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The European Union, Britain  
and the United States:  
Which Way to Go?

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by Conrad M. Black

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## Introduction

This presentation by Conrad Black is the prepared text of a speech he delivered at a Nixon Center dinner in Washington on April 11, 2000. We are pleased to share it with a wider audience. Mr. Black is a newspaper publisher, author, and commentator of global renown. He writes knowledgeably and authoritatively on many issues of public policy. In this essay he calls our attention to one of the most important.

Americans seem strangely oblivious to historic developments in Europe these days that could mean a profound change in this country's relations with Europe as a whole, and with Britain in particular. The process of European integration is reaching a new stage, with not only Economic and Monetary Union but also the beginning of a common security and defense policy. No one seriously questions the wisdom and enlightened statesmanship of the U.S. policy that has supported European integration over many decades. But the contemporary phase of that process is bringing us into uncharted territory. It raises major questions about the future cohesion of the Atlantic Alliance and about the future of the "special relationship" that the United States has long enjoyed with Britain.

Conrad Black's message to Britons is that, as they contemplate plunging deeper into European institutions, they should be fully aware of the real alternatives they have (including their close ties with North America). His message to us Americans is that we too have a huge stake in the decisions being made in European capitals, and that we have the right to speak up in defense of not only our own interests but the larger cause of Western unity. Pushing Britain deeper into Europe, Mr. Black argues, serves no U.S. purpose; indeed, in his view, it would do us serious harm.

Mr. Black embodies in his own background and career the strength of the tie between Britain and North America. But the imperative of that connection is, for him, not just a matter of wartime camaraderie or sentiment. The Anglo-American tradition embodies a very special conception of political and economic liberty, as well as a certain seriousness about international security and, indeed, about the moral unity of the West. He sees these Anglo-American values as thoroughly vindicated by history and, therefore, worthy of the most vigorous defense.

Conrad Black's presentation here is witty, passionate, erudite, eloquent, original, and provocative. It ought to be an important part of the debate on both sides of the Atlantic.

Peter W. Rodman  
Director of National Security Programs  
The Nixon Center  
April 2000

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# **The European Union, Britain and the United States: Which Way to Go?**

An Address to The Nixon Center

April 11, 2000

*By Conrad M. Black*

Since the Eisenhower era, the United States has been urging Britain into Europe, initially to strengthen the resolve of the Europeans as Cold Warriors and more recently out of habit and to be a force for good government in Europe. These motives are understandable, but have nothing to do with the national interest of the United Kingdom.

Today, all polls in Britain show that about 70% of people in the U.K. do not want to go farther into the EU, although about half believe that the country may ultimately do so anyway.

Unlike many British Euroskeptics, I am both a francophile and a germanophile. I think and hope Eurofederalism will succeed for those countries with an aptitude for it but I don't think Britain is one of them, nor do I think it is in the U.S. national interest for Britain to try to become one of them. The grandeur of the accomplishment in bringing ancient feuding European nationalities so closely together is obvious, but the appeal of the Eurocentric formula is

not universal. The French and Germans, for notoriously well-known historic reasons, have social safety nets that have effectively become hammocks. Out of fear of the role of discontented mobs in their history, a role that has no real parallel in the history of the English-speaking countries, France and Germany have tax and benefit systems which, by Anglo-American standards, subsidize unemployment and disincentivize work.

Most of the institutions of the French state were devised by Richelieu, Colbert for Louis XIV, Napoleon and de Gaulle, great men but very authoritarian by our standards. And there is no indication that France is disposed to liberalize its institutions along lines we would recognize.

It is a cliché to say that Germany was too late unified, had great difficulty determining whether it was an eastern- or western-facing nation and that whenever it set out to assure its own security it made its neighbors insecure. Germany is now well

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unified in accepted if imperfect borders. The extension of NATO to Poland ensures that the eastern border of the Western world is not a German border and will entrench Germany in the West—a “European Germany” rather than a “German Europe,” as Helmut Kohl used to say.

Unlike Britain, none of the largest continental European countries has durably effective political institutions. Those of Germany date from 1949; France’s from 1958; Spain’s from 1975. The Italians are still trying to reform their constitution. All have proportional representation voting systems and usually cumbersome coalition governments. It is understandable that these countries, unlike Britain, might feel that in moving toward federation they are not, in institutional terms, giving up much.

None of the continental European countries has a particular affinity with the United States and Canada or anything slightly comparable to Britain’s dramatic modern historic intimacy with North America.

