

THE UNITED STATES AND THE EUROPEAN COMMUNITY (1969-1974): ECONOMIC AND POLITICAL DISPUTES

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Abstract: This paper aims to examine the economic and political disputes between the United States and the European Community between 1969 and 1974. Utilising the documentary research approach, the paper will first explore the main economic disputes which were manifested in two rounds of the United States-European Community Consultation in 1970 and 1972. Then, it will investigate the divergence between the United States and the European Community in their policy stances on energy and the 1973 Arab-Israeli War which together constituted the major political disputes between the two sides. With these economic and political disputes, the years 1969-1974 witnessed a difficult phase of the United States-the European Community relations.

Keywords: United States, European Community, economic disputes, political disputes, oil crisis.

INTRODUCTION

Matthias Schulz and Thomas Schwartz wrote: “the history of the 1970s reinforces a lesson often overlooked: there was never a golden age in the Atlantic alliance, a time when the United States and Europe cooperated in an atmosphere of complete mutual trust and harmony” (Schulz and Schwartz 2009: 355). The economic and political disputes between the two sides of the Atlantic Ocean in the Nixon presidential years put Western alliance in deep trouble. From Kissinger’s observation, “for the first time since the war, there exists an open challenge not just to the technical implementation of American plans but to the validity of American conceptions” (Kissinger 1982: 4).

This paper aims to examine the relations between the United States and the European Community between 1969 and 1974. It will first explore the main economic disputes which were reflected in 2 rounds of United States-European Community consultation

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in 1970 and 1972. Then, it will investigate the divergence between the United States and the European Community in their policy stances on energy and on the 1973 Arab-Israeli War which together constituted the major political disputes between the two sides. With these economic and political disputes, the years 1969-1974 witnessed a difficult phase of the United States-European Community relations.

ECONOMIC DISPUTES

Main causes

By the time Richard Nixon took the possession of the White House, the multilateral, market-oriented economy that allowed the United States to spend as much as it wanted at home and abroad had been in a deep crisis marked by the payments deficit, or the net loss suffered by the United States from its commercial and financial exchanges with the rest of the world. President Nixon had to accept that US power had its limits. Trouble actually came from the success story of US leadership over the global economic recovery from the Second World War. The United States overvalued its dollars to make its allies' exports more attractive. As Western European economy became strong, US overseas trade and payments balances were deteriorating. By 1969, the European Community became an effective trade competitor and protectionist. The Nixon administration criticised the European Community for its tendency to become an inward-looking trade bloc that was likely to close the door to the US exporters. US leaders even accused the European Community of maximising its economic potential regardless of the cost to the United States and the Atlantic system (Sonnenfeldt and Hormats 1972). They pointed out that: "it is true that so far the Europeans seem bent on doing so almost exclusively by economic and commercial devices, which are discriminatory in nature and are bound to bring them into conflict with those responsible for our economic affairs and with potent US economic interest groups" (Sonnenfeldt and Hormats 1972).

This economic behaviour from the European Community intensified the burden of the US economy and made President Nix-

on worried. His administration's Treasury Secretary, John Bowden Connally, clearly stated "no longer can considerations of friendship, or need, or capacity justify the United States carrying so heavy a share of the common burdens. And, to be perfectly frank, no longer will the American people permit their government to engage in international actions in which the true long-run interests of the US are not just as clearly recognised as those of the nations with which we deal" (Dallek 1973: 983). Commenting on this statement, Henry Kissinger, who normally used tough, realistic words in talking with allies, underlined "such language had not been heard since the formation of our alliances. It shook the crockery of our bureaucracy almost as much as it did the comfortable assumption of our allies that the doctrine of consultation gave them a veto over unilateral American actions" (Kissinger 1979: 952-953).

