monde souhaitent prendre ou reprendre le contrôle de leur avenir.

This paper was submitted to the Annual Conference of the Centre for European Policy Studies in Brussels in June 1986. Unless otherwise indicated, the views expressed are attributable only to the author in a personal capacity and not to any institution.

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CHECK AGAINST DELIVERY

CENTRE FOR EUROPEAN POLICY STUDIES
ANNUAL CONFERENCE - 1986

REMARKS BY THE SECRETARY GENERAL OF NATO
THE RT. HON. THE LORD CARRINGTON

FRIDAY 20TH JUNE, 1986

CHECK AGAINST DELIVERY

I am not sure how far it is right to talk of Western Europe being between the European Community and NATO; but CEPS, if you are not a cartographical purist, certainly is. If an annual conference is the institutional equivalent of a birthday, then I congratulate you upon it. And I should like to take this opportunity to say also how much I welcome the work you have been doing - of which this conference is only a part - to look at security policy from a Western European point of view; and to ask yourselves, as I sometimes do myself, whether we are not making rather too much of an obstacle of the few kilometres that separate NATO Headquarters and the Rue de la Loi.

I think it no bad thing on these occasions to declare one's intentions with a degree of honesty, so that those who would like to have urgent phone calls to make can have a chance to invent them. My intention is to try to do what Peter Ludlow has asked me to do. What you may feel is good news is that he has asked me to contribute to a debate rather than make a formal speech, and to be indiscreet. The bad news is that he has told me that I should on no account follow my inclination to sit down after fifteen or twenty minutes, and that my opening remarks should be on the record.

As it happens, there is no provision in the North Atlantic Treaty that lays down what the Secretary General should or should not do. But, had they thought of it, the founding fathers would no doubt have established as the 1st Commandment, "Thou shallst not be indiscreet". And, as the 2nd, " ... especially on the record".

In other words, I'm in a bit of a mess. And the right answer is no doubt the one the Head of the Protocol Department once gave to an Ambassadress who had asked him for advice over a particularly awkward placement: "Madame, I would not give such a dinner".

Nothing is less helpful than the right answer given too late; and I must now find an equivalent to what the Ambassadress no doubt did, in the hope of blurring the edges in a confusion of small round tables. In other words, I shall tend more to ask questions than to give answers; and I would like to start by considering what a well-informed and sympathetic American might ask about what Western Europe is doing in the area on which this conference is focussed.

But, before I do so, let me say something about an edge that should not be blurred. When the conference theme talks of discussions about an enhanced European role in the defence of the West, I assume that we are talking about an enhanced role in a security partnership with North America within the framework of the Atlantic Alliance. However obvious the point may seem to the participants in these discussions, it is helpful to make it clear: because misunderstandings do arise, and it can be too late when the damage has been done to say "Oh, but that goes without saying".

And, while I am on the subject of misunderstandings, let me say that, in proposing to take the example of a sympathetic and well-informed American, I do not mean to imply that Americans who are unsympathetic are necessarily ill-informed; and still less to suggest that Western Europe need pay no attention to the opinion of those in the United States who may not be regarded as meeting these two qualifications. The point may seem obvious enough in this room, but there are traps there that have not always been avoided; and that need to be avoided if we are not to make transatlantic relations needlessly more difficult.

The reason for looking at things first from the point of view of the sympathetic and well-informed is not that we can afford to ignore the others. On the contrary, they are in many ways the people whom we should be trying the hardest to influence. But it would be a fundamental misunderstanding of what politics and diplomacy are all about to believe that we could do this successfully without the active help of people in the United States and in Canada who know the issues well, who know us well and who nevertheless remain our friends.

One of the nice things about my job, and the travelling it has led me to do in North America, is keeping in touch with that vital constituency. I am glad to say that it remains a large one; but we must be careful neither to take it for granted, nor to leave it in a position where its contributions to the domestic political debate seem to rely more on sentiment than statistic.

Having said that, let me try to sketch out in a little more detail the questions that my hypothetical American might be asking.

I see him first of all - and by him I also mean her, though I shall not say so on each occasion - as someone who knows that the contribution of the European allies to the common defence is much more than some of his compatriots appear to believe; who knows that the Western European presence world-wide - in terms of diplomacy, trade, aid and private investment - is an important part of the wider Western effort; who knows that European defence Ministers have a hard enough time in Cabinet without having to argue for an equipment budget that makes little or no provision for local manufacture; and who knows also that the Community is not the only source of adulteration to the pure milk of free trade. But he is also someone who knows that these points, and the complex body of fact and argument on which they rest, form the beginning rather than the end of a proper appreciation of what Western Europe should be doing.

Against that background, my sympathetic and well-informed American - let us call him the owl - might begin by asking whether Western Europe, given what Pravda would call the existing correlation of forces, could think of an alternative way of ensuring its security that was not either very much more expensive or very much more risky than the present. And, if not, whether it might not be a wise precaution to do a little more to keep the present system working well.

He might go on to say that what the little more might most usefully be would tend to vary from country to country - he would admit that the popular cry of "Europe is not doing enough" was not a sufficiently precise guide to policy. But he would argue that there was an element of truth in it nonetheless, and that perhaps all countries could usefully work through a checklist that included the percentage of GNP devoted to defence; the extent to which these resources were producing what was most needed from the point of view of the Alliance as a whole; the degree of support given, in political and in many cases also in more practical terms, to the nuclear element in NATO strategy; and the view taken of things that happened "out-of-area", but that nevertheless affected the security interests of one or more allied country.

The owlish questioning might go on to explore what might be done to improve what I have called the existing correlation of forces: to correct imbalances where they exist and are threatening, and to work towards a position where the legitimate security interests of both sides were ensured at the lowest possible level of arms and armed forces. Was it the view in Western Europe that the Soviet leadership could be persuaded to move in this direction through negotiation, if they believed that they could do better by waiting for the West to weaken itself by division or neglect? And, if not, was there a better approach than to work on these issues in the Alliance and as an alliance, so that a proper relationship could be maintained between what was necessary by way of defence and what was desirable by way of disarmament?

And then there might be more technical questions, about what Europe spends on defence equipment and about what it gets out of it.

What does determine European policy in this field? If it is a question of defence policy, are the Europeans really satisfied that they are getting the biggest bang for the buck - or should I say the most <u>eclat</u> for the ECU - with the present welter of short production runs and of differing and often incompatible systems?

If it is trade policy, how much weight is it sensible to place on establishing a more equal balance of trade with a single country in a single sector?

If it is industrial policy, with particular emphasis on high technology, should not the defence sector, as a major actor in research and development and as a major consumer, be integrated as closely as possible into the collaborative effort? And, if so, what are we owls to make of ESPRIT and EUREKA?

And if it is employment policy, must it be looked at only in the short term? What sort of an armaments industry - and thus what prospects for employment - would one expect to see in Europe over the next ten to twenty years, if the industry remains too fragmented to be fully competitive?

There are also more general questions that might be asked in the field of international economic relations. The owl might say: now look, we're not perfect, God knows; but if economic measures likely to prove divisive are proposed in Washington, either State or Pentagon - and hopefully both - are there to try to ensure that the wider implications for transatlantic relations are taken into account. Who does that job in the Community? And how far can it be done if defence is never discussed?"

And, finally, there is the whole question of the European defence identity - a subject on which I have always found the owl rather perplexed.

Sometimes he asks why, if a European defence identity is such a good thing, it is thought sensible to leave out seven of the fourteen European members of the Alliance, including the two who happen to share borders with the Soviet Union. He has been known to comment favourably on the Eurogroup: useful working dinners for Defence Ministers; flexible procedures for getting particular subjects looked into at the working level; and little risk of cutting across what is being done by the Alliance as a whole, because all concerned are personally involved in that too. And to go on to ask whether there really is no way in which the French might associate themselves with helpful and informal procedures, that seem clearly distinct from the integrated military structure of the Alliance.

On other occasions, the owl seems more directly preoccupied about the WEU. He has been known to ask not only whether the horse is being fattened up to pull more effectively within allied shafts, or to prepare for a day when it may be required to gallop off on its own; but also, assuming the former explanation to be the right one, why on earth they don't all move to Brussels and dual-hat the Permanent Representatives - who know their politico-military onions and who know what are the sensitive points for their non-WEU colleagues? And, for that matter, the parliamentarians, so that there could be some helpful cross-fertilisation between the WEU Assembly and the North Atlantic Assembly.

As I say, this is not an easy subject on which to discuss things with the owl; and I should perhaps leave him there, before he gets too troublesome.

It would also be an excellent place for me to sit down, except that I rather promised Peter Ludlow that I wouldn't. So let me give you an illustration of what Harold Macmillan meant, when he described a diplomat as someone always poised between a cliché and an indiscretion, by offering something by way of personal comment on all this.

My starting point is that defence, disarmament and much of East-West relations are all different aspects of what should be seen as the same thing: of a security policy in the broadest sense of the term. And of a security policy that seeks to be not

only firmly based but dynamic, in that its objective is to move us in safety from security based on undesirably high levels of arms and armed forces to security reliably based on conditions where both sides can do with much less.

Europe - and by that I mean Europe as a whole - will be a major beneficiary of the progress we make in this direction, just as it will bear a major part of the costs of any setback. It is therefore vitally important that the countries of Western Europe, who are those free to play a full part on the world stage, should make their voice heard.

That voice, if it is to be persuasive, needs to be strong without being strident. And it must be a strength that can be sustained over the long haul, because that is in the nature of international politics. It is also in the nature of international politics that neither of these conditions will be met by a diplomacy, however well-intentioned, that does not rest on military strength sufficient to deter aggression, and to counter any attempt to seek political advantage by the threat of force.

It will not have surprised you to hear me say that; and it will surprise you still less to hear me draw the conclusion that the strength will come from working together, in the Alliance as well as in the Community. Its European members must have the clear-sightedness and the self-confidence to recognise two important things about the Alliance: first, that it remains the best way of providing the sound defensive base on which a strong European voice depends; and secondly, that it is not least among the places where such a strong European voice needs to be heard.

And clear-sightedness and self-confidence are relevant also because a lack of one or the other may explain why some people seem to feel happier working towards a European defence identity if not outside NATO, then away from it.

I would agree with the argument that the countries of Western Europe will be better placed to maintain public support for a sufficient defence if it is clear that it is their defence that is being talked about, and not some burdensome tribute to a foreign god. Or, to put it more precisely, not merely a contribution to an alliance that is widely perceived to be dominated by the Americans. But a European defence identity that turned out to have no more substance than the Emperor's new clothes, while it could serve to weaken the Alliance, would do nothing to alter that perception of American domination.

So where is the answer to be found?

In the first place, I would suggest, by recognising that a European defence identity worthy of the name can only be created by asking the difficult questions; by drawing the right conclusions; and by taking energetic steps to implement the policies that will result. If that can be done successfully, we shall find not only that the Alliance as a whole emerges the

stronger, but that the question of American domination is put firmly where it belongs: if not on to the garbage heap of history, then at least into a perspective much more appropriate to the present day and to the future.

All this talk about American domination needs to be looked at much more rigorously. Some of it is deliberate propaganda. Some of it is innocent exaggeration of what remains true about the preponderance of American military strength, especially of course in the nuclear field. And some of it reflects a failure, deliberate or otherwise, on the part of the European members of the Alliance to draw the right conclusions - and to draw them in full measure - from the fact that the relative weights within the Alliance have substantially changed.

And we all know that they have changed. They are obviously not what they were in 1949, when much of Western Europe remained devastated. They are not what they were in 1967: the position that General de Gaulle reacted against then was surely very different from what would result in the circumstances of today from a somewhat greater degree of French involvement in the defence policy concerns of the Alliance. And, for that matter, they are not what they were in the famous "Year of Europe", when European political co-operation in the enlarged community had yet to take firm root.

I can, of course, imagine reasons why individual European governments might find it convenient not to think through the implications of these changes; or not to draw policy conclusions from them. They are not necessarily very good reasons. But there are others - and perhaps better founded ones - to suggest that this is something of a minefield that Secretaries General would do well to avoid.

I hope that you will not conclude from that that the subject is one to be avoided also by a well-placed non-governmental centre for policy studies. If you don't think the unthinkable, who else will? And besides, is it really unthinkable that we should ask ourselves whether the European allies are pulling their full weight in a partnership that they continue to regard as the basis for their security; and if not, why not; and what could be done to reduce, circumvent or remove the obstacles that may be identified?

The question answers itself; and I look forward to what CEPS will be able to produce by way of analysis - and, indeed, by way of policy prescription - both at this conference and in its continuing work. Meanwhile, there is much that European governments can be doing - within the existing institutions - to move us along in the right direction. Let me conclude by giving you three examples; or, if you are more pessimistic, by expressing three wishes.

