

**The Future of Economic and Political Relations
Between the European Union and the United States
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Next Sunday, on March 25, 2007, the European Union will be fifty years in existence. I am delighted to celebrate that event for the European Union, which I now represent by coming to Notre Dame, this little part of Ireland in the middle of the United States, for the first time. As I said earlier to some people I met here, from the very first moment I came to the United States—on a visit back in 1970 after very recently being elected to the Dáil—people asked me “Well, have you been to Notre Dame? Have you *not* been to Notre Dame?” as if, really, one had not visited the United States of America at all unless one had been to Notre Dame. Well now I am here, and I feel that the next part of my life—the remainder of my life—will be much richer for the fact that I have now been here, and hopefully I’ll come back. Anyway, I am going to talk to you about the European Union—what it is, what it does and does not do, why it matters to Indiana and to the United States, and what some of those things are that we Europeans and Americans need to do together in order to make the world a safer and a better place for you and for your children in their time.

First of all, I want to say that the European Union is the only multi-national democracy in the world. We have the United Nations, but there is no parliament of the United Nations. You cannot vote for the secretary-general of the United Nations, and there is no direct election for the people who run the U.N. We have the World Trade Organization, which does very important work, but it is a diplomatic organization just like the United Nations. Its work and its decisions are negotiated, frequently in secret, between diplomats and ministers. There is no direct participation by the people in the W.T.O. through directly elected representatives, or in the World Health Organization, the World Patent Organization, the world organization dealing with education (UNESCO), and so forth. There is only one organization—a multi-national organization consisting in this instance of twenty-seven nations—where the people directly elect the parliament that makes decisions that govern that collective area.

Every five years, the twenty-seven nations of the European Union each have an election in which they elect the members of the European Parliament. When European Union legislation comes to be made, it is proposed by the European Commission, which is a bit like the administration here in the United States. In fact, in Europe only the administration may propose legislation; individual members of the parliament cannot do it. Whenever legislation is proposed by the European Commission—which is the equivalent of the U.S. administration—that legislation, which will apply to twenty-seven member states, must be passed by two bodies. It must be passed not only by the Council of Ministers, which is comprised of twenty-seven ministers representing the twenty-seven countries, but also by the European Parliament, which has over seven hundred members, every one of whom has been directly elected by the people of Europe in proportion to the population of each part of Europe from which those members come. So, we have a parliamentary democracy governing twenty-seven countries. It is something without precedent in world history, and it is proving to be a very good model, a very attractive model, that many other countries want to join. In this decade, since 2004, the European Union has increased its membership by twelve countries. We have gone from having fifteen countries on December 31, 2003 to having twenty-seven members on January 1, 2007. We have increased our entire membership—our entire population—to 500 million people, making us about twice the size of the United States in terms of population, and this has been done with the unanimous agreement of all of the existing members.

To illustrate to an American audience what this enlargement of the European Union means, it would be good to imagine a parallel situation here in North America. What we have done would be

similar to what the U.S. would have done if, in the last four years, each one of the fifty states of the United States—from Hawaii to Vermont—had individually agreed to merge with the thirty-two states of the Estados Unidos Mexicanos (Mexico). Instead of 100 senators meeting in Washington or somewhere like that, there were now 164 senators, 64 of whom were Spanish-speaking and who represented, 2 each, the Mexican states. The administration had been adjusted, and a lot of people who had held important positions in the U.S. administration lost their jobs to make room for Mexicans. A lot of Mexicans who had held important jobs in Mexico City lost their jobs to make way for U.S. citizens. Furthermore, the voting power of any individual state in the United States had been reduced, because that state was now one of eighty-two states instead of one of fifty states. As a result of the merge, there was now a commitment that every person from Chiapas in southern Mexico could seek a job in any one of the fifty states of the U.S. as well as in the other thirty-two states of Mexico. Equally, any person from Indiana in the United States now had, as of right, the ability to take a job anywhere in the thirty-two states of Mexico.