About 20 years since French Foreign Minister, Robert Schuman proposed to place Franco-German production of coal and steel under a common High Authority which established common bases for economic development as a first step in the federation of Europe, the European Community by early 1970s became a powerhouse that was able to challenge US leadership and hegemony in economic front. In contrast, the United States' economy under the Nixon years entered a phase of stagnation. The economic statistics indicated the slowdown of US economic dynamism. In the fourth quarter of 1969, real GNP of the United States decreased slightly; the index of industrial production dropped by 2.8 per cent from July 1969 to January 1970 (Commission of the European Communities 1970). There was much pressure on costs and prices. In February 1970, consumer prices increased 6.3 per cent (Commission of the European Communities 1970). The level of US imports remained almost unchanged in closing months of 1969. In general, the Nixon administration was confronting a macroeconomic international economic situation featured by US merchandise trade deficits and current account surpluses. The trade surplus fell to US \$0.6 billion in 1968 from US \$6.8 billion in 1964 and the current account balance had decreased to, for the first time since 1959, a US \$0.5 billion deficit in 1968 from a US \$5.8 billion surplus (Editorial note, FRUS 1969-1976). The trade surplus still stood at \$0.6 billion in 1969 while the current account deficit went up to over \$1.0 billion (Editorial note, FRUS

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1969-1976). Eyeing such depressing statistics, the Nixon administration with a clear neo-mercantilist approach sought to re-evaluate exchange rates with Western European countries, to oppose the European Community's preferential trade policies with the Mediterranean countries and to reform the international monetary system.

The first round of United States-European Community consultation

The first in a series of formal US consultations with the European Community was carried out on 15 and 16 October 1970 when a delegation from the European Community Commission led by Ralf Dahrendorf, Commissioner of the European Community in charge of Foreign Relations and Foreign Trade and an inter-agency delegation led by Deputy Under Secretary of State Nat Samuels met in Washington to discuss US trade policy, European Community's agricultural policy, and European Community's policy on preferential trading areas (Information Memorandum, FRUS 1969-1976).

US Trade Policy. The European Community's delegation was confident in their arguments against US trade policy. Ralf Dahrendorf made it clear that US trade policy would lead to an acceleration of protectionist measures all over the world. This would consequently disarray the international exchange of commodities and capital. He even warned Deputy under Secretary of State, Nat Samuels that it would not be wise for the United States to think that the European Community was unlikely to take common action in response to serious damages to the economic interests of its member states caused by US protectionism. For instance, Ralf Dahrendorf pointed out that the European Community would be adversely affected by US quotas on shoes and would certainly have to react. The European Community delegation even explicitly indicated that US protective measures would reinforce the hands of those trying to discriminate against European subsidiaries of US companies.

European Community's Agricultural Policy. Deputy under Secretary of State, Nat Samuels and Assistant Secretary of Agriculture,

Palmby expressed US concerns about the high level of European Community's agricultural protectionism and emphasised the need to reduce the support prices for grain (Information Memorandum, FRUS 1969-1976). Ralf Dahrendorf explained that the Commission was confronting political pressures for a rise in grain prices in the European Community, but he maintained that a reduction in grain prices was politically unthinkable. The most that the United States could hope for was to keep the grain price stable for some more years. At the current levels of inflation in the European Community, keeping the grain prices stable would grind down the real income of farmers and thus erode their motivation for production while helping the US exporters in terms of real prices. Indeed, the European Community and US delegations were unable to reach an agreement on agricultural policy in the first consultation and they decided to have subsequent policy-level discussions between the two sides on a range of agricultural trade items (Information Memorandum, FRUS 1969-1976).

European Community's Policy on Preferential Trading Areas. The US delegation expressed its objection to the preferential trading arrangements between the European Community and the Mediterranean countries which the United States believed had violated the most-favoured-nation principle of the General Agreement on Tariffs and Trade (GATT) (Information Memorandum, FRUS 1969-1976). Yet, the European Community delegation defended these arrangements on political basis and put forth that the preferential trading arrangements were the only instrument the Common Market could use to meet its responsibility to the Mediterranean. Ralf Dahrendorf stressed that the Common Market did not expect economic benefits from the preferential trading arrangements. He maintained that such preferential trading arrangements were unlikely to cause any damages to the US economy. Nat Samuels challenged Dahrendorf's view by showing that the California-Arizona citrus industry had already made complaint of the damage. Finally, the European Community and the US delegations agreed to take concerted action to determine the damage that United States claimed (Information Memorandum, FRUS 1969-1976).