First, those who talk of raising the nuclear threshold should have the courage of their convictions. We all know what is meant, though it is important to remember that we have never committed ourselves to the use of nuclear weapons in any particular circumstances; I think that we would all agree that it makes sense; but it can't be done on the cheap. Nor, incidentally, can it be done by ducking the awkward questions about chemical weapons, but let that pass. I shall confine my example, or my wish, to the strictly conventional field, where the Alliance has agreed to a list of key deficiencies. Raising the nuclear threshold means doing something effective to put them right.

Second, Ministers decided at Halifax to set up a high-level task force on conventional disarmament. The idea develops, in what I would regard as very much the right direction, a point I had suggested in my annual political appraisal; and it was given shape by the interventions of Monsieur Tindemans and Monsieur Raymond.

I see no reason why the Europeans, having set the ball rolling in this way, should not play as influential a part in the Alliance effort in this field as they did in the preparations for the CSCE and in the negotiation of the Final Act. But to do that successfully, they will have to take an active part in defining and in explaining to public opinion what it is that we need to ensure and what we cannot accept. The objective, after all, is to enhance our security; we need to take the military as well as the political considerations fully into account; and we should not leave it to the Americans to hold out for provisions that may be difficult to obtain, but that we all know to be necessary.

And thirdly, arms co-operation. I welcome the progress we have been able to make on a project-by-project basis, and I am optimistic that there will be more. But we are deluding ourselves if we pretend that that will be enough. It won't be, and we must think of something much more radical to drag arms co-operation out of the closet marked "speeches and studies" and into the real world. The sword to use will be the one that turns out to be able to cut the knot, and I shall be only too happy to withdraw my own candidate if another appears more likely to do the trick.

I suspect that the answer will be to tackle the problem at the stage of research and development. If, for example, we could agree to fund and staff on a European basis R & D establishments for specific sectors, such as armoured fighting vehicles, heavy artillery, helicopters or what-have-you, would not much of the rest follow? And doing the research and development in one place and in common would not at all exclude the possibility of spreading the manufacture more widely around the participating countries.

Stevie Davignon will be able to tell you what is wrong with that, and it's high time that I sat down and gave him the chance to say something. But before I do, let me briefly answer two obvious questions about these three points of mine: what is new about them, and what do they have to do with the theme of this conference?

The answers are nothing and everything. The points have been around in one form or another for quite some time, and the problem is to put them into effect. If we could come back here in two years time and find that Western Europe had made substantial progress on each of them, there wouldn't be much need to worry about the European voice not being heard. Or about the good health of the Alliance and the basis of our common security.

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THE EUROPEAN COMMUNITY AND ITS WESTERN PARTNERS.

Peter Ludlow

A paper prepared for the conference

WESTERN EUROPE BETWEEN THE EC AND NATO : THE BASES OF A COHESIVE EUROPEAN FOREIGN AND SECURITY POLICY

Brussels, 19th, 20th and 21st June 1986

The European Community and its western partners.

The history of the western alliance is littered with instances of discord. The last few months have nevertheless been conspicuous by the number of occasions and issues on which European governments collectively or in smaller groups have found themselves in dispute with their principal western partner, the United States: over trade, over Libya, over exchange rates and growth rates, over technological transfers within and outside the SDI, over chemical weapons, over SALT 2 and over sundry other matters besides. These differences over major issues have furthermore been accompanied by unusually noisy outbursts about minor and in some cases irrelevant ones, such as the extraordinary demonstration of chauvinism with which G.M.'s offer to take over part of British Leyland was greeted.

Against this background, it is legitimate to ask whether the present bout of discord in the Atlantic alliance is in any important respects different from, and by definition worse than those that have preceeded it. The argument of this paper is that there <u>are</u> aspects of the present situation that do give ground for considerable concern, but that to understand what they are, we need to turn our attention away from the principal personalities, or even the particular issues that occupy front stage in the current debate, and relate what is happening now to profounder changes in the structure of the west-west relationship which have been gathering force for years, and which will sooner or later necessitate a radical transformation of the political and institutional balance in the alliance.

As the following paper will emphasize repeatedly, the process is immensely complicated, and the matters that require attention are correspondingly numerous. At the root of the problem is, however, the political organization of western Europe itself. Unless and until fundamental rather than cosmetic changes are made to European political institutions, the structural defects of the alliance will not be remedied, and the occasions for strife will increase rather than diminish. As the paper suggests, there are grounds for believing that the Community collectively and in its individual parts has begun to address the basic questions. The achievement

so far has, however, been patchy and slow, and there is a real danger that the painfully achieved but nevertheless extremely modest compromises embodied in the Acte Unique may persuade those who alone can take the important decisions in the Community, either that enough has been done, or that nothing more can be done, to reform the Community's institutions. Nothing could be further from the truth. Institutional reform remains the central issue facing the Community today, and if it is not resolved, not only the Community, but also the alliance will suffer.

I

The starting point for any discusion of contemporary west-west relations is the political system that emerged in the 1940s and 1950s. Despite the many real and important changes that have occured since then, we are still locked into a system which is rooted in the immediate post-war epoch.

This paper clearly does not provide an opportunity for a detailed discussion of events between 1940 and 1960. For the purposes of understanding our present problems, however, it is essential to analyze the central features of the bargains that were struck within Europe and between Europe and the United States on three closely related sets of problems: the role of the US itself in the western European system, the scope of intra-European integration and the continuing responsibilities of the nation states. These bargains, it should be stressed, are enshrined in the actual conduct of inter-state relations as much as in formal treaties, since these latter, though on the whole pragmatic and realistic in their scope, tended for obvious and understandable reasons to speak of longer term objectives which were scarcely reconcilable with the facts that prevailed at the time.

The bedrock on which the new system was built was American hegemony. From the summer and winter of 1940 - 41 onwards, when the Anglo-French alliance was destroyed and the United Kingdom exhausted its foreign exchange reserves, there was indeed no alternative foundation for western European reconstruction than an American dominated system. This fact did not of course signify the end of efforts to find alternatives, or, still less, supine acquiesence on the part of the European states who found themselves within the new system. On the contrary, there were frequent attempts, both during and after the war to think through, and in certain cases even to develop alternatives to what Keynes early in 1942 described as the "American solution". But neither the tentative efforts of the British during the Second World War to build up a European group around the collection of exiled governments in London, nor the more solid advances towards European unity made by the Six in the 1950s challenged the

foundations of US hegemony. Still less did the efforts of individual western European states to maintain or assert their special interests within or beyond Europe. One of the attractions of the American system was precisely the fact that it allowed to the client states ample room for manoeuvre, not to say self delusion. It might indeed have been better for Europe if the Americans had done more to puncture British illusions about their status, or had reacted more sharply against the early pretensions of the Fifth Republic. The fact that they did not, however, did not mean that the system was weak or non-existent, so much as that it was capacious, flexible and durable. Neither Eden at Suez nor De Gaulle in his adventures into gold or out of NATO altered the system: they simply cocked a snook at it.

What then were its bases? They were essentially four:

1. American military preponderance.

2. American dominance of the international monetary system.

3. American influence over the rules and conventions governing international trade.

4. American control of the principal sources of European (and in due course Japanese) energy supplies.

The significance of these four components of the American system for our present discussion will become plainer if we turn to the other two issues that were referred to at the beginning of this section: the scope of intra-European integration and the continuing responsibility of the nation states. In the first place, the hegemonial system defined the limits of both European and national power. In the second place it reinforced a tendency which, it must be said, was strong anyway amongst the principal nation states themselves, to limit the transfer of authority to European level. With money and therefore macroeconomic policy and defence controlled by a highly accomodating hegemonial power, the need to transfer powers over internal and external monetary policies, and security and

defence policies - traditionally the hallmarks of the nation states - was diminished.

This last point is of particular significance. It goes without saying that there were many in the 1940s and 1950s, particularly in the Six who wanted the Europeans to exploit the opportunities offered by the manifest weakness of the nation states to jump straight in to a fully fledged Federal Union. There were also many inside the US administration who shared the same hope. The bargains actually struck at European level were, however, despite the high sounding ambition to "lay the foundations of an ever closer union among the peoples of Europe" profoundly limited in scope. Many of those who subscribed to them were, of course, consciously or unconsciously persuaded of the force of the functionalist theory of international relations: these modest ventures in collaboration would, in other words, automatically lead on to ever greater united efforts. Despite its attractions, the argument was dubious, and the likelihood of it being proved correct was diminished further by the energetic efforts of some of those responsible for the more important areas of national policy in the principal states to ensure that there would be no "automatic spill over". The bureaucratic defences constructed in the Federal Republic are only the most conspicuous and most important example of this kind.

Be that as it may, money and macroeconomic policy, foreign policy and defence remained untouched, with two results that are of great importance for the argument of this paper. In the first place, each of the member states of the Six, not to mention prospective members such as the United Kingdom, maintained and developed different priorities, styles, operating methods, and connections in each of these "high policy" areas, which were not necessarily compatible with or comfortable for their partners in the European adventure. If it is true that without Franco-German agreement there would have been no European Community, it is also true that the European Community that actually emerged in the 1950s allowed the French and the Germans considerable latitude to disagree over the most important questions of economic management and security policy. More generally, the powers of the nation states, which in years of rapid growth became each in their own highly individual way welfare states, increased rather than

diminished as the Community itself grew.

The second consequence of the limited scope of European integration is even more relevant to this paper, since precisely in the "high policy" areas, the bilateral relationship with the United States was and was to become even more significant than the relationship of any one European country to another. We return in fact to American hegemony. Its capaciousness has already been noted. Its reality can be observed, however, in the 1940s, 50s and 60s, in the primordial significance for every western European country of the American connection, whether directly, though the web of bilateral links that grew up between each European capital and Washington, or multilaterally, though the American dominated international machinery of the post-war period: the UN, the IMF, the World Bank, GATT and of course NATO. The Anglo-American Special Relationship, though rich and deeply rooted in common history and shared struggles, had its counterpart in the bilateral relationships which all the other western European governments built up with Washington. Indeed, in terms of real power, it was already out ranked in power and importance before the end of the 1960s by the relationship between the United States and Germany, which, as the present US Ambassador in Bonn, Richard Burt claimed only a few months ago, was and is also "special", "based as it is on both historical and contemporary ties and the presence of almost a quarter of a million American servicemen on German soil".

The organization of international cooperation in the American system was in its own way just as significant, in a negative sense, for the development of European integration as the bilateral system described in the previous paragraph. In only one instance did the new Community establish a role in its own right, namely the GATT. In the rest, European representation was effected through the nation states themselves, whether large or small. Efforts were already made in some instances in the 1960s, as still more effectively in the 1970s and 1980s to coordinate European positions in advance, but the inevitable splitting up of the big from the little acted as yet another dissolvent force. The seat at the top table, whether in the Security Council or in the informal groups that began to play such a major role in the economic organizations and even in NATO, offered the larger

states special privileges and powers. Hegemonial the system may have been, but as the British discovered during the Second World War when the Atlantic alliance first emerged, powerful personalities and skilful operators could go a long way towards compensating for - and masking - real discrepancies in power.

II

The system outlined in the previous section survived more or less intact until the late 1960s. There were signs of things to come before then: the United States' growing balance of payments problems, for example, which prompted such diverse reactions as the Interest Equalization Tax in 1963 or the succession of offset agreements with Germany, which in effect charged the client state for services rendered by the hegemonial power. There was also, in a quite a different sphere, the notable performance of the new European Community in the Kennedy Round, where the realities and the advantages of negotiating as a block were clearly displayed. Finally, and by no means least, there were the writings of those who like Robert Triffin foresaw the disintegration of the system long before it happened because of its own internal contradictions. It was, however, the combined impact of the Vietnam War and the relaxation in east-west tensions associated with the onset of "detente" that finally revealed how shaky the system had become, and inaugurated a new phase in which, despite appearances, we still are. The differences that then became apparent can be best analyzed if we look again at the three issues that were discussed in the previous section: the role of the US, the scope of European collaboration and the role of the member states.

As far as the United States is concerned, it would be foolish to overestimate the relative decline of its power. At most, outright hegemony gave way to what Robert Keohane has described as "partial hegemony", and on occasions, particularly in the last four or five years, even this description needs some qualification. Whether, however, we look at the objective bases of the American system, - military power, money, trade and oil - or at the subjective preoccupations of successive American administrations, there can be no doubt that the character of trans-Atlantic relations changed profoundly in the late 1960s and early 1970s, and that the self confidence of the "new America" of the 1980s has not put the clock back to any significant degree.