That is what we have agreed to in creating the European Union. We have created a political union that has expanded at every stage with the unanimous agreement of each of its member states. We expanded from six members to ten, to twelve, to fifteen, and now to twenty-seven. At every stage, every one of the existing members had to agree to the incoming of the additional members. Say at this stage, for example, there were a question of the European Union—in addition to the huge expansion that we have already undertaken—deciding to bring in Turkey as a member. Not only would that mean every Turkish citizen would be entitled to work anywhere he or she wanted in the E.U., but also that they would have a huge voting block within the European Union, while the voting block of all the other countries would be simultaneously reduced. For something like that to happen, however, every one of the existing members would have to agree, and if Malta said “No,” it would not happen. If Cyprus said “No,” it would not happen. So, it is really quite an amazing political feat, if you think about it, that we have been able to get so far and do so much, at every stage, with the full agreement of every one of the existing members. There was no “dog-in-the-manger” attitude taken here by the existing members.

What does being in the European Union mean for a country that joins it? Well, a country that joins the European Union has to pass somewhere in the region of eighty thousand pages of legislation. That is what we call the “*acquis communautaire*,” which is the sort of acquired community law. It covers everything from respect for contracts to the way in which you regulate the environment and the way in which you regulate worker safety. Obviously, if we are going to have a common market where people can sell as we do, where people can sell goods freely from one country to another, it would not work if one country could sell its goods cheaply because it had no environmental standards at all or it put its workers at risk. So, there are minimum standards on all sorts of issues that countries must apply if they are to join the European Union.¹

In addition to that, countries must have a system of courts in which everyone is equal before the law, in which—for example—if you are a Bulgarian citizen complaining about something that a French businessman, with whom you have been doing business in France, has done to you and you appear before the French courts, you have exactly the same chance of winning the case as the French man if the law is on your side. We insist that the rule of law, in an impartial fashion, be an absolute requirement for joining the European Union and gaining all the benefits that come with membership. We also insist that a country be a democracy—we do not do dictatorships. Only democratic countries may join, and we have a provision whereby countries may be thrown out if they cease to be democracies or cease to respect human rights. For example, we do not permit the death penalty in the European Union. If a country has the death penalty and wants to join the European Union, it has to abolish it, because we view the death penalty as inhuman and not in accordance with what we regard as proper standards of legal behavior.

So, the European Union is more than just a sort of economic pact; it is more than just an alliance. It is a union of values, and what we are doing, in effect, is *harnessing* economics. Countries, many of them, want to join the European Union because they are a little bit poorer than other countries, and they know that the ability to sell to a bigger market is one way that they can get a little bit richer. One way they can attract American companies to invest in their countries is by saying, “If you invest here, you will be able to sell not just to our market, but you will be able to sell to all 500 million Europeans, as of right.” Not only that—that is not just a concession that we enjoy—but we are members of the club and we make the rules that guarantee how that market will operate. Being a member of the European Union is very attractive economically. My country, Ireland, would never have transformed itself if it were not for access to the huge market that the European Union has given us and if it were not for the very large amount of money that Germans and others have given us through the E.U., which enabled us to build up our economy. We would never have attracted all that foreign investment from within the United States if it had not been for that. Joining the European Union is a very attractive thing economically, but we are using the economic attraction to achieve a broad political goal—human rights, democracy, the rule of law, and an end to conflict.

An end to conflict, in a way, is where the European Union began. Europe has had a very special experience of war; we have probably started more wars in which more American citizens have died than any other part of the world has started. European Union countries were where the First World War started and where the Second World War started. The two greatest wars in human history had their origin, you could say—broadly speaking, at least they started as a result of—conflict between two countries. Just two: France and Germany. After the last of these wars, in the early 1950s, the Germans and the French decided that they had had enough, that we (Europeans) had had enough, and that they had to do something to make sure that their countries would be so intertwined with one another—economically, physically, and psychologically—that they could never fight with one another again. That is what they did, in the first place by merging their coal and steel industries—merging the instruments of war, if you like, which those industries were at that time—and in the second place by creating not only a single market in which people could move and work and live and sell but also a governing authority in which each of the countries agreed that it could be over-ruled by a majority of other countries within it. So in addition to a union of human rights and a union of free economic movement and respect for property, we have created a union to eliminate conflict between countries. That is what, in essence, the European Union is and what whoever shares its birthday on March 25 will celebrate as well, I hope.