Indeed, this first formal consultation between the United States and the European Community showed some frictions be-

tween the US and the European Community. Both sides sought to protect their domestic commercial interests. Though these frictions were mainly confined to the economic area, it was possible to intensify and “could easily spill over into the political arena” as Assistant for National Security Affairs, Kissinger informed President Nixon (Information Memorandum, FRUS 1969-1976).

The fifth round of United States-European Community consultation

The fifth round of United States-European Community Consultation was carried out on 5 and 6 October 1972, nearly one year after the first one. It was seen in US view as the most straightforward and detailed discussion since the initiation of the United States-European Community consultation. The European Community delegation was led by Commissioner Ralf Dahrendorf and the US delegation was led by Deputy Secretary of State, Irwin. The US delegation expressed their concern over the European Community’s internal development of common agricultural, industrial and monetary policies as well as the European Community’s continued proliferation of preferential trading arrangements with non-European Community member states. That the Europeans turned a blind eye to the difficulties which their action had caused for the United States could have serious political implications. Economic and trading issues remained the focus of the fifth United States-European Community consultation. The United States was unhappy with the Commission’s proposed Mediterranean policy which, in US view, negatively affecting US economic interests. Thus, the US delegation put forth that the Europeans needed to work out a cooperative solution to the economic and trade disputes with the United States in the larger political and security contexts. Put simply, what the United States wanted to see from the Europeans was their willingness to “work with the United States in reordering economic relations through multilateral negotiations on monetary reform and trade liberalization” (Irwin 1972).

At this Consultation round, the United States again expressed its expectation that liberalization of agriculture trade would be really achieved. Also, according to US delegates, it was the European Community’s actions on agriculture that made it hard for the

United States to hold the line against its own protectionist pressures and move towards a negotiation on trade liberalizing. Concerning the European Community's industrial policy, the United States continued to complain about the European Community's plans to restructure its aviation industry in a way which was likely to damage US export of aircrafts. The European Community delegation claimed that they were forced to combine their strengths to compete with US aircraft industry.

Like the first formal United States-European Community consultation in October 1971, the fifth round in October 1972 placed an emphasis on United States-European Community economic and trade relations. The Nixon administration insisted on working towards a more effective economic relationship with the European Community. President Nixon expected that the frictions in the United States-European Community economic relations, which were mainly caused by the European Community's increasing competitiveness and the US declining economic position, would be dealt with through consultations. Yet, it seemed to be hard for both sides to reach a consensus.

The European Community appeared to ignore the US call for a flexible position on exchange rates, non-proliferation of the European Community's preferential trade arrangement and a cooperative attitude towards reforming the international monetary system. Though the European Community insisted that its policy aimed to further political interests common to the European Community and the United States, the Nixon administration accused the European Community of seeking to form a large preferential bloc around the Community and hence hurt the United States economically. Obviously, the reality that a united Europe became an effective economic competitor with the United States and did not care about the difficult situation of US economy was unacceptable to the Nixon administration.

President Nixon was determined to deal with the trade imbalances that were weakening US economic dynamism and leadership among its allies. He was willing to adopt a tough line to prevent the European Community from hurting the United States both symbolically and practically: "the American positions were based on the decision [...] to keep maximum pressure on the Community in respect to US economic interests, short of creating an irresolvable confrontation" (Flanigan 1972). For instance, the

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Nixon administration decided that it had to reach a meaningful agreement with the European Community in the broader areas of monetary and trade reforms. It tried to work out solutions to the two main problems: the Common Agricultural Policy and the European Community's growing number of Preference Agreements with non-member states.

In the area of agriculture, the United States insisted that the European Community had to express a willingness to cut down their subsidies to agricultural exports to third markets, and lessen their protection against agricultural imports into the Community. These, rather than a Common Agricultural Policy, were the United States' primary objectives and the Nixon administration believed that they could be achieved.