Examples taken from two key areas in the trans-Atlantic dialogue must suffice: the debate about macroeconomic management in the late 1970s and 1980s and the discussion of burden sharing that continued throughout the period. Together they illustrate the two central themes of this new phase, the growth of interdependence and the crippling and potentially unsustainable costs of even partial hegemony.

The starting point for an analysis of the debate about macroeconomic management in the second half of the 1970s is the recession that followed on the first oil shock. In the first half of 1975, unemployment in the OECD area had risen to 15 million and GNP had declined at an annual rate of 4%. At the same time, inflation was dangerously high. Despite a general disaffection with Keynesian methods, some efforts to stimulate growth were clearly essential. In the months that followed, the recovery duly began, and by the middle of 1976, the OECD Secretariat felt able to draw up a plan for sustained growth averaging 5.5% per annum until 1980. In reality, however, the pattern of recovery was uneven and the costs in balance of payments terms were lopsidedly distributed. Making a virtue of what may have been politically necessary and was certainly politically convenient, President Ford called on his German and Japanese partners at the May Summit of 1976 to follow his example and to allow their external balances to deteriorate in the interests of western solidarity. It was the first shot in what was to become an increasingly acrimonious discussion during the next two years, as the dollar fell to new lows against the DM and the yen, and the American balance on visible trade worsened from a surplus of 9 billion dollars in 1975 to a deficit of 31 billion in 1977. Eventually pressures built up on the Germans and Japanese in such a way that they had to react. What is significant for the moment, however, is the clear indication that this episode gives of the altered pattern of relationships within the alliance. Even the vocabulary changed, with the introduction of concepts such as the "locomotive", and the "convoy". Leadership in this new international system was to be shared, rather than exercised by one dominating power.

The years in question were, however, it might be said, the years of the Carter administration. Have things not changed in the 1980s under

President Reagan? It would be tempting, in the light of the spectacular strength of the US economy between 1983 and 1985 to conclude that the situation has indeed been reversed. The answer is, however, quite clearly that it has not. It is true that with the Soviet invasion of Afghanistan, successive American administrations, first under Carter and then under Reagan, began to jettison the language of detente which was part and parcel of the new era. It is also true that partly because of its vocation to lead, and partly because of the ideas of some of the government's economic advisers, the new administration more or less openly rejected the language of international economic coordination. Moreover it is true that it was the US which in a most dramatic manner dragged much of the world out of the recession that followed the second oil shock. Although the following table covers only OECD trade, and therefore omits a number of Third World countries that have also benefitted from the US "trade locomotive" over the past three years, the picture that emerges is fairly clear:

Current balances of major OECD countries and country groups

$ billion, seasonally adjusted, at annual rates

	1983	1984	1985	1986	1987
United States	-40.8	-107.4	-117.7	-132.0	-124.75
Japan	20.8	35.0	49.3	76.5	70.75
Germany	4.1	6.3	13.1	28.5	21.75
France	-4.4	-0.8	0.3	7.5	5.5
United Kingdom	4.8	1.2	3.8	4.0	-.75
Italy	0.8	-3.0	-4.1	4.0	3.25
Canada	1.4	2.0	-1.9	-5.25	-3.0
Total of above countries	-13.4	-66.7	-57.1	-16.5	-27.5
Other of OECD countries	-9.9	-2.4	-2.1	8.5	5.0
Total OECD	-23.3	-69.0	-59.2	8.25	-22.5
Four major European countries	5.3	3.7	13.2	44.25	29.75
OECD Europe	2.4	11.3	20.7	61.0	41.75
EEC	0.1	5.6	16.0	57.25	41.0
Total OECD less the United States	17.5	38.3	58.4	123.75	102.25

Source: OECD Economic Outlook May 1986

Europeans suffering from a combination of "sclerosis" and "pessimism", had more reason than most to be grateful for the American recovery, since without it the task of attacking some of the structural problems in our own economies would have been considerably more painful. The costs of this single handed act of leadership, however, were and are colossal. One need only compare the imbalances which gave rise to the acrimonious trans-Atlantic exchanges in 1976 - 78 with those which have grown up over the past three years. The trade deficit in 1977 was 31 billion: in 1985 it was 117 billion. The fluctuations of the dollar which so alarmed policy makers in the mid 1970s pale by comparison with the performance of the US currency in the 1980s, when it rose from somewhat over 2 DM to the dollar to almost 3.50 DM before falling back again to under 2.20 DM.

Not surprisingly, therefore, the old ways of thinking have returned. First at the Plaza meeting in September 1985, then increasingly over the winter in the run up to the Tokyo Summit, the US administration, like its predecessor in the late 1970s, has taken up the cause of coordination, acknowledged the virtues of exchange rate management and preached at its principal partners to take their share in maintaining the growth of the international economy. As John Williamson noted in the Financial Times recently, the Tokyo Summit went even further in the direction of setting up economic indicators which the nations represented promised to monitor than he had advocated: it may indeed have gone too far for its own good or credibility. Interdependence, however, which had never really gone away, was clearly back in favour. We are all, it might be said, economic coordinators now. The problem, however, is that we are not all as powerful as each other. American hegemony may be at an end, but the system that has taken its place is still, as its was in the previous round of coordinated growth in the 1970s, profoundly asymetrical.

The discussion of burden sharing, the second topic chosen to illustrate our general theme can be briefer. It is of course as old as the alliance itself. At their meeting in London in May 1950, the NATO Council "proceeded on the basis that the combined resources of the North Atlantic Treaty are sufficient, if properly coordinated and applied .. and recommended that each Party make its full contribution through mutual

assistance in all practicable forms". For a variety of reasons, however, strategic, economic and political, the debate acquired, and continues to acquire ever greater urgency in the 1970s and 1980s. Strategically, the shift away from excessive dependence on nuclear weapons to greater emphasis on the role of conventional forces carried with it important economic consequences which have become more and more apparent as the sophistication of the new generations of weapons has grown and become costlier. There were also other factors at work: a psychological aversion after Vietman, for example, against the original willingness of the US to bear any burden any where which had been proclaimed so eloquently by President Kennedy. The Reagan administration may for a time have revived some of the former spirit, and ignored the economic constraints which made more modest attitudes towards a world role sensible, but as the events of the past few months have shown only too clearly, economic reality has a habit of catching up with the bravest, and with or without Gramm and Rudman, the US administration is clearly faced with some very disagreeable choices in the near future.

The implications of these developments for America's relations with her European allies have been clear from the beginning of our period. From the Mansfield Ammendment of 1971 to the first Nunn Amendment of 1984, meeting after meeting, and speech after speech have reiterated the theme that unless the Europeans began to play a proper part in their own defence, the Americans would have to reconsider their commitment of forces to the defence of the old continent. One of the most recent, and it need hardly be said, one of the most eloquent examples of this genre came only last month from Henry Kissinger in an article in the Washington Post. Taking as his point of departure the Libyan crisis and the failure of every European leader except Mrs Thatcher to support the US administration, he highlighted a reversal of perspectives that has taken place over the past fifteen years. Formerly, it was the US, embarrassed by its links with colonial powers, who reserved the right to dissociate itself from their extra-European adventures. Now it is Europe that dissociates itself from the US.

"But there is one fundamental difference. When the United States thwarted Europe a generation ago, it was accelerating an inevitable process of decolonization. When Europe disassociates itself from the United States today, it challenges a concept of global defence and therefore indirectly the psychological bases of America's commitments even to the defence of Europe. The practical consequence is that a major portion of America's armed forces is tied up where governments will permit its use only against the least likely threat, an all out Soviet attack on the central front. With respect to the most probable challenges - where crises have in fact arisen - the allies not only veto the use of the forces based in Europe, but invoke the alliance to seek to block US action even by American forces based outside the Treaty area. Gradually the concept of reciprocral obligation is being drained from the alliance."

Political and military arrangements in the alliance will have to be adjusted. Simply improving consultation will not do. The "unnatural" passivity of the Europeans has to be stopped and the Europeans persuaded to assume a larger role in their own defence.

"If the Atlantic relationship can encourage a European economic community where competition with the United States is inevitable, it should welcome a European defence community, in which all incentives -in case of a Soviet attack or pressure on Europe - would be for cooperation rather than dissociation."

In addition a high level working party under the chairmanship of the Secretary General of NATO, Lord Carrington, should be established to look frankly at actual and potential sources of disagreement between the United States and her allies outside the NATO area. Their brief should extend to the preparation of recommendations concerning the deployment of allied forces.

"The conclusion, I believe, is unavoidable; some of the American forces now in Europe would contribute more effectively to global defence if they were redeployed as strategic reserves based in the United States

and able to be moved to world trouble spots."

Each time, it might be said, the threat has failed to materialize, and it may be that as Theodore Sorensen has recently observed, many of the worst fears of the Europeans are "unfounded", but it would be rash, to put it mildly, for Europeans to presume on this fact, and in a broader perspective it would be dangerous for the alliance itself if they did. One may not share Dr. Kissinger's standpoint to the full, but the time is approaching, if it has not already come, when a quite different kind of alliance is called for.

We return therefore to Europe during the second phase in the history of the alliance. As previous paragraphs have implied, we are in 1986 still a long way from achieving a proper balance within the alliance in the post-hegemonial era. It would nevertheless be quite wrong to conclude that the situation has scarcely changed during the past fifteen years. On the contrary, although the process of readjustment still demands radical measures on the European side, Western Europe has moved a great deal further than is generally recognized. One of the more experienced members of the Brussels press corps once compared Community-watching to the obvservation of a glacier. Movement is so slow that when one returns after an absence of several weeks or months, one is tempted to conclude that nothing has changed. On closer examination, however, a great deal has in fact happened, and unless these shifts are properly noted and recorded, observers - and those involved in the process themselves - may be overtaken by events. An accurate understanding of where we stand is therefore a precondition of any sensible discussion of what still needs to be done.

The more important developments that need to be noted are inextricably tied up with the history of the alliance itself. There are, however, at least three more general factors which have conditioned Western Europe's response to structural change within the western world. The first has already been anticipated in the previous section, namely the advance of the national welfare states. Despite the major shift in attitudes towards public expenditure which will be discussed in subsequent paragraphs, this advance has continued almost unabated to the present day. In the 1960s total

expenditure of general government as a percentage of GPP averaged 36.3 % in eight Community countries. In 1985 the average was 51.5 %. Quite apart from the economic consequences of this enormous expansion, the political implications, in terms of patronage, client systems, bureaucratic politics and electoral rivalries are colossal, and cannot be ignored in a debate about the future of Europe.

The second factor which runs like a thread throughout the history of the last fifteen years is the consolidation of Germany's position as the leading Western European power by almost any measure other than the possession of nuclear weapons. The consequences of this leadership position can be seen at their most constructive in the birth and development of the European Monetary System, and the discussion of macroeconomic priorities that have accompanied its growth. More generally, however, it has meant that the Federal Republic's preoccupations have been determinative in the formulation of the "European" response to the changing structure of the alliance. Sensitive for historical reasons about exercising strong leadership in the first place, its caution has been increased by its strategic vulnerability which is greater than that of any of its Community partners. In economic terms, an understandable anxiety not to compromise the fruits of sounder economic management though risky adventures with less well governed neighbours, has been reinforced by the justifiable feeling that although it is the strongest of the European economies it is not, with a GDP less than half that of Japans and one fifth to one sixth that of the US in the "world league" at all. The Community came into being to some extent because of France's determination to restrain and harness German ambition: its fulfilment is, ironically enough, blocked by German Angst.

The third general factor, has been the complete transformation of attitudes towards economic management and more particularly the role of public expenditure that has gathered force over the past twenty years. For obvious reasons, discussion and action have been concentrated at national level where most of the expenditure is incurred. The growing preoccupation of policymakers all over Western Europe has, however, achieved a wider significance for at least three reasons. In the first place, it has

facilitated the convergence of macroeconomic policies and, therefore, the maintenance of the EMS. Secondly, it has had a profound influence, for good and ill, on discussion about the Community budget. It is still too early to guess the eventual outcome of efforts to restrain expenditure on the CAP, but it is difficult to believe that agricultural policy will have the same weight in the expenditure and therefore the politics of the Community in ten years time as it has now. The attack on public expenditure has in other words raised fundamental questions about the character of the Community that was created in the 1950s and 1960s. Paradoxically, however, it has also at the same time opened up new possibilities of common action at European level which if followed through inside or outside the Community will profoundly affect the scope of European integration. The most important example of new, European level expenditure programmes is of course to be found in the growing number of publicly commissioned or funded ventures in the defence field. The fact that these are by definition taking place outside the formal Community framework is also not without significance to the general argument.

