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THE EUROPEAN COMMUNITY

FELIX S. BLOCH

Managing the U.S.-EC Relationship:

*A measured approach by U.S. policymakers
will pave the way to smooth dealings
with Europe's new governmental institutions.*

The State Department's Office of European Regional Political-Economic Affairs (EUR/RPE) deals with paradoxes every day: Western Europe is among the real estate most familiar to the Foreign Service, but the Western European institutions are among the least understood governmental structures. The United States and Western Europe are the closest of allies, but our trade disputes are habitually acrimonious. Western Europe is considered slow-moving, predictable, and staid; but we find ourselves dealing with dynamic change there—and neither the United States nor the Europeans can predict with accuracy the shape of Europe 15 or 20 years hence.

Relations between the United States and the European Community (EC) consequently are intricate and enigmatic. The intricacy comes from the tremendous range of the EC's activities and the ad hoc relationships that have grown over time between pockets of experts within the EC structure and our specialized bureaus and agencies. It would be an interesting, but probably unproductive exercise to try to inventory the interactions that exist between the United States and the EC; any attempt to make such a list would only provide a snapshot of an evolving network. The enigmatic part of the relationship is the fundamental level of difficulty that each side has in understanding the other.

The European Community is an embodiment of some of the loftiest ideals of the 20th century, but the nature of the EC is something beyond the American experience. As much as we like to speak of an interdependent world, the United States has little experience, or interest, in the concept of shared sovereignty among nation states. The United States is among the most sovereign of countries. If our working definition of sovereignty is freedom from external control,

Felix S. Bloch is director of the Office of European Regional Political-Economic Affairs in the Department of State.

the EC member states have already moved a very long way from that. The member states properly prefer to speak of "shared sovereignty" rather than "lost sovereignty" when discussing the community; but in practical, day-to-day terms, the EC has become a supranational body—and one with which the United States must deal.

One French government official has calculated that more than 30 percent of the governmental decisions that affect the life of an average French citizen are now made in Brussels—which is not technically the EC capital but is widely considered as such because it is the headquarters of the European Community Commission. As another example of the community's influence, the majority of legislation dealing with environmental matters considered in the British Parliament in 1988 concerned implementation of EC regulations. Veto powers are limited; member states are obliged to conform to regulations over which they were in the minority when the measures came to a vote in the EC Council. In addition, the member states are obliged to accept the rulings of the European Court of Justice in Luxembourg. Finally, the member states cannot individually enter into trade agreements with other countries and, if they have a trade complaint against another country, they must rely on the commission to represent them.

To grasp the conceptual problem Americans have when thinking about the EC, try this exercise: imagine the United States as an EC member state. Our cabinet officers would spend several days each month meeting with equivalent cabinet officers from other countries and participating in votes over specific, technical regulations; the proposed regulations would originate from a supranational authority, the EC Commission, not from our domestic agencies. If our secretary of transportation voted against a regulation concerning air fares, for example, but was in the minority, Congress would nevertheless be compelled to pass legislation



implementing the regulation. If Congress were slow to act, or if the administration delayed in implementing the new regulation, the U.S. government would likely find itself at the losing end of a binding legal action initiated by the commission or by a fellow member country. It is difficult if not impossible to picture the U.S. government operating in such an environment.

Following upon the difficulties in grasping the foundation of shared sovereignty, the next problem comes in understanding the nature of the European Community's institutions. Attempts to equate the EC Commission to our executive branch or the European Parliament to our Congress are so inaccurate as to be misleading. The EC institutional structure does not conform to any model familiar to Americans.

In outline, the EC Commission is a permanent bureaucracy headed by 17 commissioners, two each from big member states and one from small member states, appointed to four-year terms and led by a president who is chosen from among the commissioners. The commission proposes legislation, is responsible for seeing that it is carried out, and represents the EC in bilateral and multilateral negotiations.

In the EC Council, member states meet to approve or disapprove commission proposals by weighted majority vote: the council cannot initiate proposals on its own. The European Parliament is directly elected, and its members sit by party blocs, not by country; it has a limited but growing ability to influence legislation. Finally, the European Court of Justice in Luxembourg ensures that the commission, council, and member states operate properly within the framework of the founding treaties.

That sounds complicated enough, but does not begin to convey the actual ebb and flow of the EC legislative process and the subtle maneuvering that goes on among the institutions and the member states. The founders of the community did a remarkable job in creating an institutional framework solid enough to function efficiently but flexible enough to adapt to change.