The Nixon administration was determined that the European Community would not allow extend preferences to additional countries. Regarding the preferences already offered to developed countries, mostly European, the Nixon administration, which had seen the European Community as a horse largely out of the barn, made it clear that its policy would "a) in the short run, get special tariff relief where an existing US industry is hurt, such as our wood products industry, whose US \$600 million of annual exports to the Community are in danger, and b) in the long run, reduce industrial tariffs multilaterally so that the tariff preferences are ineffective against US exports" (Flanigan 1972). Regarding the European Community's preferences for developing countries, these were able to be incorporated in a multilateral program of generalized preferences, which the United States was supporting.

The approach the Nixon administration handled the trade disputes with the European Community made the Community's leaders unhappy and disappointed. On 21 April 1972, Deputy Director of the European Community Information Service, Mr. Guy Vanhaeverbeke, had an address to the Missouri Bar Association in which he stressed that the emerging European Community was not against anyone and certainly not against Washington. He affirmed that the European Community's primary goal was to prevent the Common Agricultural Policy and customs union from disintegrating. The European Community acknowledged that monetary and trade policies were closely intertwined, and that cooperation among governments for a better functioning of the international monetary system contributed to the success of the fu-



ture negotiations in the field of trade policy (Vanhaeverbeke 1972). Guy Vanhaeverbeke claimed that the European Community was the United States' loyal friend when the Community did not take any retaliating action after the tough measures taken by the Nixon administration on 15 August 1971:

they accepted adjustments in their exchange rates last December, imposing a heavy competitive handicap on their own economies, whereas their trade balance with the United States showed a massive deficit; they agreed on a number of unilateral trade concessions vis-à-vis the United States at the beginning of February 1972; they committed themselves to a new round of extensive trade negotiations which would aim at: *a*) the lowering or elimination of remaining customs duties, as well as non-tariff barriers; *b*) the exploration of reasonable avenues of conciliation between conflicting interests in the agricultural area, namely through international commodity agreements; *c*) giving utmost consideration to the interest of developing countries (Flanigan 1972).

From the European Community's view, the United States and the European Community as the first and the second economic and commercial powers in the world were bound to have disputes. Nevertheless, the US and the European Community had to prevent these disputes from developing into "a full-fledged crisis" (Flanigan 1972).

POLITICAL DISPUTES

The United States and the European Community especially indicated in their divergent views on energy policies and their responses to the 1973 Arab-Israeli War which led to the Arab oil-exporting countries' embargo. These together had a long-term implication on the United States-European Community relationship as Smith once pointed out: the 1980s "European image as an adversarial partner" was in significant aspects "formed during the 1970s" (Smith 1992: 112).

The Nixon administration's attempt to deal with the energy issues was met by the European antagonism and scepticism. The European Community realised that it needed Washington's aid in securing energy sources while they were trying to distance them from President Nixon's policy on Middle East. Political differ-

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ences in tackling the oil crisis further eroded the trust between the United States and the European Community and thus strained their relationship quickly. Secretary of State Henry Kissinger once underlined this difference in his conversation with Ambassador of France, Jacques Kosciusko-Morizet:

[...] there is no real negotiation, since the Europeans state their position, we state ours, and then the Europeans go away to work out their response after which the whole process is repeated. Thus, whereas we had hoped that the Common Market would lead to better relations with the US, we are now forced into a type of consultation that is worse than we have with any other country (Kissinger and Jacques Kosciusko-Morizet 1973).

Divergent views on energy policy

Regarding its energy policy, the United States was confident that it had important leverage and the European Community needed its cooperation. US leverage in energy came from three main factors: *a*) the United States had great economic and political influence with Saudi Arabia and Iran, two richest oil countries; *b*) the United States was the world's leading country in the field of energy-related technology; *c*) the United States had large domestic resources which could reduce its future demand for oil import. These leverages did not mean that the United States could develop an energy policy without considering the views of its allies, particularly the European Community. In his special message to the Congress on energy policy, President Nixon indicated that the United States was interested in developing a plan for sharing oil in case of serious shortages (Nixon 1973). According to President Nixon, the European Community also saw the need for cooperative efforts and wanted to develop a Community energy policy. He stressed that the United States desired to work together with the European Community in this effort.