To explain how the European Union works—what it does and what it does not do—there are three pillars, or areas of work, that are involved in the European Union. The first part of the work is the common market, what you in the United States would call “interstate commerce.” We make rules on standards for goods and standards for services, rules on mutual recognition of one another’s standards, rules on environmental standards, and so forth. All of that work is done by a majority voting systems within the Council of Ministers, and it is what we call the central competence of the European Union.

The second area of work that we do is called the second pillar, and it has to do with foreign policy. Now while we have majority voting in the Council of Ministers on the first set of work—that sort of interstate-commerce type work that creates the common market—when it comes to foreign policy things are different. Obviously one of the instruments of foreign policy is an army, and no European country has yet been willing to say that it is going to hand over its army to be ordered about by anyone unless it agrees. So in the matter of foreign policy, all decisions are made by unanimous agreement. All twenty-seven countries must agree before there is a common E.U. foreign policy. However, we have gone a long way in getting common positions on issues like the Middle East, even though it has to be done unanimously. The European Ministers are meeting every week, and they know one another very well. They feel—we all feel—part of a club, and we know that together Germany and

France and all the rest of us can do a lot, but that separately we can do very little. Together we can have some influence in Washington, some influence in Moscow, some influence in Darfur, some influence in China, but separately other countries will simply play one of us off against another. Even though we have to arrive at our common foreign policy positions by unanimity, there is a strong tendency toward actually getting agreement.²

The third area of work is to deal with cross-border crime. Why would the E.U. be involved in crime? Would you not think that issues of penalties for drug offenses could be effectively left to the states? In this country, it very often depends on which judicial district you are in as to whether you get a very long or a very short sentence because of differences in policy. Well we have come to the view that if you have a common market for goods and services—a common space in which the internet can operate to allow people to buy and sell, a common financial area in which banks can provide services across borders (which we have not yet achieved but which we intend to achieve soon)—then you have created a common market for consumers certainly, but you have also created a common market—a common playground—for criminals. Criminals can exploit all of those freedoms, robbing money from someone's bank account in Finland by using a computer located in Norway and stashing the money away in a bank in Italy, for example. Crimes can be committed in three or four different places, or one crime with three or four different locations. If we have different sentencing policies, different policies for gathering evidence, and different approaches to sharing intelligence between the twenty-seven countries, we are at a complete disadvantage in trying to deal with cross-border crime within the European Union. As a result of that, we have increasingly come together in this, what we call the third pillar, to have a common evidence warrant and a common arrest warrant, so that people do not have to go to court twice in one country before being put in another country to face the court and so that we have streamlined our efforts against crime and insured that Europe is not only free but secure.

Those are basically the things—those three categories of work—that the European Union does. So what does the European Union not do that the United States federal government does do? One thing that we do not do, you will be pleased to know, is taxes. We do not raise taxes. The European Union has no power to raise taxes. We get about one cent of every dollar that is generated in Europe, given to us according to a certain formula whereby the governments of the member countries hand over the money, which they have raised in taxes set by them, and we spend that at federal level. Here in the United States I think it is about twenty cents in every dollar that is spent at federal level, so there is much less spent by the European Union centrally than is spent by the United States centrally, which I suppose is not surprising. The other thing we do not do is borrow. The European Union is not allowed to borrow. Sometimes perhaps it should be somehow allowed to borrow a little money to give it a bit of flexibility, but it is not. We are not allowed to borrow. So our federal government, if you like, is much weaker than your federal government in the United States—it does not have the power to unilaterally raise tax and it does not have the power to borrow.