Clearing Up Misconceptions

The idea of European integration has existed for centuries; one might even say that Charlemagne and Napoleon were proponents, but today's community is a post-World War II development. After the war, Europeans

decided that integration would reduce the risk of future wars on the continent and would ensure Europe's place on the world stage. The founders of the European Community started with a very narrow goal—common control of European coal and steel production (industries necessary to wage war).—The institutions—commission, council, parliament, court—created to manage coal and steel production have changed very little as the community has grown to encompass a very broad range of economic, political, and social policies.

The United States strongly supported these developments; the Marshall Plan was premised on European economic integration. We have consistently supported all movement toward European unification, including steps that proved too ambitious for the Europeans themselves, such as the European Defense Community that was stillborn in the 1950s.

It is not reasonable to expect many people to be versed in the esoterica of the EC institutions. Nevertheless, the community is increasingly in the news and misunderstanding of the EC has led to misconceptions in the United States. To cite three:

—*Europe will unite in 1992.* A program is underway to remove barriers to the movements of people, goods, and capital within the EC by January 1, 1993. This is nothing more radical than what has been required by the EC treaties for the past 30 years—and falls far short of true integration. The 1992 program does not address company law and labor relations, education, monetary policy, telecommunications policy, and a large array of other issues. Although 1992 is important as an embodiment of the community's political will to increase the pace of integration, the process of integration has gone on for a long time and will continue long past 1992.

—*We only need to deal with the member states; the EC is just a place where they meet.* There is some truth in this, but it is also a misleading way of thinking. The EC is more than the sum of the member states. The language of the treaties, to which the member states have committed themselves, restricts the member states' freedom of maneuver and gives the commission and court independent powers in some areas. In the case of airline deregulation, the commission was able to use the treaties as leverage against a majority of member states not keen on deregulation or increased competition.

—*The EC is impressive as a customs union but it doesn't have a role in political policy.*



Because the EC has focused most of its energies on economic integration, and because U.S.-EC relations appear to be dominated by trade disputes, people mistakenly believe that the EC's *only* role is economic. The corollary to this is the widely held belief that there is a "national security clause" somewhere in the treaties that prevents the community from dealing with security issues. On the contrary, the community is specifically committed to cooperation in the "political and economic aspects of security." The *only* policy area specifically outside the community's competence is the military aspect of security.

Given this background, just how does the U.S. government deal with the EC? First, the EC is a unique entity, and we deal with it in a unique way; it is the only multilateral organization to which we are represented but do not belong. There is a U.S. mission to the EC in Brussels and an EC delegation in Washington to carry on normal diplomatic exchange. We negotiate trade and other agreements with the commission in much the same way that we would negotiate with a country, and we sign agreements with the community as if it were a government—which it is.

The problems lie in areas where responsibility/sovereignty is shifting from member states to the commission. Should we anticipate change by dealing with the commission in areas where it is gaining competence and, therefore, is more malleable? Or, should we only turn to the commission when it has established its responsibility for an area—and its policies are established? The problem is far from theoretical; EUR/RPE spends considerable time grappling with it on an issue-by-issue basis.

Just as it would be very difficult to list all of the U.S.-EC contacts that exist because of their diversity, it would be difficult to count the number of people in the U.S. government who deal with the EC. They range from technical experts who have only a vague notion of the EC institutional apparatus, but know very well the specific EC regulatory or research activity with which they deal, to a small number of analysts who concern themselves daily with the overall political and economic direction of the community. In between lie the trade policy committees that have to conduct very complex negotiations with the community. The U.S.-EC trade dialogue, which is an intensely interagency process, not infrequently directly involves the secretaries of state, treasury, commerce,

agriculture, and the U.S. trade representative.

There are two disturbing problems in U.S.-EC trade negotiations. First, we have fallen into the habit of advancing negotiations through the use of ultimatums and deadlines. It seems that we are unable to reach agreement on important issues unless something terrible is going to happen at some specific date; this certainly lends urgency and weight to our negotiations, but also conveys to the public that our relationship is inherently hostile and adversarial. Additionally, both sides find themselves trapped by their threats. It seems as if U.S.-EC trade policy consists of each side holding a gun to its head and threatening to pull the trigger unless each gets its way. We need to do better.

The second problem is created by the EC's lack of initiative. Because it is difficult to get the 12 member states to agree on an initiative or a common opening position, both sides have come to expect the United States to always be the initiator of trade negotiations, the first to make a proposal, and the one expected to make the last concession. Such uneven dealing puts the United States in the position of always being the *demandeur* ("What do the Americans want now, aren't they ever satisfied?") and makes the EC seem very inflexible ("Dealing with the Europeans is like negotiating with a brick wall."). There may be no short-term solution to this problem, but it makes happy U.S.-EC trade negotiators extremely difficult to find.