Regarding the European Community's stance on energy, the Commission of the European Community had been seeking to formulate a common energy policy for a long time; however, such a policy did not exist at that point. The Commission had to take the national policies of the major member states into considera-

tion as they had decisive roles on energy matters. The Commission was in favour of cooperation among oil consuming and producing states. It was also interested in specific consumer cooperative measures which aimed to deal with security and stock building, to encourage more rational use of energy resources and to develop alternative sources of energy. The Commission did not intend to build it into a consumer country bloc of a “cartel” type because the formation of a consumer country organisation might lead to the intensification of a common front by the producers. Also, it did not want to see the development of bilateral relations between consumer and producer countries. However, confronting the energy matters, the Commission of the European Community had proposed much closer future collaboration on and tighter joint management of energy among European nations. This helped to counter its fear: the United States unilaterally sought assured oil supplies. Naturally, the United States was disturbed by the European position on the energy matters: “the Europeans are talking about sharing all continental oil, avoiding competitive bidding and other things that we [the United States] don’t like” (Memorandum of Conversation 1973, FRUS 1969-1972).

In addition, the United States was concerned with the European intention to make special arrangement with the oil producers in the Middle East. The US supposed that the European Community was negotiating special arrangements with the Middle Eastern producers, and Washington wanted to ensure that these arrangements would not go against the US (Memorandum of Conversation 1973, FRUS 1969-1972). Therefore, the United States insisted that energy was another chance for intensifying US/Allied cooperation necessary for revitalisation of the relationship in the wider context of the Year of Europe (Amstrong 1973). This position was made clear at the meeting of the OECD (Organization for Economic Co-operation and Development) High Level Group of the Oil Committee from 6 to 8 June 1973. Though the United States expected to see closer cooperation with the European Community, it became apparent that the US-European Community relations were worsening in the Nixon presidential years. The Central Intelligence Agency even predicted that:

intensified rivalry among the US, the West European countries [...] for 1) oil, 2) extended export markets to pay for oil and 3) investments from oil producers will run serious risk of causing deteriorating terms of trade for all consumers and also of embittering political relations among major industrial countries. And bad political relations would in turn intensify economic rivalry (National Intelligence Analytical Memorandum 1973).

Differences in policy stance on the 1973 Arab-Israeli war

The Arab-Israeli War broke out on 6 October 1973 with the Egyptian and the Syrian concerted an attack on Israel forces in the Sinai and the Golan Heights¹. The Europeans refused to cooperate with the United States to resupply Israel from US stocks in Europe. They even did not permit US transport planes to overfly their territory. The European Community often complained about inadequate consultations between the Americans and the Europeans, however the “real trouble”, once highlighted by Kissinger, “was a clash in political perspectives that no amount of consultation” could help to remove (Kissinger 1979: 720). Obviously, Kissinger considered the European Community’s complaint about the lack of consultation to be disingenuous.

The Washington Special Actions Group (WSAG) held the first meeting on war-related issues at 9 am on 6 October 1973. It was agreed at the meeting that Saudi Arabia was “the key to the oil problem,” and that relations between the United States and the European Community would become tense in the event of an embargo (Minutes of Washington Special Actions Group Meeting 1973, FRUS 1969-1976). In their discussion on the likelihood of an Arab oil cut-off on 15 October 1973, the WSAG reached a consensus that there were two possibilities. First, it could be an oil cut-off of Arab oil supplies to the United States alone. In this case the United States supposed that it could tackle this with some strain. Second, it could be a total cut-off of Arab oil to all major oil consuming countries. In this case the United States would seek to equalize the burden by shipping oil to Western Europe. However, the WSAG was concerned about the striking economic impact on the United States. Also, even if the United States did take action to help its allies, the Western European attitude towards

the 1973 Arab-Israeli War was clear that the US should carry the entire burden (Minutes of Washington Special Actions Group Meeting 1973, FRUS 1969-1976). Secretary of State, Kissinger bitterly criticised Western Europe for not lifting a finger to help Washington with the Arabs: “And they have been goddamned unhelpful in the diplomacy” (Minutes of Washington Special Actions Group Meeting 1973, FRUS 1969-1976). Considering the relationship with the Europeans, he added: “we pay the same price if we do a lot as if we do a little”. He did realise that the United States had troubles with the Europeans who were behaving “like jackals” because they “did everything to egg on the Arabs” (Secretary’s Staff Meeting 1973).