How then have European attitudes towards the three inter-related bargains which we took as our point of departure in the previous section evolved during the 1970s and 1980s? The short answer is that the terms of the debate about the scope of European integration have been profoundly altered. The actual agreements that have been struck are still, however, partial and inadequate because the institutional framework has not kept pace with changing perceptions of policy priorities.

Signs of the new agenda of European politics are to be found at the start of our period in the declarations that issued from the Hague Summit of 1969, and still more, seven years later, in the Tindemans Report which in a remarkable way identified the principal elements in the new debate. The processes can be studied more systematically, however, if we look briefly at two central themes in the new agenda: monetary integration, and security.

For reasons that have already been discussed, monetary integration and macroeconomic coordination did not figure in the original agreements that

underpinned the Community. In a dollar based system, further institutional constraints on the development of national economic policies were neither wanted nor needed. As the system began to lose its force, however, both themes became central issues in the debate about the Community's future. This is not the moment to discuss at any length the way in which the debate developed or how the EMS emerged. I have done that elsewhere. At least two aspects of the events that led up to the launching of the EMS are, however, worth recalling. The first is the close connection between Helmut Schmidts decision to press for a new monetary initiative and the growing demand from the US and elsewhere that the Germans should play a locomotive role in the Western economy. A second is the emphasis that both Schmidt and Giscard D'Estaing placed on the geopolitical significance of the step that they were advocating.

In the discussion of the development of the EMS since its inception, much attention, understandibly enough, has been focused on the impact that the system has had on domestic economic policies and performance, particularly in France, Belgium and Italy. Until recently the international ramifications have not been dwelt upon, partly it must be said because for many if not most technical observers the system seemed unlikely to survive a radical devaluation of the dollar. Now that the latter has been accomplished, however, and the system is still intact, some of the ideas that surfaced during the discussions that preceded its birth have acquired a new pertinence. A good example is a speech which the President of the European Commission, Roy Jenkins, made at Bonn in December 1977. Less famous than the speech which he delivered a few weeks earlier in Florence, it was in many ways more important. "Germany" he observed, "resists ... the so-called locomotive theory of cyclical leadership by the more powerful economies whose balance of payments position is strong ... I understand your argument. Virtually every German boom since the war has been led in no small measure by strong export demand, leading to a strong consequential tide of private investment ... The attractiveness of pulling further on levers of domestic demand management policy seem to limit it. You cannot in the conventional international setting have an important effect on foreign demand without risk of domestic instability ... " For both domestic European and wider international reasons, however, it was a

short-sighted reaction, which increased the difficulties of the weaker economies inside Europe to overcome their growing unemployment problem and retarded international growth as the Americans came to terms with the balance of trade and the dollar. The way out of this "economic stalemate" was a broadly based strategy involving the creation of a "hard core integrated Community economy", which would provide the Germans with the necessary protection against the risks of more expansionary policies, and spare their partners the uncomfortable consequences of following suit. A few months later, shortly before the Bremen meeting of the European Council, which saw the formal launching of the plan for a European Monetary System, and the Bonn Summit which was the occasion of important concessions by the Germans to proponents of the locomotive theory, Helmut Schmidt made very similar points in an interview in Business Week. The idea of a European monetary zone was in other words firmly linked with more effective management of the interdependent Western economy in the post-hegemonial era.

Against this background, it is in some respects hardly surprising that two weeks ago a leading German spokesman took up again, in the context of a meeting at which Secretary Baker and others called on Germany and Japan to take up some of the slack in the international economy, the idea of monetary blocs. We are after all much further along the road towards the creation of a "hard core integrated Community economy" than we were in 1977-78, when the ability of the franc to survive life with the DM was still widely doubted. What was surprising, however, was that the spokesman concerned was none other than the President of the Bundesbank. Too much should not be read into one speech. Furthermore, it is highly unlikely that there will be any major step towards the development of the EMS before the Federal elections next year. But there is a certain logic in events. Contrary to the original fears of the Bundesbank and indeed of experts almost everywhere else in 1977-79, the EMS has acquired many of the more important characteristics of a monetary bloc with the potential to evolve into the third pillar of a three zone international monetary system of the kind of which both Helmut Schmidt and Giscard d'Estaing spoke frequently in 1978. The obstacles to such a development are not in the last resort economic or technical, but institutional. As Tomasso Padoa Schioppa

recently observed, they "involve finding a way of shifting sovereignty that is at the same time feasible, successful and acceptable".

To have identified the problem is not, however, tantamount to having solved it. Other recent events have shown just how difficult that will be. At the Tokyo Summit, for example, Europe was represented by no less than seven leaders and yet, according to several acute observers, the one political entity that did not emerge as such in discussions which in many ways enhanced the development of international economic coordination was Europe itself. Instead we were left with the somewhat unedifying spectacle of the European members of the so-called G5 arguing against the extension of the group to include another European state, namely Italy. As one of those present remarked afterwards, the real issue that the summiteers ought to have been confronted with was whether, given the increasingly limited autonomy of the French franc and the irrelevant freedom of sterling, G5 should not have been reduced to G3, while for the Europeans themselves the issue ought to have been, whether the Federal Republic speaks for a DM block or whether, collectively, we are capable of devising an institution which articulates a European position.

A similar pattern of substantial changes in the scope of European cooperation, thwarted by a totally inadequate political systems and institutional structure emerges if we turn to the other major theme in this section, namely the debate about Western European security. The issues at stake emerged simply and brutally at the very beginning of our period with the introduction of the Mansfield Ammendment in 1971 . Question marks over the durability of the US commitment, and economic pressures arising from the complexity and cost of modern weapons, have together brought about a major change in the strategic thinking of the more powerful Western European states and modified the patterns of behaviour and collaboration that had taken root in the first phase of the alliance.

One, relatively superficial measure of the impact of Europe's new insecurity can be found in the number of institutions that have emerged over the past fifteen years or been refurbished to articulate European policies. Within NATO itself, there is the Euro Group and the IEPG, not to

mention supplementary organizations such as EDIG. Outside there is the EPC, shortly to be reinforced by a Brussels based secretariat, and the WEU which has been summoned back to life to provide those European states which are allegedly more serious about their own defence, with an instrument which is more effective than those that have been blunted by the participation of the so-called asterisk states. Finally, and by no means least, we have seen a serious effort to give substance to the commitments to Franco-German collaboration in defence and foreign policy enshrined in the Franco-German treaty of friendship of 1963, but rendered redundant by the Bundestag in its modifications to the preamble to the treaty itself. It would be misleading to suggest that there had been no dialogue between France and Germany on security matters between 1963 and 1982, but the record, peppered as it was by events such as France's withdrawal from the integrated structure in NATO, disputes about French forces in Germany, misunderstandings, on both sides, about what was intended by the apparent offer of General Méry to include the Federal Republic within an extended "sanctuary", was not particulary convincing. A decision in October 1982 to establish a Franco-German commission concerned with security and defence was, by contrast, a new start.

This proliferation of institutions has been accompanied paripassu by modifications of doctrine and by innovations in practice. At the level of strategic thinking, the evidence of fresh ideas has been most apparent in France where, cynics might be forgiven for commenting, the point of departure was so unrealistic anyway that some modification was long overdue. Be that as it may, the testimony of major statements on security policy by all the political parties except the Communists in the last three years - the first of their kind for twenty years, not to mention a large and growing periodical and monograph literature is impressive. So too is the broad unanimity amongst all the major political groupings on France's priorities: the maintenance of its nuclear force, the development of Franco-German collaboration and the strengthening of European cooperation within the Atlantic alliance. The recent publication by a group of politicians, diplomats and military, close to President Giscard d'Estaing entitled "Redresser la Défence de la France" is an interesting case in point. Comprehensive in its coverage, it includes a brief, but interesting

section entitled "Le Pilier Européen de l'alliance atlantique". In its diagnosis of the priority of developing an adequate European "dimension" within the Western alliance it says no more than most other publications of this genre in the last few years. It does, however, in some other respects go beyond the new orthodoxy, not least in its recognition of the limitations, objective and subjective, on Franco-German cooperation and of the utility of a fresh attempt at a dialogue with London.

> "La seule chose dont nous soyons certains, c'est que la défense europeenne ne démarrere, ne peut démarrer, qu'à partir du triangle Paris-Bonn-Londres."

The idea of talking to the British, "un Janus à face européenne et à face atlantique" is clearly distasteful, but

> "Le dialogue avec les Britanniques ne peut en tout état de cause être éludé, il faut le tenter, sans a priori paralysant."

The theme of European cooperation has in fact become a cliché of official or party political publications on defence matters in all the other principal Western European countries. The German White Book of 1985, for example, has a chapter on the strengthening of the European pillar of the alliance. More recently, the British defence white paper for the current year develops the theme at length, emphasizing as it was bound to after the resignation of Mr. Heseltine the importance that the British Government attaches to the IEPG, as well as to the WEU and bilateral cooperation with the more important European partners. Nor is this all words. Western European defence collaboration has made real as well as rhetorical advances in the last few years. The growing list of successful (and in certain cases not so successful) collaborative ventures in the production of aircraft, helicopters, tanks and sundry other items of military hardware is one piece of evidence. So too, in some respects still more significant, are the constitution of the Force d'Action Rapide with which, in the event of war, the French could intervene in the defence of Germany and the increasingly ambitious military maneouvres which the French and Germans have begun to organize together. These are not negligible changes.

In the security sphere still more than the monetary sphere, however, the progress that has been made is still inadequate. Welcome though they are, the developments described in previous paragraphs have only begun to scratch at the surface of the problem. We need to go much further, not simply nor even mainly in a quantatitive sense, but in the way in which we approach the fundamental issues. It may seem churlish to say so, but a great deal of the present debate in France about security policy looks at times like a gigantic effort to evade the central issue. One can only admire the succession of practical as well as rhetorical gestures that have been made towards Germany in the last five years by the authorities themselves, and the still bolder and more imaginative "offers" that have been called for by independant critics such as Lellouche. But there is no way in which in the forseeable future the French or indeed any combination of European, allies could guarantee the Germans the security that they seek. As the German white paper for 1985 observed:

> "Even if the political conditions requisite to a pooling of the European forces were given, the political and military asymmetry of the European defence potential vis a vis the Soviet world power would continue to exist."

That is why the German Defence Minister, Manfred Wörmer commented rather bluntly on a possible extension of the benefits of French nuclear protection to the Federal Republic: "France's nuclear capability is insufficient to protect the Federal Republic. We will have to continue to rely on the American nuclear umbrella." For internal political reasons, French leaders may have to broach the question of a revision of the basic principles on which French security has been founded for twenty years obliquely and gradually. In the final analysis, however, no radical reorganization of Western European defence within the Atlantic system can occur until the French acknowledge that their independence was always a myth and that whereas in the 1960s it was a myth which the West could afford, it has in the last decades of the twentieth century become a luxury which should be jettisoned as quickly as possible. As the last section of this paper suggests, a gradual evolution towards the full reintegration of

the French in a reorganized Western alliance can be imagined without public confessions of error. But unless and until this central question is addressed and answered, the policy of small steps is bound to be of modest consequence.

It would, however, be totally misleading to single out the French for special blame. The British and the Germans, despite their growing public commitment to European defence cooperation have in their own way done much to thwart it. However understandable, particularly in the case of the Federal Republic, their common tendency to elevate the bilateral relationship with the United States above all others may be, it is a major obstacle not only to the development of the dialogue with the French, but also in some respects even more significantly towards the consolidation of a common European position to which the smaller countries are party too. It is in addition, and no less important, a major disservice to the long-term interests of the Americans themselves who, as earlier parts of this paper suggested, require for reasons of their own, not superior client states who do not even pretend at equality but partners who while accepting the limitations imposed by the nuclear balance are prepared to devote their energies to bringing about a more equitable distribution of the defence burden through European cooperation.

One needs only recall the German negotiation of its SDI deal to realize how strong clientilism still is in the Bonn-Washington relationship. As for Britain, the best that one can say of recent years is that illusions about the special relationship which seemed to many observers to have been buried forever in the early 1970s have proved to have a remarkable vitality. On this last point, one quotation and three brief comments will suffice. The quotation is from an interview given by the British Prime Minister on the BBC in December 1985. Criticizing those who implied that Britain had to make a choice between Europe and the United States, she went on:

> "Really the Free World is centered round the Atlantic. On one side, Europe-the older Free World. On the other side, the United States is Europe overseas ... Britain's role is very very special. I think we have probably the best view of Europe. Do not regard Europe/America as

either/or. Regard it as two pillars between which a bridge runs."