A few years ago, one set of negotiations on trade in a steel product reached such an impasse that it seemed pointless to continue to meet, despite the dire consequences of failure for both sides. The negotiators finally adjourned for the day and agreed to meet informally that evening in a pub on the Grand Place in Brussels, where they worked out the numbers on the backs of coasters, passing hand calculators back and forth and periodically checking in with Washington via a pay telephone. The next day, in formal session, the agreement fell into place neatly. We can applaud the negotiators' flexibility while at the same time wonder why it is usually so difficult to reach mutually beneficial agreements.

Should there be a central coordination of U.S.-EC contacts? Although EUR/RPE is always interested in U.S.-EC contacts of any sort, it is not reasonable to expect, for example, U.S. government officials, meeting with

their EC counterparts on the fringes of multilateral meetings, to clear or report their contacts. Similarly, we would not expect to transmit every document or report that is sent from U.S. agencies to their counterpart directorates-general in Brussels—particularly in this day of the fax machine. Unnecessary bureaucratic layers should not encumber contacts among friends and allies.

Rather than serve as a master coordinator, EUR/RPE hopes to avoid unnecessary friction brought about by misunderstanding; to maximize U.S.-EC cooperation when it is in our mutual interest; to raise issues to senior levels when that is appropriate; and to dispel the idea that there is incompatibility between defending U.S. interests and supporting the development of the European Community. We have had fractious trade disputes and probably always will. We should always seek the best deal we can get in trade negotiations—as they will—without losing sight of the importance and depth of the overall partnership.

The 1990s

What do we expect from U.S.-EC relations in the future? It must be recognized that the nature of our relations is to a large extent dictated by the state of the evolving community. We can neither force nor delay the pace of European unification and can deal with EC institutions only to the extent that the community agrees that they should deal with us. Decisions being made in Europe are very important to the United States, but our ability to influence them is small.

The two great issues for the EC in the 1990s will involve the eventual size of the community and the amount of support among the European publics for the community. There is no clear definition of the “natural” size of the European Community. Opinions vary from the current 12 to 23 members and beyond. Should the community try to be as representative of all of Europe as possible or should it intensify its efforts to create a European Union, with much more advanced political and economic integration? Admission of neutral countries would naturally make it difficult for the community to assume a greater political or, eventually, a security role. On the other hand, can the community be true to itself and exclude Western European democracies which wish to become members? Is the community a stepping stone toward Gorbachev’s “com-

mon European house,” or is it a counterbalance? Does the community serve to promote reunification of an unnaturally divided Europe or does it increase the barrier between Western and Eastern Europe? What is Europe? —“Europe to the Urals”? “Europe to San Francisco”? “Europe from Brest to Brest-Litovsk”? or some other formula?

The second question involves the link between Europeans and the European Community. Public opinion polls show that there is deep and consistent support among the European public for unification. Many Europeans expect to vote for a “president of Europe” in their lifetime and look forward to the opportunity. However, support for the bloodless and boring EC institutions is not nearly as broad. There is a widespread perception among Europeans that they have little influence over the anonymous machinery in Brussels that is grinding out regulations that affect their lives. Again, there are many questions but no clear-cut answers. Can the European Parliament become a popular link between voters and the EC? Should the commission or council members be directly elected? Should there be common postage stamps, currency, athletic teams? The questions are, at root, psychological. Is there such a thing as a “European” identity? Can the European Community command allegiance, or even affection, among Europeans?

This, the intangible nature of Europe, brings us back to the paradoxes with which we began. Western Europe should be nearly as easy for us to understand as our own country; there is no other part of the world to which we are more historically and culturally attuned—how can it be so difficult for us to predict Europe’s future? How can the Europeans themselves be so uncertain about the path that lies before them?

The answer must be that we are observing something new on the European continent. Pre-World War I Europe can never return; it is an era of history as remote as the Peloponnesian War. Cold War Europe was too hostile and dangerous to exist indefinitely. Rather than returning to some bygone era, a new Europe is assuming its place on the world stage along with the emerging Pacific rim and, perhaps, with radically altered Communist countries. What we are observing may be a world finally recovering from the shocks of the two world wars. If so, it is proper that Europe, the staging point of both wars, should now be the scene of the boldest experiments in interdependence. □