Kissinger saw the Europeans’ behaviour was “a total disgrace” and thus saw the need to assess just where the United States was going in its relations with the European allies (Secretary’s Staff Meeting 1973). This need was even said directly to French Ambassador, Jacques Kosciusko-Morizet to the United Nations by Kissinger on 25 October 1973. He recently ordered a complete re-evaluation of US relations with the European Community. Europe, he elaborated, insisted on unity in issues related to European defence but refuses to cooperate on other matters (Kosciusko-Morizet Call on Secretary 1973). He thought that “there had to be an end to this kind of conduct” (Minutes of Washington Special Actions Group Meeting 1973, FRUS 1969-1976). Though Kissinger did not want his country to be in an open confrontation with the European Community, he needed to outline a contingency plan for the United States to win in case the oil embargo was announced and the Europeans did not stand on the side of the United States and Israel.

We have some real problems. The events of this summer have led to a belief all around the world that our authority has been weakened. If we get into a confrontation, we have to show that we are a giant! We have to win! I don’t expect us to get into a confrontation, but we should look at everything we could do if we did (Minutes of Washington Special Actions Group Meeting 1973).

On 16 October 1973, the Arab members of the Organisation of Petroleum Exporting Countries (OPEC) officially announced an embargo against the United States in retaliation for US deci-

sion to airlift the re-supplies to the Israel military (Sus 1974). This embargo also affected US allies, particularly Western Europe which heavily depended on oil supplies from the Arab countries. The United States observed that Western Europe could not do much in the immediate future to get their oil deliveries back to strength. The Western Europeans would naturally continue to stay far from the United States' present Middle Eastern policy in their "speeches, in UN votes, and in the denial of overflight and refuelling rights for US military aircraft" (Memorandum Prepared in the Office of Economic Research 1973). The European Community's leaders knew that such a response would not make the United States rethink its policy stance to Middle East or save Western Europe from the impacts of the oil embargo. Put simply, the Western Europeans were suffering from the shortage of oil supply and they had to turn to the United States for help.

The United States realised that if such oil shortages became more severe, the Europeans would take action against US interests. For instance, the Western European countries would unilaterally seek to keep all the oil they could get for their people by reducing or eliminating their exports of refined oil to the United States.

There is some inconsistency between the European desire to minimize association with US political policy in the Middle East crisis and European awareness that some form of cooperation arrangement for coping with oil shortage must necessarily involve US-European conversation. This inconsistency is both real and apparent. The Europeans will try to resolve it insofar as they can, by working for quiet talks within OECD forum on oil matters, while avoiding political initiatives unless and until the time seems ripe for a mediation role that would not alienate the Arabs (Minutes of Washington Special Actions Group Meeting 1973, FRUS 1969-1976).

The Western European response to the Arab's cut down on oil production was not favourable to the United States, and Washington was aware that there would be more strain in the relationship between the European Community and the United States because of the differences in their strategy to deal with the Arab oil embargo:

The prospects for Europe look even worse. If the embargo continues after the end of November and is increased by an additional 5 per

cent or more, the Europeans will have to take drastic measures. Since this is daily becoming more apparent to the Europeans, we can expect reactions soon. If the EC nations initiate an internal EC sharing arrangement, the Arab producers will almost certainly react against those who attempt to cut across the lines of the Arab selective embargoes. At some point, the Europeans will probably decide that they must act together to seek their peace with the Arabs. Thus, the prospects for additional strains between the US and Europe appear to be growing (Minutes of Washington Special Actions Group Meeting 1973, FRUS 1969-1976).