Three observations are germane. In the first place, the identification of the Atlantic with the Free World and the United States as Europe overseas is, to put it mildly, somewhat suprising after years of public comment on demographic change in the United States and two decades of increasingly active Japanese membership of the extended alliance. Secondly, a bridge is only of use to the community at large if those who are not its owners feel disposed to use it. There is little or no evidence in the case of this particular bridge, that Britain's Community partners, all of whom, as an earlier section of this paper commented, have bridges of their own, feel any need whatsoever to step across it. Thirdly, a single bridge would, as the whole argument of this paper suggests, be a major improvement, but only under common ownership.

The monetary and security themes have been chosen not because they are the only threads in the Atlantic relationship, but because they provide the best measure of what has changed and what has not changed in the Atlantic relationship over the last fifteen years. The evidence that they provide of real, but limited advance towards the articulation of a European identity in the Western community could, and indeed should be supplemented by examples from elsewhere in the new agenda. The development of European political cooperation is a case in point. So too are the new departures in industrial policy which were initiated very largely as a response to American (and Japanese) competition. So too, finally, is the commitment to create an internal market.

The agenda of European politics has changed beyond recognition from the one that was contained in the limited bargains of the 1950s. The achievement of that agenda, however, remains highly questionable, not because the objectives contained in it are in themselves unrealistic or irrelevant, but because the political system and more specifically the institutional structure, on the institutional structure on which and through which these new policies are intended to be developed is flimsy, incoherent and self contradictory.

This is not the occasion to enter into a detailed analysis of the Single Act. That has already been done with considerable effect by Judge Pescatore and others. Suffice to say that the document itself, and still more the process by which it emerged, provide an admirable commentary on the patchy achievements that have been discussed in the present section. The notion of a new treaty, or at the very least of substantial modification of the existing treaties was after all itself born of the belief that the Community as it then was could not implement the kind of agenda that an increasingly broad elite opinion believed to be necessary. The final document, however, confirmed rather than transformed the institutional stalemate. Thus, in the two major areas of policy on which this paper has concentrated, monetary integration and security policy, it had little new to say, and in one case, namely that of monetary cooperation, it has probably made things more difficult rather than easier. As Pierre Pescatore commented, the provision contained in Article 20. of the Act that any institutional modifications in this domain will be subject to the provisions of Article 236. of the Treaty of Rome "semble avoir pour objectif primordial de bloquer tout développement significatif du système" As for the third section of the Act, which is concerned with foreign policy cooperation, Judge Pescatore may be allowed the last word again:

> "L'accumulation de formules velléitaires de ce genre ne sert hélas qu'à mettre en évidence l'incohérence politique de l'Europe occidentale. Fallait-il, pour un tel résultat, conclure un traité solonnel?"

III

The argument of this paper so far can be summarized briefly as follows. For reasons that are complex and numerous, a Western system based on American hegemony has given way to one in which, even after the apparent revival of the last few years, America excercises no more than a partial hegemony in the Western alliance. In these circumstances, it is in the Europeans own interests, as well as in the interests of the alliance as a whole, that they take a more active and creative role in areas which previously, in the hegemonial system, were the responsibility of the alliance leaders, and in which as a result the nation states could indulge in the luxuries of limited but pleasurable autonomy. To a certain extent these challenges have been accepted, and the terms of the debate about Community action, or more accurately, joint action at European level have shifted significantly since the late 1960s. The institutional structure has not, however, kept pace, and despite a remarkably wide consensus at rhetorical level about the incapacity of the European nation states to fashion appropriate monetary, macroeconomic and security policies on their own, they do not yet have the means to develop them together.

Before proceeding to a discussion of a possible programme of action, however, two rather fundamental objections to the main thesis must be very briefly mentioned.

The first was eloquently expounded by Malcolm Rutherford in a Lombard column in the Financial Times in December 1985. Entitled "Old fashioned Europeans" , it developed an argument which is increasingly heard from those who are understandably impressed by the complex webs of interdependence which new technologies, and in particular information technologies, have woven round the western world. Put very crudely, the argument is that modern technology has to a large extent made efforts to create a united Europe anachronistic.

> "Today there are all sorts of cross Atlantic links. Is Siemens a German company when it invests directly in the US, is it European, or is it

> simply a multinational going its own way? Multinationalism and multilaterism are the order of the day. It is more a case of a seamless web of interdependence than two pillars of separate identities. ... There is no such thing as a "European solution"."

It is at first sight a beguiling argument. On close examination, however, it can be seen to differ little from the even more old fashioned liberal argument which has surfaced again and again from the 18th century onwards. Taking as their point of departure the erosion of sovereignty which is undoubtedly caused by interdependence, the proponents of this thesis proceed to discount and in certain instances totally eliminate the notion of power in the international system. As long, however, as governments play a major role in their domestic economy, and are required or feel obliged to defend their peoples, the quality and size of their power base will matter, and in an interdependent world will influence the freedom for manoeuvre of their neighbours. Unless, therefore, the British, the French and the Germans are ready to resign themselves to a relationship with their Western partners and Eastern neighbours which has more in common with the relationship between Sweden or Switzerland and the Eastern and Western blocs and one between near equals, their capacity to pool their resources will be of major consequences. The arguments are furthermore not only "realist" in character. As the previous discussion of the transatlantic debate about monetary and macroeconomic issues in the 1970s and 80s has shown, modern interdependence itself requires a less asymmetrical transatlantic relationship.

The second argument is still more frequently heard and is more appealing, for obvious reasons, to those in Brussels and elsewhere who have to ensure that the machinery that we have runs as smoothly as it can. It takes as its point of departure the entirely justified belief that much of the current asymmetry in the Atlantic alliance stems from structural defects in the European economies, which no amount of macroeconomic wand-waving will cure. As a result, the major objective of European governments over the next few years is or should be to eliminate these rigidities. Since most of them are best dealt with at national level, the principal responsibility for putting Europe's house in order will for the time being at any rate

rest with national governments. To the extent that the Community has a role at all, however, it must be principally focused on the supply side, on creating the conditions, in other words, in which European businessmen can operate, above all through the completion of an internal market by 1992. A limited strategy of this character will, it is argued, deal with the "real" problems of Europe. It will also prove to be more politically realistic.

Several comments ought to be made about this argument. In the first place, there is a great deal of truth in it, and nothing that has been said in this paper is intended to denigrate the importance of domestic policies directed against structural rigidities, still less the potential significance of the creation of an internal market. The problem, however, is that though highly desirable, none of these policies are in themselves adequate, in either European or global perspective, and that unless they are accompanied by other measures of the kind hinted at at several points in previous pages, they will fail to achieve even their own limited objectives.

The CEPS Macroeconomic Group, followed subsequently by the European Commission has probably said enough in general terms about the need for a "two handed approach". A few supplementary observations on the internal market and on the global perspective in which the debate needs to be seen are probably however necessary. Firstly, as far as the internal market is concerned, there is, or at least there has been, a strong hint of the functionalist optimism which characterized the earliest efforts at Community building in the 1950s and which subsequent events discredited. The assumption, in other words, is, or at least is seen to be, that if we concentrate on this limited objective, the momentum that is built up will spill over into other policy areas and even bring institutional change in its train. Precisely, however, because the completion of the internal market <u>does</u> entail major policy initiatives in other fields, including in particular the development of the monetary system, fiscal harmonization, and, by no means least, a major increase in Community level spending to enable the weaker economies to keep up, one must be very sceptical about whether even the "limited" target can be attained without an open and extended discussion and eventual agreement on the type of Community that we

are engaged in creating. The evasion of these central issues through concentration on apparently "apolitical" technical problems is almost certainly going to contribute to the failure of the technicians.

The broader, global or Western arguments are even more important. As Stephen Marris, the authors of this years CEPS macroeconomic report and others have stressed, the improvements that have been made in European economic management over the last few years and the fall of oil prices have presented Europe with a "unique macroeconomic opportunity" (Marris) What recent transatlantic exchanges have shown, however, is that this opportunity has arisen at precisely the moment when, unless there is faster growth on the European side, relations with our principal ally could become even more strained in the face of unilateral protectionist measures, not to mention a further fall in the dollar. German resistance to the clarion calls issued by Secretary Baker and other American leaders is, for reasons that have already been mentioned, understandable. Germany is not in the same league as the United States or even Japan. The Community, however, is. A fresh debate about the preconditions of a coordinated European macroeconomic policy is therefore a requirement of the alliance itself and not simply a luxury which better behaved European governments might now consider. One could go further. Prophets of doom have a habit of being proved wrong, but if these issues are not addressed within the near future, the progress made in domestic economic management and whatever advances may actually be achieved towards the completion of the internal market will be called into question.

What then is to be done? Before answering that question directly, it is essential to identify the more important considerations which must be borne in mind in any exercise in reshaping the political priorities and institutions of the European Community and the European part of the Atlantic Alliance. There can be no escape into remote blue prints which have little to do with contempory reality, and are an alibi for intellectual laziness. The following seemed to me to be the most important:

1) Although, as the whole argument of this paper has suggested, time is not on our side, it is highly unlikely that anything like the appropriate package of measures can be put together within a short time scale. In 1980, the electoral cycle is clearly unpropitious. Even, however, if the new German Chancellor could count on a safe Bundestag for four years after the Federal elections next January, and within the following twelve to eighteen months, the French and British uncertainties were cleared up, the Community of twelve will require time to tackle matters of the importance of those discussed in the paper. Calls for bold steps must therefore be accompanied by practical suggestions about lesser improvements that could be usefully made.

2) If the object of the exercise is to strengthen Europe's capacity to influence the management of the international economy and defend itself, it is not to break the alliance or to destabilize the East-West balance. In the first place, there is a fundamental identity of interest linking Western European with North America. In the second place, as the previous discussion of Western European security showed, there is no substitute in the forseeable future for the American nuclear guarantee.

3) Impatience with existing arrangements is one thing: efforts to by-pass existing European level organizations in matters where the latter have acquired experience and competence quite another. We should in other words build on what we have in the European Community and NATO, rather than indulge in institution building for its own sake. Although in recent months it seems as though the EUREKA programme has been fitted more comfortably into the existing framework, some of the wilder ideas which accompanied the early months of the programme, involving as they did a new secretariat in Strasbourg and budgets and powers which could only have undermined the Commission, are exactly the kind of approach which should be avoided.

4) By the same token, where policies or initiatives are necessary which do not come within the terms of reference of existing institutions, there should be no artificial attempt to attach them to existing structures. A European Federal Reserve or Bundesbank does not need the Commission to

guide it: rather the reverse.

5) The nation states have consolidated their strength in many ways over the last thirty years, and although as Pascal Boniface and François Heisbourg have noted, France is "une puissance qualifiée", "il n'en reste pas moins vrai qu'elle dispose d'atouts lui donnant un rôle particulier et priviligié sur la scène internationale." In these circumstances, one can only agree when they go on to say: "Evitons la maglo-patrie tout autant que l'angoisse nationale." Parallels with the United States of America can only be misleading. France is not California, nor the United Kingdom Pennsylvania. Any reorganization of the European system must, therefore fulfill national aspirations, rather than suppress them. At a more practical level, the method should be to build on the enormous assets which most if not all our governments have in their bureaucracies, rather than to detach them artificially.

6) Given the complex historical and cultural background, not to say differences in power and wealth, special relationships, long term and tempory coalitions and, in certain areas at least, even leadership groups amongst the Member States are bound to emerge. Within limits, they can be highly useful. In recent years, however, faced with the sheer difficulty of constructing Europe, the pendulum has swung too far in the direction of variable geometry, diversity, Franco-German cooperation etc. For this reason one of the most significant events in the recent past was the summit at Milan, in which not only the British, who richly deserved the reaction their proposals received, but also the French and the German were reminded that the "lesser powers" have rights and have furthermore important positive part to play in the construction of the Community. The conclusion must, therefore, be that any reorganization of the Community and the European part of the Alliance must be developed within a cohesive framework, on grounds of both efficiency and legitimacy. This framework need not at first be a new treaty, but there must at the very least be a coordinating and supervisory agency, involving all member states.

What then is to be done? The following ideas are put forward very tentatively and are not, because of the focus of the present paper on West-West relations, intended to be a complete catalogue. Strictly internal Community matters are best let to another occasion. It should also be stressed that the ideas thrown out here are intended more to provide a stimulus to future study, than to pre-empt its results. There are a large number of issues under almost every heading on which only those who really know how the present institutions work can - goaded by outsiders- give realistic guidelines.