The European Union also does not have the power to change its own constitution. The United States, with difficulty, can change its constitution I think, if you get two-thirds of legislature in two sessions and two-thirds of the states, or something like that. You know the formula better than I do; it is your constitution, and you understand how it can be changed. The European Union cannot change its constitution at all, unless every country agrees. You may well have seen that we tried to change our constitution—or our treaties, which are effectively our constitution—recently, but France and the Netherlands did not agree. It cannot happen, unless or until they do agree. It would have been enough for just one country to have said no, and the thing could not have gone into effect. So the European Union is not as powerful as the United States institutionally, for the reasons I have just given.³

However, there is another important difference between the European Union and the United States, although there was some doubt about this in the United States for quite some time. In fact, until 1861 some people argued that states could withdraw from the United States of America, and South Carolina attempted to nullify certain legislation during the presidency of Andrew Jackson. A little later

they actually tried to withdraw completely from the United States. It could be argued, on a reading of the U.S. Constitution as it then stood, that they actually had the law on their side even if they did not have right on their side, but that was put beyond doubt by the Civil War. States may not withdraw from the United States of America—once you are in, you stay in. That is not the case in the European Union. The European Union is based on a treaty between states, and under the normal law of treaties, any state can denounce a treaty so long as it compensates those affected by that in an appropriate way. So if, for argument's sake, the Czech Republic wanted to withdraw from the European Union, it is free to do so. If the United Kingdom, or Great Britain and Northern Ireland, wanted to withdraw from the European Union—if it elected a government that wanted to do that—it can do so. That is another very important difference between the United States and the European Union, and it does have an important effect on what we do and what we do not do, what we can do and what we cannot do.⁴

I would like now, having explained roughly what we are, to say something about how the European Union is important to the United States and how it is important to the State of Indiana. Two out of every three dollars that are invested in the United States by countries outside the United States are invested in the United States by countries of the European Union. Two out of every three dollars! We are the biggest investor in the United States by a huge margin. You are also the biggest investor in us by a huge margin. There is more American investment in Europe than there is American investment anywhere else in the world. There is more European investment in America than there is European investment anywhere else in the world. There is more European investment in approximately twenty states *individually* than there is American investment in China. There is more European investment in California alone than there is American investment in China. There is more European investment in Texas alone than there is American investment in China. U.S. companies make more profit in Europe than they make anywhere else. American companies make three times as much profit from their investments in Ireland than they do from their investments in China. There are something in the area of four million people in Ireland and somewhere over one billion people in China, and yet you make three times as much profit from what you have invested in Ireland as you do from your investments in China. You make five times as much profit from your investment in the Netherlands alone, which is even smaller than Ireland (although it has a good number more people—they are crowded a little bit more together), than you make in China.

Now, what does that mean? It certainly means that we are important to one another. It means that it is important that we get along. That is certainly true, but it is also important to us that you do well, and it is important to you that we do well. We are not rivals, because we own part of you. We own part of the United States, but the nice thing about it is that you own part of the European Union. If things go badly for us, they will go badly for you. No one wants to see some house or property that they have invested in suddenly go down in value because of bad neighbors, trouble in the street, or something like that. The United States is like a house-holder who has bought a house in the next town; you have bought a big house in Europe. You must hope that that neighborhood remains a good place to have your house, and we have the same feelings about you.

This needs to be explained over and over again to people in Europe, because sometimes you will see them feeling sort comfortable and a bit superior when things are going badly for the United States. They say “I told you so!” and “What would you expect?” and all that sort of stuff. I hesitate to say it, but you sometimes have the same feeling here in the United States about what is going on in Europe. You sometimes have Americans saying “Jacques Chirac has . . .,” etc. We all know about “French fries” versus “freedom fries” and all that. The truth of the matter is that there are huge amounts of American money invested in France, and France is one of the best investors in the United States in the world. Americans have a vested interest in the success of France, and the same in return. It is important to understand that it is not just an issue of that fact that there are fourteen million people employed on either side of the Atlantic in the various investments we have in one another. It is much more than that; it is something much deeper than that.⁵

Let me get a bit more local. I was speaking to your local congressman yesterday, Congressman Joe Donnelly, in preparation for coming to South Bend. He represents South Bend, and he was recently elected to Congress. (I asked him did he have any message that he wanted conveyed to you. He said the message was “Vote for Joe.” I do not know whether any of you are going to vote for Joe, but probably some of you did.) I felt that before I came here I should have a word with Congressman Donnelly, and I explained to him something about the extent of European investment in Indiana. European firms employ seventy-six thousand people in the state of Indiana. The European Union is also the second biggest market in the world for Indiana exports, after Canada I assume, and exports from Indiana to Europe support 116,000 jobs in the state. There is more export going from Indiana—seven times as much export—to European Union countries as is going to Japan. There is eleven times as much export going from Indiana to European Union countries as is going to China and eighteen times as much as is going to South Korea. And India? India is an immensely important country, an economic giant, and it is going to become bigger and more important; I think we should welcome that. Well at the moment, Indiana exports forty-seven times as much to the European Union as it exports to India. The European market is really important to this country.