In 3 November 1973 Memorandum to Secretary of State Kissinger, Under Secretary of State for Economic Affairs, Casey accused the Western Europeans for their selfishness: “the disarray of the Europeans and the general scramble to appease the Arabs and take care of themselves has made the oil weapon more successful than anything else” (Casey 1973). In a similar vein, Secretary of State Kissinger reflected that “we were not helped by the Europeans” (Casey 1973).

Explicitly, the United States was dissatisfied with the European Community’s response after the outbreak of the Arab-Israeli War on 6 October 1973. The Europeans defined themselves in opposition to the United States. The fact that the European Community rejected US policy during the war, refused landing rights for US resupply planes to Israel, and embraced Arab position on the war led to the most serious crisis in transatlantic relations since the creation of NATO. The European Community had not been giving the United States a helping hand to achieve a peace settlement for the Middle Eastern region in the way Washington expected. The Western European behaviour was going against Washington’s wish to organise a peace conference which was to be chaired by the Secretary General of the United Nations and would be held under US and Soviet auspices. Secretary of State, Kissinger showed clearly the U.S. stance towards the Arabs: the Americans could arrange a peace settlement for the Arabs while the Europeans were almost unhelpful:

our position is that we will not be driven by pressure from one point to another. This is a game we could not win and it would be disastrous for us to try to compete with the Europeans [...]. Our line with the Arabs is that the Soviets can give you weapons but only we can get you a settlement. The Europeans can give you rhetoric but only we can give

you performance. We may promise less but we deliver on our promises (Memorandum of Conversation 1973).

Kissinger made it clear that the European Community might choose to disassociate with the United States in the Middle East crisis and implement their own policies. He underscored that “when their fundamental attitude was either slightly or openly hostile,” they could not “insist on a right to private briefings” (Kissinger-von Staden 1973). He also mentioned this in his book entitled *Years of Upheaval*. “Europe, it emerged increasingly, wanted the option to conduct a policy separate from the United States and in the case of the Middle East objectively in conflict with us” (Kissinger 1982: 716). This was unacceptable to the Nixon administration. The Europeans could not carry out a completely independent and indeed anti-American policy and still expect the United States to defend them. No US government could accept that “America should be accorded the great privilege of defending Europe, but have no other role” in the European Community’s affairs (Kissinger and Kosciusko-Morizet 1973).

Impacts of differences in energy policy, and the 1973 Arab-Israeli war

The US and the European Community held different views of energy policy, and the 1973 Arab-Israeli War. This demonstrated that the European Community desired to be independent from the United States. The oil embargo affected the US-European relations. The Europeans might view Washington’s response to their requests for some form of energy sharing as a direct test of the meaningfulness of the relationship between the United States and the European Community. That the United States failed to help the European Community in the oil crisis caused by the oil embargo could be taken as a manifestation of Washington’s indifference and this thus made the European Community move further towards the Arabs’ position even at the expense of aggravating differences with the United States. However, if the United States responded more positively and helped the European Community out of the oil crisis, it might not result in a dramatic reaffirmation of the Atlantic partnership: “even the patent demonstration of US-European interdependence inherent in the oil problem would still

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leave unresolved the basic issues which stem from the unequal Atlantic partnership that the Middle East crisis has unbalanced still further” (National Intelligence Estimate 1973).

The differences in energy policy, and the 1973 Arab-Israeli War and then oil crisis caused by the oil embargo also made the Europeans aware that the United States was seeking to cut its commitments to the European Community. An irreparable rift in US-European partnership emerged when the United States and the European Community took unilateral positions during the 1973 Arab-Israeli War and had divergent responses to the oil crisis. Seemingly, the US and the European Community became more concerned about independence and self-interest. The 1973 Arab-Israeli War and then oil crisis obviously put the transatlantic partnership under a crucial test. On one side, they indicated how much the United States and the European Community interrelated. On the other side, they showed the new recriminations that the US and the European Community put forth to each other. They revealed the differences in US and European priorities. Though the United States insisted on consultations between the two sides of the Atlantic Ocean, the reality showed prior consultations between them did not always take place. Also, though the United States considered a plan for oil-sharing with the Europeans, the European Community was worried that such indication of Atlantic solidarity might harm its relationship with the Arabs and did not help to alleviate the European Community’s oil shortage.