That said, there are, it seems to me, a number of highly significant initiatives which the Western European member states of the European Community and NATO could consider seriously, and which if adopted would provide Western Europe with a capacity to act within the alliance and the broader international community of the kind that is necessary. The ideas can be best considered under three headings: economic, security and coordination.

In the sphere of economic policy, three priorities stand out above all others: the establishment of a European Bundesbank or Federal Reserve, the strengthening of current arrangements for economic policy coordination and an enhancement of the Commission's role, through the transfer of additional resources, in those areas, notably external trade, in which its competence is clearly established by treaty or convention.

The first is by any reckoning the most dramatic and the most important. For that reason, it may also seem the least realistic. If, however, one considers the "logic of events" referred to earlier, the case for this step must seem less than fantastic. Leaving aside the British case, where the authorities in the name of national sovereignty would seem to have concluded that the best policy is no policy, the countries participating in the European Monetary System <u>have</u> already to all intents and purposes a common external policy. As one of the great achievements of the EMS has been a real and not merely cosmetic improvement in the quality of policy coordination and therefore of mutual understanding, it would be simpliste to describe this as merely a DM policy made in Frankfurt. But there is no

disguising the fact that in the last resort it is Frankfurt that calls the tune, not simply because it is the largest and most important of the member economies, but still more because in the international monetary system as it currently works, pressures from outside Europe are very largely mediated through pressures on the DM. That this is not an optimal solution from the point of view of non-German members of the EMS is clear. There is also the potentially destabilizing element of the Ecu as an uncontrolled international currency in its own right. A bold move towards the creation of a European monetary authority would therefore probably in due course overcome the reservations of most if not all EMS members outside Germany.

The problem is the Federal Republic, partly because of its enviable and laudable record in managing its own affairs, and partly because the present system in which it has power without formal responsibility within the European framework is not without its attractions. It is not impossible, however, to conceive of an initiative with which the Germans could live. Negatively, they too for reasons which have already been alluded to in this paper are acutely aware that more is being demanded of them internationally than, as a medium sized economy they can hope to deliver. Positively, the evolution of macroeconomic policy and performance within the EMS countries over the last seven years has created a situation in which both the objective preconditions and, to a certain extent, the subjective attitudes of mind in the partner countries make a system on German lines feasible. Seven or eight years ago, a proposal to create a Bundesbank at European level with the independence and responsibilities that the German original has would probably have met with overwhelming political objections in France, Italy and elsewhere. In 1986, it is not at all clear that that would still be the case.

If anything like the first step described in the previous paragraph was achieved, it goes almost without saying that there would a strengthening of the machinery for economic policy coordination. Indeed, coordination might begin to become a rather weak word to describe the new reality. Even before the establishment of a Bundesbank, however, there are strong reasons for advocating a much bolder attitude towards macroeconomic coordination and some grounds for believing that such a call would not simply be a voice

crying in the wilderness. Macroeconomic policy coordination has, of course, been one of the success stories of the EMS. The record so far, however, is very largely associated with the establishment of good housekeeping procedures: the reduction of public sector deficits, the attack on inflation, etc.. In the present state of the economic cycle, however, there is as previous paragraphs have argued, both an opportunity and a need for a more positive European response. Despite the Germans' subsequent regret at what happened, there are precedents for coordinated stimulus to the domestic economies in the package of measures that was agreed in 1978. The next eighteen months offer a new possibility to do the same on the European scale, with, in addition, the very considerable benefits which member states of the EMS have gained from six to seven years apprenticeship in the German school.

The final item in the shopping list may by contrast to the other two appear somewhat banal. One of the ironies of the present situation, however, is that the Commission has been entrusted with major responsibilities over external trade policy, with only limited, and perhaps even decreasing means to carry out its mandate. It is of course not only a matter of resources. The Commission's great success in the Kennedy round, which established its competence in external trade negotiations was after all achieved in a period in which the Six were still enjoying the euphoria of early marriage. Since then, as nation states have tried to claw back some of the powers that they conceded, the Commissions role, though not disputed in principle, has come under pressure.

This is, however, in the interest of nobody, and it is high time that the member states gave the Commission not a grudging but a real mandate to act on their behalf. If, however, it is to do so, it needs more resources. Both in Brussels and beyond. It is absurd that so much responsibility is in the hands of so few as we approach yet another GATT round. It is also even more absurd that in an era in which we have whether we like it or not given the Community the right to speak for all of us in our trade negotiations for the United States, Japan and indeed all other non-European countries, national diplomatic representations should be so richly staffed and the Community offices so minute and underprivileged.

In the security sphere, there is one absolute precondition for all proposals, and that is that nothing that is done should reduce the political cohesion or military effectiveness of the Alliance. Against this background, a more graduated plan of action might be worked out, under which France for internal political reasons remains outside the military structure. But the eventual objective must be reintergration. As the principal obstacle appears to be a political judgement of the French governing classes, it would be rash to suggest what conditions would be "right" for the final step, but there are any number of useful measures which could be taken in the meantime. Of those involving France herself, the two most obvious are a further deepening and extension of the cooperation with Germany, and the reopening of a dialogue with the British particularly about the deployment of their nuclear forces. This issue has in the past too often been dominated by the issue of country of origin. It is of course not an unimportant question, but whether or not the British acquired their nuclear capability from the Americans or indeed anywhere else, they have it, and so do the French who provided it from their own resources. Anglo-French discussions could therefore more profitably be devoted to a consideration of coordinated use, including coordinated targeting. There is no way in which the Anglo-French forces together could push the two countries into the same league as the Soviet Union and the United States, but real collaboration in deployment would already be a major development, and as the new generation comes on line, would give the European forces a considerable deterrant power. If these bilateral discussions could then extend to other areas, the way back to a genuine, multi-lateral European force within NATO would be that much easier.

It need hardly be said that along side these bilateral discussions, efforts to increase and enhance collaboration in armaments manufacture should be pursued in the various consortia that have already emerged and in others that might still be created. The most useful general task to which the European allies might, however, address themselves over the coming years would be the revamping of the Eurogroup and the further development of I.E.P.G. In practice, the Eurogroup which brings together all the European member states except France and Iceland has never been a particularly

important caucus. It could, however, be reorganized, firstly by an extension of its membership to include not only defence ministers, but also foreign, and possibly even finance ministers, and secondly by the introduction of the Secretary-General of NATO, as its standing chairman. If it were upgraded in this way, it would be automatically major instrument for the coordination of a European standpoint in security matters and a guarantee of joint European action.

Membership of the I.E.P.G. actually includes France, so that its utility in the development of the cordinated European position on armaments production is even more apparent, and indeed would seem to have been successfully reasserted since the launching of W.E.U. The advances that have been made, thanks largely to the Dutch chairmanship, over the past two to three years are however still modest, and if the I.E.P.G. is to become a continuing force in catalysing common European production programmes, it will need executive teeth as well as an enthusiatic chairman. It will also need a budget. A model might be found in the Commission Task Force which has now at last found a respectable home in D.G. XIII.

Another step that has sometimes been proposed is the appointment of a European SACEUR. The possibility should not be excluded, particularly as part of the eventual package under which the French forces were fully integrated in the military command structure, but it is not without its dangers, because SACEUR who, in his present incarnation perhaps even more than previously, has tended to "go native" is in many ways an even better advocate of the Europeans' cause in Washington than any European spokesman could be. He is also an outward and visible sign of a link between the nuclear guarantee and operations on the ground. As far as security and foreign policy coordination in a more general sense is concerned, the most promising base on which to build is of course E.P.C. For all its difficulties with some of its smaller members, and the slowness with which it reacted to the emerging crisis in the Mediterranean earlier this year, its development over the past decade has been one of the quiet success stories of the Community. The Single Act has not advanced its cause to any great degree, however, since it is difficult to see what a relatively low grade and understaffed secretariat in Brussels can do. The way forward in

strictly bureaucratic terms would seem to lie either through the creation of a higher profile Secretary-General, who would, however, almost certainly clash with the Secretary-General of NATO or the Secretary-General of the E.C. Council of Ministers, or through the full integration of E.P.C. into the Council of Ministers' machinery. Which ever way it went, however, it would need to coordinate its actions with the NATO Permanent Representatives more effectively than it does at the moment.

Fine tuning of the E.P.C. is, however, much less important than the inauguration of a far reaching inquiry into European representation overseas. Some rationalization of diplomatic posting in less important capitals has, of course, already occured, but on grounds of economy and efficiency there is an enormously fruitful task to be accomplished, not least in Washington and Tokyo, which are the principle points of reference of this paper.

This leaves W.E.U. In a sense this is only right, since the original reason for relaunching W.E.U. was precisely that it would act as an "inner group" of the European allies, ensuring that those things which the seven could not push through the larger groupings were not delayed by the cold feet of their smaller partners. Presumably, therefore, if the larger bodies were revitalized, W.E.U.'s role would diminish and eventually perhaps even disappear. As, however, extension of Eurogroup and the revitalisation of I.E.P.G., not to mention an improvement in the consistency of E.P.C. are bound to take time, W.E.U. will almost certainly perform a number of useful tasks in the intersticies of the Alliance, and as a ginger group, catalyst or official think tank. If, however, it is still necessary ten to fifteen years from now, that would be a sign of the Europeans' failure to bring their act together.

The previous attempt to relaunch the Community in the present decade aimed at producing a new treaty. In the end, it gave birth to the Single Act. However disappointing the final product may have been, the idea that some unifying element, linking the new policies and enterprises together would be essential, was undoubtedly sound. In due course, it may be worth

reviving the idea of a new Treaty. Given the disappointing results of the first exercise, however, it is worth considering another way forward. This would involve a radical redefinition of the role of the European Council and a coresponding reorganization of its activities.

Both the Treaty of Rome and the North Atlantic Treaty assigned the coordinating and supervisory role which they admitted was essential to Councils of Foreign Ministers. This particular solution has not, however, proved to be consistently effective, even within the relatively limited range of issues covered by the Treaty of Rome. If, as this paper has suggested, money, macroeconomic policy, foreign policy and defence have to be regarded as ripe for European rather than national action, the foreign ministers' appropriateness to play the coordinating role diminishes still further. These are matters of high policy, involving the central elements of national sovreignty, and it is only those who in their national capitals have overall responsibility for public policy, and to whom the Ministers of Finance, Defence and Foreign Affairs report who can possibly ensure the adherence of the country they represent to a particular line of policy. It goes without saying that all the departmental ministers in the areas concerned will also have their portfolios more Europeanized than they have been before, but unless and until the college of heads of state and government is itself firmly tied in to and visibly responsible for the efficiency and effectiveness of European policy, their freedom to disown or, to indulge in irresponsible flights of positive and negative rhetoric, will call in question the credibility of the exercise.

In practical terms, this means clearing from the agenda of the European Council all the trivia with which, quite rightly, they complain they have been burdened until now, and an immense increase in the number and range of dossiers that they must decide upon. As an essential preliminary to the first part of this process, the Dutch decision to reduce the number of the European Councils in one year may have proved to be highly useful. If, however, the European Council is to become a more central actor, the number of its meetings must be considerably increased, not only to ensure that the proper business is done, but also for psycholgical reasons, since those who are forced to meet once a month for a day or two will almost certainly

begin to invest more political capital in the exercise than they have hitherto done. Complaints are often made that the European Council is a piece of show business. Make it routine, and there will be considerably less show and much more business.

If such a development were to take place, the preparation of the agenda would assume still greater significance than it does at present and would involve the input of more than the Secretariat to the Council of Ministers. Matters would have to come up from ministers of Defence just as much as from ministers of Agriculture or Trade. In order to avoid confusion, certainly in the early days, it would probably be wise and indeed necessary to distinguish between meetings which were concerned with EEC Affairs under the Treaty of Rome and more general meetings, in much the same way as was done in the early days of E.P.C. Amongst other things, this would allow the Irish to absent themselves from the more general meetings if they so wished. Even so the closest possible cooperation and coordination would have to be developed between the Secretariat of the Council, the Secretariat to E.P.C. (if that remains genuinely independent) and the International Secretariat in NATO.

CONCLUSION

The suggestions outlined in the previous section are tentative and require much further work. Several, perhaps all of them may in the end prove impractical. The fundamental argument of this essay is, however, less likely to be called into question. Western Europe needs to articulate itself in the West-West dialogue for the sake of its own prosperity and security, but also in the broader interests of the Western world. To acheive this purpose, it will need clear and coherent common policies. It will also need stronger and in certain cases new institutions. There is, however, one ingredient which has not been mentioned hitherto, but which the former German Chancellor, Helmut Schmit, has rightly underlined. This is leadership. Policies develop: institutions evolve. As the early days of NATO, and the Community, and the launching of the E.M.S. show, however, the patient and often painful labours of unknown officials and parliamentarians and external commentators have only been crystallised into operational form through the intervention of determined political leaders. It is difficult at this stage to see where that leadership will come from. The very least, however, one can say is that for those who have the proper abilities, there is a momentous task and a major opportunity.