British trade patterns are also clearly distinguishable from those of the other EU countries. Almost twice as much of Britain’s trade, as a percentage, is with North America than is the case with other EU countries as a group and it is rising more quickly than British trade with

the EU. Britain’s share of trade with the EU has actually declined recently, and if exports shipped on through Rotterdam and other European ports outside the European Union and overseas investment earnings are included, the EU’s percentage of British exports is probably about 40 and less than 10% of the UK’s G.D.P. Conversely, the exports of a number of countries to the European Union, including those of the United States, have risen considerably more rapidly than have Britain’s in recent years. Over the last ten years, direct net investment in the United Kingdom from the United States and Canada has been 1.5 times the corresponding figure for EU investment in Britain. And British net direct investment in North America has been more than double UK investment in the EU. These trends are continuing, impervious to EU preferences.

Now that the World Trade Organization is administering the Uruguay Round of trade liberalization agreements, the EU’s common external tariff has fallen from 5.7% to 3.6%, not a prohibitive barrier to Britain if she were not in the EU, given its more bearable social costs and provided Britain retains control of its own currency. Since the Uruguay round, attempts by the EU to limit imports from non-members can only be sustained if unanimously upheld by multi-national trade panels, which is practically almost impossible. The

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fear of being frozen out of Europe by vindictive Community bureaucrats is still invoked by British Euro-advocates but is now a complete fraud.

The annual cost of Britain's adherence to the European Union is nearly £10 billion in gross budgetary contributions, though almost half of this is returned in EU spending, most of it, to quote a former Conservative chancellor, "on things which the UK government would not choose to spend money on." Higher food prices in the UK because of the Common Agricultural Policy cost that country rather more than £6 billion annually, though about half of that is rebated directly to British farmers. The overall cost of the EU to Britain then is between £8 and £12 billion, or around 1.5% of G.D.P. plus a £3 billion trade deficit. There are also the costs of regulation, and the heavy political costs of eroding sovereignty and the tacit encouragement of provincial separatism as Scottish and Welsh nationalists envision receiving the sort of direct grants that have benefited Ireland.

The British do not wish to strip their Parliament to clothe, jurisdictionally, the institutions of Europe. They do not want to go back to pre-Thatcher taxing, spending and industrial relations policies, and they do not want their historic relationship with the United States and Canada

subsumed into the much less intimate relationship that Europe has with those countries.

But there is no credible version of Eurointegration that does not involve a massive transfer of authority from Westminster, which has served Britain reasonably satisfactorily for centuries, to the institutions of Brussels and Strasbourg, which are, by Anglo-American standards, rather undemocratic and inefficient as last year's budgetary shambles illustrated when the entire Commission was fired by the normally docile European Parliament. Nor is there any definition of Eurointegration that does not run a large risk, as Jacques Delors infamously promised the British Trades Union Congress ten years ago, of imposing European pre-Thatcher taxing and spending levels and industrial relations. And I fail to see how any aspect of a special relationship with the United States and Canada could survive monetary union and its sequel, a common European defense and foreign policy.

It is often informally acknowledged that pan-European requirements will be invoked to justify a relative Thatcherization of individual European countries once monetary union has been achieved. This is commendable, but Britain has already been through the necessary rigors of Thatcherization and many in that country wonder why they should, as

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monetary union would require, bear much of the pain while others do the same. Nor is it likely to happen quickly. As has been remarked, almost all continental European governments, because of the proportional voting system, are multi-party coalitions incapable of decisive action. De Gaulle was the only continental leader in fifty years who was as effective as Thatcher or Reagan and his undoubted talents were not concentrated in social or economic affairs. Jacques Delors used to accuse Britain of “social dumping” because it hadn’t overburdened its employers with the full cost of the Euro-welfare state. Monetary union means harmonization. I don’t think anyone seriously imagines that European Monetary Union will cause British taxes and social spending to be harmonized downwards.

The steady cascade of Euro-directives and European Court of Justice decisions absorbs the sovereignty of the EU member states into the Union gradually. There are now 50,000 Euroregulations, filling over 230,000 pages, applicable to Britain. Monetary union would deliver monetary policy to a supranational authority and severely erode national control over fiscal policy. The next step, a common foreign and defense policy, would reduce national sovereignty in the member countries

virtually to the level of local government.

It is now almost 40 years since President Truman’s secretary of state, Dean Acheson, said “Britain has lost an empire but not found a role.” No one who cares about Britain is unaware of how difficult this task has been and still is.