I would now like to move on from economics to talk about the problems that the world faces today. I think we face a number of problems; there are a number of significant risks to peace in the world. One of these is the risk of proliferation of nuclear weapons. I attended a meeting earlier between Secretary of State Rice and her European equivalents—Commissioner Ferrero-Waldner and Mr. Javier Solana—and from that meeting it came across to me that the European Union and the United States are working very closely together to deal with the issue of the possible proliferation of nuclear weapons to Iran or by Iran. We recognize that Iran has genuine security worries. Iran is one of the few countries in the world against whom weapons of mass destruction have actually been used in recent times (when it was attacked by Iraq). Iran is also surrounded by nuclear powers. It has the United States, which is a nuclear power, in occupation in Iraq. It has Pakistan on the other side, which is also a nuclear power. It has Russia to the north, which is a nuclear power.

In a way, then, it is not surprising that Iran feels a little insecure and is looking for ways of getting some more security. It thinks that perhaps at least threatening to get the nuclear weapon or suggesting that it might be getting the nuclear weapon and allowing people to think that—even though it denies doing it—might enhance its security. I do not think it does; I think it is a waste of money. But we Europeans recognize, and increasingly the U.S. administration recognizes, that Iran has genuine fears and that we must find a way of assuaging those fears. By coming together—the United States with its immense military power, second to none in the world, and the European Union with its immense economic power, its persuasive power, and its investment abilities—Europe and America can put together a package that would persuade the Iranians to abandon the nuclear course. That is what we are working toward, and I think we are working on that issue increasingly in a way that is concerted, the one with the other.

Another major threat to world peace is the situation between Israel and Palestine. Since 1967, territories with a majority Arab population in the West Bank and in Gaza have been either under Israeli military occupation directly or surrounded by Israeli military (as is the case with Gaza). That is not a sustainable situation. It is not sustainable for one country to go on occupying another country indefinitely, and it is not a situation that the Palestinians accept. They are finding themselves, and the parts of their territory that they thought were their own, increasingly being taken over by settlements, which are not in accordance with international law on occupied land. When you occupy another country, in accordance with international law, you are not entitled to go in and settle other people in it. On the other side, you have also had examples of very extreme terrorism promoted in the past by Palestinians against Israel and against innocent people in Israel. And this is a conflict that creates divisions throughout the world.

We believe that, by working together, the United States and the European Union can provide an answer to this. The Palestinian territories effectively cannot trade because they cannot import or export adequately, and most of the money that is keeping people from starvation in the Palestinian territories is at the moment provided by the taxes of the European Union. So, we have some means of influencing the Palestinians. The United States, which provides very substantial military and other support to Israel, has an important capacity to influence that country. If we can work together with energy and commitment and vigor, we believe we can solve this problem. It will not be a solution that will be satisfactory to everyone. In fact, if it is to be a viable solution, it probably should be satisfactory to no one. If one side in that conflict is too pleased with what they have gotten, then someone else has gotten too little. We have got to find a way of crafting a solution that will be balanced and fair between Israel and Palestine, and I believe that the European Union and the United States, working together with our complimentary capacities, can go a long way to solve that problem.⁶

The third big problem that we face, which is not just a threat to world peace but also a threat to humankind, is the problem of climate change or global warming. I happen to have seen the movie *An Inconvenient Truth* quite recently. Many of you will have seen it, so I am not going to recite the various statistics that were so eloquently put before you and that have not been scientifically controverted by anyone authoritative. I am not going to cover that ground again. But one thing is clear: the bulk of greenhouse gases that are up in the atmosphere now and causing problems have not been put there by the Chinese and have not been put there by the Indians. They have not been put there by the Africans and they have not been put there by the South Americans. They have not been put there by anyone other than us—the United States and Europe. We are the ones who have created this great layer of greenhouse gas, and we cannot take it down again. We cannot extract the greenhouse gas from the atmosphere; it is not possible to do that. If we could, we would. We cannot, so we have got to ensure that we stop doing more of it.