The Nixon administration knew that the Atlantic alliance was important and did not want to damage the partnership with the European Community. However, it was hard for President Nixon and his team to both defend the United States’ national interests and enhance the Atlantic solidarity at the same time. It was uneasy to reconcile what the United States wanted from the European Community and what the Europeans wanted from Washington. There were some sharp conflicts of interest:

it will be difficult to enhance a sense of shared common interest among the US and its allies. Various inducements – improved consultations, information exchanges, and possibly energy sharing – would help, but would not eliminate some sharp conflicts of interest. The allies would still be dependent on Arab oil. Conversely attempts to bring the Europeans and Japanese along with the US by economic or security

threats (e.g., threats to withdraw US troops from Europe) would affect different allies differently. But they would be of dubious value in getting the allies to support US policy in the Middle East. If such threats were used, they could generate reactions causing lasting damage to the alliance (National Intelligence Estimate 1973).

Though the United States had greater leverage than the European Community in dealing with the oil embargo, it did not mean that the Nixon administration could impose their stance on the Europeans. The Nixon administration acknowledged that if Western Europe was thrown into a deep recession as a consequence of oil deprivation, it was certain that the whole delicate balance of East-West relations would be disrupted.

In a nutshell, the Americans and the Western Europeans had to adapt to a changing world in the 1970s. As the European Community was becoming steadily wealthier and more influential, the United States found itself struggling with a relative decline in its economic and political power. The Soviets had at last gained parity with the United States in the nuclear arms race. The OPEC countries became more prosperous and assertive. These developments made it necessary for the United States and the European Community to adjust their policies to protect their economic and political interests. On the US side, a more nationalist economic policy was carried out and a much harder line in trade negotiations with the Western Europeans was adopted. In political realm, a more pragmatic line was asserted in the way the United States dealt with the 1973 Arab-Israeli War and the oil crisis regardless Western European interests. On the Western European side, the European Community was seeking to advance its economic strength and translated its economic power into effective political influence in global affairs. The economic and political disputes between the United States and the European Community during the Nixon presidential years indicated the downward course in their relations. The process of adaptation to a changing global environment was not easy for either side. The European Community was seen, in the American eyes, as a partial partner. According to Kaplan, the political disputes between the two sides of the Atlantic illustrated the rising distrust of the Nixon administration towards the European Community as a reliable political partner (Kaplan 1991: 100). It was the moment that “both sides



of the Atlantic had to determine ‘either to go along together on all fronts or to go separately’” (Hynes 2009: 230).

CONCLUSION

The European Community grew frustrated with the Nixon administration’s unilateral and realist approach to international affairs and even made “criticisms to American hegemony in the Atlantic alliance” (Ilgen 2006: 27). Meanwhile, the Nixon administration appeared highly sensitive to any sign that Western European governments were ganging up on the United States. The European attempt to compete with the United States economically and the European political approach to shield themselves from the 1973 Arab-Israeli War and the oil crisis made the United States-European Community relations strained. The Nixon administration had reasons to cast doubt on the United States’ traditional policy of promoting European integration regardless of economic costs. Put simply, there was a problem of trust between the Americans and the Western Europeans in the Nixon era which was mainly reflected in their disputes in economic and political areas.

NOTES

¹ See W. Quandt (1993), *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967* (Washington: University of California Press); R.N. Lebow and J.G. Stein (1994), *We All Lost the Cold War* (Princeton: Princeton University Press); K. Stein.(1999), *Heroic Diplomacy: Sadat, Kissinger, Carter, Begin, and the Quest for Arab-Israeli Peace* (New York: Routledge); R. Parker (ed.) (2001), *The October War: A Retrospective* (Florida: University Press of Florida); W. Boyne (2002), *The Two O'clock War: the 1973 Yom Kippur Conflict and the Airlift That Saved Israel* (New York: Thomas Dunne Books).

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