Mr. Churchill soldiered valiantly on with the theory that Britain could be the world’s third great power. This effort essentially ended with Eden and Suez. Harold Macmillan worked hard on the special relationship, especially with President Kennedy, and produced the metaphor that Britain was a Greek Empire within the Roman Empire. This, understandably, was not a formulation popular with the United States.

But Macmillan seemed ultimately to feel that Britain’s place was in Europe. By then the U.S. administrations were urging Britain into Europe to reinvigorate the continental Europeans as Cold Warriors. You may recall that Harold Wilson was initially Euroskeptical, tepidly pro-European in his second term but always ambiguous. Edward Heath did his best to deconstruct almost any relationship with the United States and while advocating a Common Market did his best to promote practically unlimited European supranationalism. Margaret

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Thatcher rebuilt the American relationship, demonstrated that Britain could have some influence on U.S. policy making and that Britain retained some autonomous moral authority in the world.

John Major started out believing Europe could be placated with gestures stopping well short of integration but discovered otherwise and is now a rather energetic Euroskeptic. Tony Blair has said he will pool sovereignty without surrendering it and will be governed by the national interest in monetary union and other Euro-questions.

I have been laboriously elaborating the difficulties Britain has had coming to grips with European unification. It is starting to have an impact on the U.S. as well.

Eurointegrationists do not seek the dissolution of the Atlantic alliance. It is just that some of the more influential Euro-advocates seek to reconfigure the alliance on lines that are unlikely to be acceptable to the United States. This is the updated version of Harold Macmillan's Greek and Roman metaphor. Like a great St. Bernard, the United States will provide the muscle while Europe holds the leash and gives the orders. Even those in Britain who wanted to deny the United States the right to attack Libya from British bases in 1986 believed the U.S. should

continue to have the privilege of guaranteeing Western European security. During the Cold War the perceived greater European risk because of the proximity of the U.S.S.R. was assumed to offset the greater American defense burden. Now that that risk has virtually disappeared, there is neither the need nor inclination in Europe to increase the burden. And it is hard not to think that any move to do so is more likely to be motivated by a desire to be a rival, rather than a stronger ally, for the United States.

The United States has long been irritated by the European habit of trying to fashion a Mideast policy by awaiting American initiatives and then staking out positions more favorable to the Arab powers. This has contributed absolutely nothing to the peace process and it is likely to become more troublesome. The U.S. government is also concerned that the EU's shabby, arms-length treatment of Turkey will destabilize that crucial country and the entire region, though there has been some relative moderation lately.

The European practice of embracing the Turks whenever they need an ally in the Middle East and then spurning them as a rabble of Islamic migrants whenever they seek a closer association with Europe could lead to disaster if the U.S. can not devise a method of keeping Turkey in the

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West, possibly in an expanded trade agreement. Europe's mistreatment of the Middle East's most important country, from which Britain largely dissents, in which the leading continental European powers hide behind the Greeks, is in vivid contrast to the whole-hearted generosity of the American and Canadian extension of their free trade agreement to Mexico, and of U.S. assistance during Mexico's currency crises.

The preposterous encouragements of the Castro régime are another example of Europe's ability to annoy the Americans unnecessarily, as are the pretensions of the Europeans, especially Spain, to some tutorial vocation in Latin America generally. Castro's dictatorship has ruined the Cuban economy and incarcerated or driven into exile 20% of the population. Helms-Burton is not a completely irreproachable foreign policy cornerstone but irritating the U.S. over a régime 90 miles from Florida that cannot possibly endure much longer and has no emulators in all of Latin America makes no sense. When democracy finally does emerge in Cuba, its leaders are unlikely to be grateful for Europe's coddling of Castro.

If you accept only a possibility that a federal Europe could be in some measure a nuisance to the United States, it would be geopolitically negligent not to explore the prospect

of Britain preserving its Atlantic role and its proverbially special relationship with this country, particularly as it is a relative upholder of the American economic system. American and international economic officials regularly commend this model to the world. Britain's chances of evangelizing the Europeans in favor of transparency, privatization, deregulation, lower taxes and labor flexibility and efficiency are much greater as a NAFTA vanguard than as a component of an integrated social democratic Europe. In all geopolitical respects, U.S. interests would be well served by keeping so comparatively important a country as Britain at least as close to the U.S. as to a federated Europe, and by offering it an alternative it is eagerly seeking to absorption in an uncertainly motivated Europe. If you dismiss the British deputy sheriff, he will vanish into Europe and become as unavailable in time of need as Gary Cooper's helpers in *High Noon*.