Now you could say that one way of doing this would be to stop the Indians and the Chinese from developing, so that they do not increase the number of cars that they have or increase the amount of home-heating oil that they use. Keep them poor, then we can do a little bit of conservation, and that might solve the problem. You could do that; theoretically you could do it, but I do not think the Chinese would be too keen on it. I do not think the Indians would be too keen on it, and I think they would be right. Clearly, if there is to be leadership in this area—and if there is to be leadership it has to be leadership not by preaching but by example—it has got to come from the European Union and the United States. We have got to show a lead on this. We have got to make sacrifices. We have got to sacrifice some of the things that we are enjoying today, some of the taxes that we are spending perhaps on less beneficial things, for example, and invest them in research or new technologies that will reduce the amount of greenhouse gas we emit into the atmosphere, whether it be by making our heating of buildings more efficient, by using the car less, by having more mass transit, or by building houses closer together so that you can do at least some things without using the car. We can also do this by taxing gasoline. If you tax something, people will use less of it—there is no doubt about that! I think we have got to look at all of these means of reducing the amount of damage that we do to the environment.⁷

None of it is easy, but I think we have got to commit ourselves to doing it. The European Union has committed itself, and it has already succeeded in reducing—by 10 percent—the amount of greenhouse gas it emits relative to the amount of greenhouse gas it emitted in 1990. We are now committing ourselves to reducing our emissions, by 2020, to 20 percent below our 1990 level. And if there is a global agreement in which everyone else is prepared to go onboard, we are prepared to reduce our greenhouse gases by 2020 to 30 percent below our 1990 level. We are prepared to put the measures in place to do this, but it does not make enough sense for us to do this unless others are doing the same. If the United States went on running its economy on the basis of high energy use—and I think oil prices are probably going to fall in the short term, so we cannot rely on high oil prices to just

solve the problem for us—and if the United States were to decide that it was just going to ignore this problem and to get competitive advantage for itself by “letting it rip” and selling its good more cheaply (because it kept its gasoline prices low and kept its heating oil prices low and was thereby able to undercut other countries on the market that were taxing these more highly and restricting their use more severely), it would undermine our efforts. It would undermine our efforts in two ways. It would undermine our efforts by putting more greenhouse gas up into the atmosphere than should be put there, but it would also undermine our efforts by costing us jobs. Then Europeans would come along saying, “Hey! Why are you asking us to only use the bus rather than use our car? Why are you taxing our car so heavily? Why are you taxing our heating oil so heavily, when the Americans are getting away with it?” It would not be politically sustainable for us really, in the long run, to do what we need to do unless you also do what you need to do.

That is the challenge that we have. We have the problem of maintaining world peace, and we have the problem of maintaining the world. We can only do it together. If you look at the great sweep of history, for the first two millennia up to the year 1800, nearly 60 percent of all the world economic activity took place in Asia, between India and China. By 1900, however, their share had gone down to around 10 percent, and the United States and Europe had risen to around 50 or 60 percent. By 2000, both India and China were beginning to recover, and we are now down somewhere around 40 percent. Given that there are nearly one billion people in India and over one billion people in China, and that they are just as smart as we are (possibly smarter), and that the technologies are all there and getting cheaper and cheaper, there is no reason but to believe that they are going to expand very quickly and that their income is going to rise.⁸

The period during which we—Europeans and Americans—have the steering wheel in our hands, during which we are the dominant economic force in the world, and during which we can set the agenda, is probably not going to last more than another twenty-five or thirty years. We have enjoyed that predominance for the last 150 years; we are probably going to have it for another twenty-five. After that other countries will be sharing the predominance with us, and we have got a choice. Your generation has a choice. Are we going to use our power to ensure that everyone gets the same chance that we now have to live in freedom, to live under the rule of law, and to live in a world at peace, a world that pursues sustainable policies? We Europeans and Americans, working together, can do more than almost any people could have done at any time in history to achieve that objective in the next twenty-five to thirty years. It is an opportunity of unprecedented proportion, and it is important that we understand one another, that we understand the opportunity, and that we work to take it, to grasp it, and to give the sort of leadership that the world needs at this time.