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A EUROPEAN OSTPOLITIK?

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A paper prepared for the conference

WESTERN EUROPE BETWEEN THE EC AND NATO : THE BASES OF A COHESIVE EUROPEAN FOREIGN AND SECURITY POLICY

Brussels, 19th, 20th and 21st June 1986

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Is it possible and, if so desirable to develop a West European Ostpolitik? Before we embark on any answers, it is philosophically sound and politically legitimate to reflect upon the question we have set ourselves. Two good reasons for asking this question can be identified:

1. The stability and, in fact, moderate success of Deutschlandpolitik over the last fifteen or so years - in 1983 it was "the only show in town" - seem to hold promise for a businesslike East-West dialogue, for confidence-building, and for regional détente, which would not overcome the military confrontation, but rather transcend it.

2. The very success of Deutschlandpolitik, unexciting though it is in its day to day meanderings, seems to point to the other dimension of our question, which we will describe in terms of the "incertitudes allemandes", national-neutralism, the death of Helmut Schmidt's party - as one of his old adversaries put it the emphasis of the Kohl-Government on preserving the moral and cultural coherence of the divided German nation, but also the millennarian outbreaks inside the FRG, and the unrest within the protestant church. The Federal Republic is asking herself where she is going and hence where she comes from, and her allies and neighbours are also interested to know the answer - and legitimately so.

And that is the heart of our question: should we have a European Ostpolitik? My answer is clear: yes, we should. And this would be in the interest of the Germans but also of their neighbours as the Soviets find themselves under constant temptation to put pressure on the FRG - the keystone state of NATO - instead of talking business in Geneva. The nuclear issue offers itself for intervening in West German politics and so do the open engagements of Deutschlandpolitik. The new "incertitudes allemandes" and above all the rise of the Greens and the SPD's departure, offer the Soviets a chance, as they perceive and

encourage it, to pull the rug from under the feet of the West. The fact remains that without FRG territory (President Truman was right in his day), the defence of the West would be nothing but a rearguard action on the shores of the Atlantic Ocean. The West remembers this and neither have the Soviets forgotten it, and this is the reason why the "German Question" today is much more than a German question.

The operative formula for our debate arises from these premises: can the West - can Western Europe - devise an intelligent policy that transforms the post-war system of confrontation, double containment, and détente to a comprehensive conflict management that:

- helps to preserve the stability which is the net result of the robust balance we have seen emerging over the last twenty years; and

- keeps the German Question in its suspended state, but promises a long-term answer in harmony with our democratic ideals and our liberal constitutions;

- broadens the approach to East-West relations, thereby transcending narrow military conflict, to include elements of common concern, and aims for some form of healthy interdependence: this in itself would be a more than technical confidence-building measure;

- finally, can this be done with the Americans continuing to give their guarantees of last resort; with the West Europeans assuming more political cohesion and defence identity; and with the East Europeans being gradually encouraged to emancipate themselves?: national communists are, after all, preferable to "le parti d'un nationalisme étranger", as Général de Gaulle so aptly put it. A Tito is worth many Honeckers.

Whatever the long-term answers to these questions are, European Ostpolitik can only take off if the engines are powerful, the plane is in a good state, there is a solid runway, enough energy to keep it going, and a crew united by a common purpose. Above all, European Ostpolitik needs the continuing "last resort guarantees" of the US and, on the part of the Europeans, the nerve to face the Russians who will, no doubt, see in this new departure a sure proof of the inherent wickedness of imperialism.

Can Deutschlandpolitik be the model for West European Ostpolitik? It can serve as a point of departure, it must be part and parcel of such a policy, and it should be used as a reservoir of ideas and concepts. But the model must be different, as the frame of reference is also a different one.

The limits are clear: Deutschlandpolitik - the emphatic term of "Neue Ostpolitik" has been silently dropped about ten years ago - is a very special continuing operation, finely tuned to the unique situation of a divided Germany, with Berlin in the position of an island in a sea under communist control. The beleaguered city - in 1945, Malcolm Muggeridge described the city as "the non-place, where once Berlin had been" - became the catalyst of the Cold War, and it also convinced the Americans of the first German miracle: the survivors of Hitler had the guts to withstand Stalin, and so they graduated as picture-book democrats. In Berlin, the American flirtation with the FRG turned into a love affair, which in due course underwent some disappointments but preserved its solid foundations. It was in Berlin that the limits of American power were demonstrated to the world on August 13th, 1961: a shock, a disappointment, and a departure for Realpolitik under the auspices of <u>détente</u>. Berlin continues to play its ambiguous and decisive role: for the Soviets the key to Western Europe and for the West the essential lock.

That is why the Four Power Agreement on Berlin - in fact only on the city's Western sectors - formed the central element in what came to be called Neue Ostpolitik: it linked allied interests and the FRG's interests and at the same time it managed to defuse some of the explosive charges that were part of the situation. The Agreement was preceded by the Moscow and Warsaw Treaties with the Federal Republic, and it opened the way for the German-German Grundlagenvertrag of 1972: this was an agreement that - together with the accompanying documents - stated disagreement in principle and tried to open channels of communication and define fields of common interest.

Since then, Deutschlandpolitik has continued to combine long-term and short-term objectives - with the strategic implications often ignored in the West, but not in the East - its primary objectives being:

- to secure the viability of Berlin, complementing the protective functions of the Western allies;

- to contribute to conflict management in Central Europe, while the basic antagonism lasts;

- to provide elements of interdependence, in fact a mesh of relations that can work only in so far as both sides regard it as useful.

It must be underlined, in view of much wishful thinking inside West Germany and misgivings among her allies, that operative Deutschlandpolitik is not a policy for reunification but for management of partition, with the idea of a national unity, linked to values, culture, history and identity, put into a historic time frame and transcended by the concept of a European peace order-the nature of which has not even been defined in practical terms.

The condition of an operative Deutschlandpolitik is the principle of quid pro quo. The equation needs constant feeding. The East is long on political leverage against Berlin and against human rights and short on commercial flexibility, foreign currency, credit rating, machine tools, chemical semi-raw materials and environmental technology. The West is short on unencumbered access to Berlin, influence on "menschliche Erleichterungen", and pressure in military terms; but long on economic negotiating power. The negotiating chips are, among other things, the swing arrangement concerning trade, transfer payments for postal and road services, special privileges granted to the East-German economy and laid down in the EEC-Treaty, but also cash payments for the freedom of political prisoners. COCOM describes the limits of technology transfer but trade is also severely limited through the inability of the East to exceed its narrow financial means and to go much beyond a barter economy, while the ideological reluctance to become dependent on the West has been gradually replaced by an acceptance of the advantages offered by economic exchange: without West German imports, the GDR could not easily continue its innovative role in the COMECON context.

The problem remains that the big stick of economic sanctions is unsuitable to the real situation: it asks for a screw driver rather than a hammer to handle economic leverage. Above all, the pluralism of the West, its free lifestyle, its competitive approach and the dynamism it derives from the market economy all weigh in the scale. Most important perhaps, West German Deutschlandpolitik has managed to keep the faith and the face of East Germans in a westward direction. These are the visible and not-so-visible benefits of Deutschlandpolitik, and they deserve to be studied in their complexity. It is Realpolitik in the heart of Europe, but it can only be pursued as long as the post-war reinsurance system in the West continues to operate, and as long as the basic Western premises of politics remain unchallenged.

The Federal Republic cannot be the easy spender in the East, ignoring all credit lines in the West, nor can Western Europe, as a whole, go beyond what is healthy for the Atlantic Alliance. Western Europe is the Eastern rim of the Atlantic basin, and we must recognize not only the weakness of living on the shores of the Atlantic Ocean, but also the strength that this situation affords us. The limits are clear: the price of Deutschlandpolitik must never be the independent existence of the Federal Republic, and the price of European Ostpolitik must never be the independent existence of Western Europe.

As always in business, the small print should be read. Of course, in a time of détente, any Bonn government would have to find a modus vivendi with the East, especially with the Russians, and most certainly with the East Germans. The special German contribution to détente was to accept, while withholding full recognition, the Soviet hold over Eastern Europe. The alternative would have been diplomatic isolation in the West, putting Berlin at risk, and political weakness vis-à-vis the East. This was the global situation, and Bonn had to find an answer that transcended the dos and don'ts of Adenauer and his reluctant heirs. The Harmel Report of 1967 was a comprehensive formula for what the Germans wanted: reassurance and détente, but that the world should not agree over their heads that the German question had ceased to exist. That is why the Harmel Report included a substantial reference to the division of Germany and of Europe, and identified it as the real cause of conflict.

Ostpolitik, however, was not only an exercise practised by the newly formed centre-left coalition in Bonn to be nice to the Americans and to make no trouble. It also promised a wider margin for manoeuvre in the East and more weight in the West. "Wandel durch Annäherung" (E. Bahr), a concept of Hegelian ambiguity, also promised more, and threatened to unhinge the key role of the Federal Republic of Germany for the West. Henry Kissinger and those who adhered to his school of thought never ceased to fear that one day Ostpolitik might get out of

control and that in different hands - as Kissinger politely put it - it might throw the very existence of the Federal Republic into a deal with the Soviets. In the short term, the fall of Willy Brandt in 1974 and the rise of Helmut Schmidt proved him wrong, as did the subsequent centre-right government of Helmut Kohl. But with the neutron-bomb crisis, SS20 deployment, the dual track decision, and a new generation in the Federal Republic, the situation became more precarious, and the Kissinger school of thought found some confirmation in the neutralists sentiments widepread among the left wing, the protestant church, part of the media, and the intelligentsia.

In the meantime, the Helsinki process had provided something of a European framework for Ost- and Deutschlandpolitik. The West won a definition of Europe that included the US and Canadian presence, which gave added legitimacy to the projection of its image of human rights and democracy to the East - with some unfulfilled promises concerning the free flow of information. The Soviets won Western confirmation for their war and post-war gains in Eastern Europe.

In the absence of a German peace treaty, and in view of the unlimited risks implied in aiming for one, Helsinki came close to being a surrogate. It proved impossible, though, to expand the Helsinki process beyond the era of <u>détente</u> and make it effective with regard to arms control. The fate of MBFR is a sad reminder of this.

The present Stockholm conference on Security and Confidence Building Measures is less an effective arms control arena and more a framework for ideological battle: the result remains to be seen. Helsinki was - and still is - a half-way house, and perhaps even less. It did give the West some leverage, it underlined the legitimacy of the North-American presence, but it also reminds us of the difficulties to be found in the architecture of West European Ostpolitik.

The Bonn Government is interested in continuing this approach, and so are most of the allies. But the limits are evident:

- In the military sphere the USSR has continued its dual approach of destabilizing the Federal Republic and withholding substantial concessions in Vienna (MBFR), Stockholm and above all in Geneva;

- In the diplomatic sphere, the actual conduct of Deutschlandpolitik carried out by the Chancellery and the Ministerium für Innerdeutsche Beziehungen - not the Auswärtiges Amt remains largely outside EPC, although there is a particular need for consultation, confidence, and reassurance concerning long-term objectives, operative policy, and unspoken assumptions.

Thus, through this isolation, Deutschlandpolitik has run the risk of becoming a source of irritation among the allies and neighbours of the Federal Republic of Germany. It should be added, however, that irritation among the media was more prominent than among the foreign policy establishments. It is only Berlin that is constantly monitored through the Group of Four, but that pertains to the special diplomatic and political responsibilities of the three powers and the special involvement of the Bonn Government in the Berlin situation: it would be counterproductive and undesirable to dilute the responsibility for Berlin and put it in West European hands, without the historical antecedents that are the basis for the city's freedom. For the foreseeable future, Berlin will remain under a four-power régime, with German-German cooperation as a working formula, and no European framework in sight.

There is, however, a need in West-West terms for more coordination and integration of Deutschlandpolitik. There is also, in East-West terms, a functional role for a pragmatic West European Ostpolitik that avoids the double danger of decoupling from America and offering

discount prices to the Soviets, and never forgets Talleyrand's admonition to aspiring diplomats: "surtout pas de zèle". There is a role for Western Europe, but how far should it go? And what elements should it embrace? What instruments can be used?