No one should underestimate the extent to which Eurofederalism is inspired by a resentment of the soft "hegemony" of the Americans and, as some Europeans would have it, the Anglo-Americans, these fifty years. The Christian right in Western Europe, including the Gaullists, were prepared to accept U.S. protection to keep the Red Army out of the West, but much of the social democratic left was constantly susceptible to Soviet

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bait-and-switch enticements, from Stalin's overture to Adenauer offering reunification in exchange for neutrality, which most of the SPD would have leapt at, to Gorbachev's confidence trick about our "common European house." The large French and Italian communist parties were effectively Soviet agents in our midst for decades.

When scratched at all, many of the leading Eurofederalists of my acquaintance profess some resentment at the subordination of Europe during the Cold War and have a somewhat mystical concept of the early re-emergence of European leadership in the world. In my opinion, Europe possesses neither the geopolitical strength nor the political maturity to exercise any such role.

The main home for such sentiments remains France, where they are espoused by both pro- and anti-European forces. Thus, François Mitterrand is recorded by Georges-Marc Benamou in *Le Dernier Mitterrand* as saying "France does not know it, but we are at war with America. Yes, a permanent war, a vital war, an economic war, a war without death. Yes, they are very hard the Americans, they are voracious, they want undivided power over the world." The French and Germans propose that NATO only move, other than in self-defense, with the approval of the U.N. Security

Council, conferring a veto power on the Russians and Chinese. The French foreign minister, Hubert Védrine, has described the new NATO members as U.S. Trojan horses, and has made an endless series of inflammatory comments about the U.S. including exhortations to "stand up to" the United States over Iraq. This is not the conduct of a reliable ally.

Even in Britain, the old Labour left believes the United States escalated and prolonged the Cold War. One need only see the grotesquely bowdlerized television account of the Cold War written by Jeremy Isaacs and produced by Ted Turner, to be reminded of that view. The High Tory right, the followers of Arthur Bryant and Enoch Powell, also have held that the United States cheated Britain out of her empire and replaced it with an imperialism of its own. I once had the pleasure of pointing out to Enoch Powell, during a debate on what I held to be the evils of anti-Americanism, after he blamed the loss of the British Empire on Roosevelt, Marshall and Eisenhower, that if it were not for those men, we would have still been waiting for D-day and that the Empire would have gone anyway.

If the grandeur of a unified Europe is undeniable, it is also true that a trans-Oceanic option, based on the solidarity of the principal English-

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speaking countries and retaining close relations with Western Europe, possesses at least equivalent grandeur. It also possesses historical legitimacy, unlike the dream of Eurofederalism.

Britain is at the center, geographically, culturally and politically of an Atlantic community, whereas she is in all respects on the periphery of an exclusively or predominantly European order. The unintended consequence of a Britain ever more closely integrated into a European foreign and defense policy would be a Britain torn away from her natural Atlanticist vocation and a United States largely deprived of her principal ally, demobilizing, as I said earlier, the world's so-called deputy sheriff.

If, as the Eurofederalists propose, it evolved into a fully fledged Common Foreign and Security Policy with majority voting, think of the consequences: had it operated at the time of the Gulf War in 1990-1, it is almost certain that the majority of EU nations would have voted against military action. Nor could Britain have bucked the inclinations of her European partners and allowed the Americans to bomb Libya in 1986. Nor could Britain have launched and successfully conducted the Falklands campaign.

Next to the United States, there are eight or ten other countries, of which

Britain is one, that are strong relative to all the others and have some international standing. In a world of 180 countries, this is not an unenviable status and it is certainly an adequate platform from which both Britain and the United States can consider more than one alternative course for Britain's future.

Britain could join the European Economic Area with Norway, Iceland and Liechtenstein, which would maintain full access to the Single Market and avoid further political integration. But it would be giving up its position on the Council of Ministers for a very vague right to be consulted. Britain would save most of the present financial cost of the EU.

The Swiss option, the European Free Trade Association but not the European Economic Area, gives almost as good access to the EU market but only free movement of goods and not of people.

More interesting than associating with these rather small and solitary countries, Britain could use the existence of its veto right and its large current account deficit with the EU to negotiate complete reciprocal access of goods and people, withdrawal from the political and judicial institutions and emancipate itself from the herniating mass of authoritarian Euro-directives with which it has been deluged.

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Even Israel and Mexico have virtual free trade arrangements with the European Union. Despite my reservations about the British Foreign Office, I can't imagine it would have much difficulty retaining a Common Market membership.

At the same time Britain could negotiate entry into NAFTA, which will be renamed eventually anyway and which is already negotiating with the European Free Trade Association and with Chile. Britain is now the world's fourth economy, after the U.S., Japan, and Germany. I can't imagine there would be any great difficulty negotiating entry for Britain into NAFTA. Even Pat Buchanan and most American labor leaders agree to free trade with advanced countries. Sir Leon Brittan's initiatives to promote free trade between the EU and NAFTA was vetoed by the French two years ago. Apart from its other virtues, this is the best method of forcing open the barricades of European economic and political protectionism.

Such an expanding NAFTA would have every commercial advantage over the EU. It is based on the Anglo-American free market model of relatively restrained taxation and social spending, which is the principal reason the United States and Canada together have created, net, an average of two million more new jobs per year

than the European Union for the last 15 years. The United States created more new jobs in December 1998 than France and Germany together had in the previous ten years. NAFTA, as its name implies, is a free trade area only. The United States will not make any significant concessions of sovereignty and does not expect other countries to do so either.

A bloc based on NAFTA, EFTA, which is already negotiating with the Canadians and the more advanced South American countries, could expand into eastern Europe faster than the EU, encumbered as the European Union is by the Common Agricultural Policy and a powerful urge to protect onerous French and German social costs.

Britain's sovereignty would be in much better condition than it now is. Canada, whose distinctiveness from the northern American states is fairly tenuous, has lost no additional sovereignty after entering into the free trade agreement that resulted in over 40% of Canada's G.N.P. being derived from trade with the U.S.

This is more than four times the percentage of British GNP taken up by trade with the EU, but Canada suffers none of the jurisdictional intrusions that are routine in the British march to Eurofederalism.

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The question for Britain is whether she wants to be part of the possible fracturing of the Free World that increasingly appears to be a likely part of greater European integration—or whether she wishes to escape its consequences. If Mexico—with all its labor, environment and emigration problems—managed to gain membership of NAFTA over the objections of many Americans, then surely Britain would be received with rejoicing.

If America were jubilant, Canada would be ecstatic. Canada has watched with dismay as Britain has receded in its national life. This would be quite a contrast from the groans, scowls and lectures the British are accustomed to receiving from their European partners, as in the prolonged outrage over the ban on British beef in Europe, now sustained only by the capricious, not to say malicious, antics of the French.

I am in favor of Euro-integration for most of the EU countries. I agree with them bringing as many of their number as they can into EMU despite recourse to accounting practices that in the private sector would lead to a jail cell. However, I think there are better alternatives for Britain and for the United States, suitable to the United Kingdom's unique historic, cultural and geographic characteristics. It is no longer appropriate for the United States to

try to propel Britain into Europe by the scruff of the neck and the small of the back.

The more venerable among you would remember, and all of you would know of President Roosevelt's dispatch to Mr. Churchill at the end of 1940 of the hand-written verse from Longfellow beginning "Sail on, O Ship of State" which, he said, applied to both countries. How fortunate we were that the Anglo-American leaders at that critical time largely personified the civilization whose defense they were leading. You may recall that Mr. Churchill responded with Clough's "Say Not the Struggle Naught Availeth," with its dramatic ending, "Westward Look, the Land is Bright" and one of the verses of which begins "If hopes were dupes, fears may be liars."

Conditions are incomparably better now, and our former enemies are good friends. The correlation of forces has changed as the British Empire has vanished. And it is a mistake to relive endlessly those far-off days, glorious though they were. But I am afraid many of the hopes reposed in an integrated Europe, both by Britain and by the United States, are dupes and I'm afraid that many of the fears of alternative courses of action in both countries are false.

I put it to you that failure seriously to examine alternative European and

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Atlantic policies now would be a great disservice to both Britain and the United States.

**Conrad M. Black** is Chairman and Chief Executive Officer of Hollinger International, Inc., in the United States, Chairman and CEO of Argus Corporation Limited, Hollinger Inc. and Southam Inc. in Canada and Chairman of Telegraph Group Limited in London. Hollinger International Inc. is a global newspaper publishing company that owns 75 daily newspapers including the *Chicago Sun-Times* (U.S.), *The Ottawa Citizen* and *National Post* (Canada), *The Daily Telegraph* (U.K.) and *The Jerusalem Post* (Israel). Mr. Black is a member of the Trilateral Commission, the International Institute for Strategic Studies, the Chairman's Council of the Americas Society, and the Malcolm Muggeridge Foundation. He also serves on the Council on Foreign Relations' International Advisory Board. Mr. Black was appointed to the Privy Council of Canada on July 1, 1992 and is a recipient of the Order of Canada. He holds a B.A. degree from Carleton University, an LL.L. from Laval University, and an M.A. from McGill University.