Certain areas can be identified, and to work on them might not only have East-West repercussions, but also produce some desirable West-West results. Above all, the common horizon of political purpose and responsible power management would be strengthened and widened without the Europeans ever incurring the risk of becoming monolithic: we should view our different approaches as an element of strength and variability vis-à-vis the East, and not only as an element of weakness - as long as we can control our differences. In addition, a long-term, patient, firm, transparent and coordinated Ostpolitik would help the West European community to overcome the image of stagnation, malaise and bureaucratic red tape it has acquired over the last thirty years.

Now as to the substance and the modus operandi of European Ostpolitik.

1. ON SUBSTANCE

1.1. Berlin will not be very much part of the substance because of its four-power implications, the narrow margin of manoeuvre, the absolute priority of security and the necessity to keep responsibilities clearly defined. However, the Berlin problem has two facets. One is described in four-power terms, the other in terms of Berlin being within the responsibility and jurisdiction of the Federal Republic. It is here that the point d'appui can be found. It is difficult to see why the EC as such could not and should not establish more of a political and economic presence in Berlin, not only to document its support for the Western presence but also to use the unique situation of the city to display the attraction, the energy, the vitality of the West and to do pragmatic business with

the East. A low-key approach, using the combined strength of the West in the economic and technological sphere, might even enhance the role of Berlin in the East-West context. This is certainly an element that we should put on our agenda.

1.2. **Arms control.** West-European positions on arms control are determined through the need for nuclear protection plus reassurance through the US and the different approaches of the nuclear haves and have-nots. Here, we are not not talking about the EC, we are talking about NATO. Different approaches can be identified, but in every one of them a reasonably coherent European position should be developed, and this cannot be done without the necessary political coherence and technological hardware.

1.2.1. The systems that assure **extended deterrence.** Here, the US is not only the chairman, but the only player. In contrast to the mid-seventies, in more recent years the Europeans have been consulted extensively and have had a chance to influence, though not in veto-terms, American objectives and procedure. This is essential for the internal equilibrium of the Alliance as much as for the psychological well-being of the allies.

1.2.2. **Euromissiles** Here, the Europeans must be involved, and they must be involved in their solidarity: this is the foremost lesson from "l'affaire des euromissiles". The Soviet side tries to define strategic weapons in terms of what can hit the USSR, and tactical weapons in terms of its own power projection against Western Europe. The Europeans must, through NATO and through NATO's consultation with France, assure that their security remains coupled with the US deterrence of last resort. Only in as far as this deterrence works can the robust balance continue to work and to reassure Germans and other Europeans. The neutral states in Western Europe, such as

Finland and Switzerland, must surely also have an implicit vested interest in a more consolidated West European position, as may even some East Europeans.

1.2.3. SDI. After the Europeans took almost eighteen months to understand that the US was serious with respect to SDI, they allowed themselves to drift apart in their reactions. It is difficult to imagine a more inappropriate and illusive response than the one that was given. **Eureka** is meant to offset the advantages that the US industries are likely to derive from vast new investment in R&D, but Eureka needs political handling, and a common purpose. So far the European task forces and agencies for Ariane and Airbus, to take two shining examples, have worked well. But SDI is a new challenge on a much grander scale. And an exclusively technological answer - with modest dimensions - will not suffice to keep individual European governments or even the whole of Western Europe in the grand game. Given the past record, a European SDI seems unfeasible for economic, financial and political reasons. One may regret this, and we may have to take it as point of departure but this is surely not where we can allow ourselves to end. What is feasible, though, is to translate Eureka plus the individual efforts of industrial firms into enough negotiating power to establish reasonable participation not only in SDI technology and its fall-out for industry, but also in the arms control side of SDI which promises to have even more influence on a European security and defence consensus than the Euromissile crisis of recent years. In the long run the magnitude of the problem leaves no choice but to handle it on a political as well as a technological level. This will be the foremost European concern for many years to come, of outstanding importance for West-West as well as East-West relations. 'SDI, or rather the response to SDI, has the potential to drive Europeans apart, or to give Europe a new strategic identity vis-à-vis the Soviets, and much internal cohesion. But it needs political handling, and not just technical management.

1.2.4. **MBFR.** There is nothing to be said against this approach, as long as it avoids the illusion of symmetry on both sides - except that no one seems to be able to actually reduce in a concerted way. MBFR has become surrealistic in the course of time, and it will be necessary for Europe to prevent the Americans from unilateral reduction of forces under the auspices of Gramm-Rudman or, more recently, Henry Kissinger's interesting article in the Washington Post (13 May 1986).

1.2.5. **Chemical weapons.** Isolated agreements concerning Central Europe undercut the Wests' consolidated position and have no military use whatsoever, especially in the light of a situation where WP-troops are constantly trained to live with a chemical threat, and NATO-troops are not. The dimension in which such agreements have to be seen is political and psychological rather than military. They put pressure on governments to engage in operations that are at best useless, and they pave the way for more disengagement theories that invariably, given Europe's geography, help the Soviet continental Empire and weaken the Atlantic Alliance. So far the Europeans have failed to grasp the real meaning of what has gone on, and what is to come. The Europeans should be aware of the fact that the Federal Republic continues to be the key to their security - or insecurity, and that the Russians continue to be tempted to hold fast in Geneva and disturb the psychological balance in Central Europe.

1.3. **Trade, technology and finance.** After Berlin and arms control, now to the elements that lend themselves more to the quid pro quo approach, allow some fine tuning and give the Europeans some genuine negotiating power, i.e. trade, finance and technology, with due respect to COCOM and various other bans on technology transfer. This has a West-West aspect too that can be described in terms of US extra-territorial legislation. It is healthy for the Alliance and good for East-West Relations if the instrument is being used in order to deter, but not to be put to the test - this is not unlike the

dilemma of military deterrence in the real world. The Europeans need negotiating power vis-à-vis the United States and their protective instincts, and a consolidated position is immensely helpful.

However, our chief subject is that of West European Ostpolitik, and much as West German Deutschland- and Ostpolitik have used an economic approach and indeed benefitted from it, West European Ostpolitik could make use of the leverage in our hands. Whether this ought to be done through the EC exclusively, or through a concerted effort of individual member states, is a matter that cannot be determined by looking at the Western side alone, but has to be looked at in the light of possible reactions in Eastern Europe. Whatever encourages diversity in Eastern Europe ought to be done; whatever confirms the Soviets in their role as masters of the fate of the East Europeans ought not to be done.

Trade between the FRG and the GDR is developing positively within a rigid framework. Despite the Wolff von Amerongen preoccupation with Eastern trade, its main concern is not the balance sheet of German industry but the well-being of Berlin. Trade with the GDR comprises 1.5% of West-Germany's foreign trade, and has a tendency to grow. Only about one fifth of this trade is in finished products; the rest is anything from raw materials to semi-finished products: a rather strange situation between two highly industrialized countries. Although this trade serves nothing of the fanciful speculation sometimes aroused by it, it is good for the Republic's Western allies to know more about it and its very technical conditions: from the swing to the unbroken tradition of the Deutsche Industrienorm in the East.

Trade between the FRG and the rest of COMECON makes up another 5% of West German exports. Viewed from the Western side, this is marginal. Viewed from the East, the FRG is the most important trading partner.

It is in the interest of the Federal Republic of Germany, and it would help to dispell doubts about long-term implications if this kind of trade were monitored within the EC, with some observers from the US present.

While West-German trade with the East takes the biggest share, the East Europeans, and especially planners in East Berlin, have shown a tendency to broaden their approach and to bypass the FRG. In the short run, the West German reaction was negative. In the long run, and viewed from a political perspective, it should be positive. However, it underlines the need for a concerted West European perspective on trade, technology, and finance. There is no doubt that this should and must take the form of an EC-COMECON trade agreement. We should not encourage imperial control by the Soviet Union. We should, on the contrary - without entertaining illusions about economic leverage - encourage the economic egotism of the smaller European nations in the East. COMECON is in trouble; an EC agreement with COMECON would strengthen it, give the Russians more economic leverage, and make the West less flexible. It would be the best of both worlds to have agreements between the EC and individual countries east of the Iron Curtain. Short of that, present activities and and long-term objectives must be coordinated in Brussels, and whoever coordinates there should have the right - as Sir Walter Bagehot described the British sovereign's role in the 19th century - "to be informed, to encourage and to warn". As a result of the EC's common agricultural policy, trade in foodstuffs is a dimension of its own and must be handled from Brussels - there is no question about this.

Whether this artificial market can serve as a model across the board, however, should be studied very carefully. Individual players and concerted action is the answer, but not a uniform approach, as long as the European Union is not in effect the true spokesman for politics: that seems to be the principle to adopt. Trade with the East is too

complicated and too peripheral a matter to be the catalyst for European Union and integrated foreign policy. If one day, however, the European executive is able to coordinate trade, finance and technology with a long-term management of East-West affairs, the situation would be a new one.

1.4. **Political management of the East-West antagonism.** So we are back to square one: the political management of the East-West antagonism and the role Western Europe should play. Here the US will continue to be the chief player. But faced with the profound changes now under way in the US concerning the country's outlook on the world at large we have to look for ways and means to turn dependence into partnership; to develop - well within the US guarantees of last resort - a European strategic identity, an "espace technologique" which not only provides for larger markets and puts a premium on the economics of scale, but which also enhances European negotiating power in East-West relations and also in a westward direction. It is healthy if on both sides of the great water we recognize our interdependence while respecting our individuality.

2. WAYS AND MEANS

Let me conclude with some remarks on ways and means of European Ostpolitik. For the time being the most pragmatic approach seems to be also the most promising one. In the long run, however, the institutional approach should be strengthened, and we should put some effort into thinking about both formal channels and informal arenas.

- **EPC** needs to be extended both in terms of its scope and the symbolic coherence it might lend to Western Europe.

- Coordination of our approach via the United Nations can serve as a

training ground for **European coherence**, and has done so for a long time.

- o In order to develop and strengthen the common horizon, a West European-plus-transatlantic strategic community should be encouraged to grow. It should be used to think in **trans-national** terms and it should convey its message both to the media and to national bureaucracies.

- o A European Summer School should be established, perhaps in Berlin's Schloss Glienicke, with funding from more sources than the Federal Republic of Germany alone, to enlarge the small community of **Euro-thinkers** and to educate a wider audience.

- o Think-tanks should be encouraged to **exchange** not only the young promises but also the establishment, at least for a while.

- o Parliamentarians, especially in the defence, financial, technological and economic fields should have **institutional incentives** to increase their foreign exposure.

- o There should be regular **briefings** between the top bureacrats before and after **state visits**, not only in matter of substance, but also in matters of style: such as French prime ministers facing East German uniforms in East Berlin.

- o Trade, technology, and financial relations with the East should be screened from Brussels; the data should be available for **policy planning** in the member states. In the long run, however, exchange of information will not suffice; it will have to be complemented by a more integrated approach, and that needs more command and control for the Brussels executives, and thus more responsibility.

- o The EC **as such** can play a more active role only if it has the expertise, the experience and the institutional backing of the more important member states. It should be ready to assume such a

responsibility at the earliest possible date.

- Europe should **not** aim to become a vast and homogeneous entity: it would lose some of its attraction to the East, give up the chance of a differentiated approach, fail to encourage pluralism on the other side, and probably ruin its cuisine.

To sum up:

Deutschlandpolitik is not a model, but it should be part and parcel of a European Ostpolitik. The US role will continue to be vital, but the Europeans have to pull themselves together because the US are overburdened, financially and otherwise. A more active Ostpolitik may not only help Europe to play a more coherent part within the Western Alliance, but also to allay some of the fears of German Sonderweg. Above all, European Ostpolitik might remind the Europeans of the old continent's global responsibilities which they too often fail to recognize.

The future will not necessarily be described in terms of **Euro-pessimism** and **Euro-sclerosis** if we pool our resources, our complementary experiences, our market potential, and our talents. There is no real alternative to forming European Ostpolitik, as the great power game will go on, the Soviet Union will continue to be a more active player, and Europe is where most of the reserve energy can be activated for the West. For too long Europe has borrowed much of its security, its perspective, its prosperity, and its prestige from across the great water; it is unlikely that this comfortable situation is going to continue for much longer. That is why not only West European Ostpolitik is needed, but also more economic and strategic vitality at home. If Europe needs a helping hand she can find one at the end of her right arm.

The "destin commun" must surely form a common horizon, and Ostpolitik is an important **segment of this horizon.** But it cannot be the starting point. This must be found in the consensus that Europe **united** is more than the **sum total of its components.** This is not just a matter of quantitative growth, it is a question of **how we enhance our security and pursue our identity** in a world whose foundations were laid almost forty years ago, and where the equilibrium is in the process of changing rapidly. As Thomas Jefferson put it so convincingly in his day: "We must hang together, or we shall be hanged separately."

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