Notes & Additional Comments

1. Turkey joining the European Union will require the consent of every one of the existing twenty-seven, and maybe twenty-eight, members at the time. The people in some countries will actually be voting on that issue—according to the French constitution, for example, the French people will have a referendum on the subject. At the moment, the negotiations with Turkey are proceeding on most issues, but there is a block of issues on which we are not negotiating with the Turks, because they refuse to allow ships carrying the flag of one of the member states of the European Union—namely Cyprus—to dock in Turkish ports. We believe that one of the essences of being in the European Union is that you allow free trade between member states. A country that wants to join the European Union on the basis of allowing free access to the European Union and from the European Union and yet is simultaneously refusing to allow an E.U. country—which just happens to be its nearest E.U. neighbor—to dock ships in its ports, is in a situation that is not acceptable from our point of view. That is why the negotiations are currently at a standstill on some of the issues, but not on other so-called chapters. At the end of the day I think these problems will be solved, and I think it is technically quite feasible to negotiate an accession agreement for Turkey. Turkey is making a lot of progress. There are some issues of human rights and religious freedom which remain to be resolved, but we have resolved more difficult issues in other countries in the past, so there is no reason why Turkey would not resolve those too.

At the end of the day, there will be this issue of the French referendum, and possibly an Austrian referendum too, but there will also be a question, I think, as to whether the Turks themselves really want to join a European political union in which they, although the biggest country, might be outvoted. Will they be willing to accept that restriction? Will they be satisfied that the addition to sovereignty that comes from being in the European Union will be sufficiently great to compensate them for the loss of sovereignty? Some opinion polls that have been done in Turkey in the recent past suggest that many Turks, unlike most other European countries, feel that being in the European Union threatens their Turkish identity. To my mind, if you want to be a comfortable member of the European Union, you have got to be of the view that being in the European Union does not threaten your identity. You have got to see that your identity as an Irish person or a French person is enhanced by also having a European identity. It is going to be a very important psychological decision that Turkey itself will have to make, perhaps twenty years from now, when the negotiation is fully completed.

2. One of the things that we have got to avoid with countries other than ourselves is taking other people for granted. Russia may have felt at times that it was taken for granted. Russia, now because it has oil and gas that we need, may feel that this is an opportunity to sort of remind the rest of us that it is a big country, that it deserves to be respected, that it should not be pushed around, and that its opinions on global issues should be taken really seriously. We have gone from a point where, up to 1989, the United States-Russia relationship in a way was the only relationship that really mattered in the world, apart from the China relationship, to a sense that we Europeans and Americans were sort of enlarging to the east, taking countries into NATO that were right on Russia's border and saying, "Well, it doesn't matter." We were not saying that, of course, but we were sort of acting as if Russian opinions were just not terribly important because Russia was having all sort of internal problems at that time. Now Russia has resolved those internal problems to a good extent (though by methods we might not particularly approve), gas prices have gone up, and Russia is important. We have got to talk to Russia pragmatically. This does not mean we give into Russia on things that are unreasonable, but equally we have got to talk, all of us have got to talk, respectfully to Russia. If we do that, I do not think Russia has any particular ambitions that are to our detriment. Russia wants to sell its gas; if we stop buying it, they would stop getting money. That is not something they want either, so I think it is a

question just of recognizing the realities of the situation and moving forward. I am reasonably relaxed about it.

3. I do not think that France and the Netherlands, or the public in those countries, voted against the European Union because of anything specific in the constitutional treaty at all. They voted against it because they sort of felt it was being sprung on them, even though it was not and had actually been something negotiated in public. They were not really aware of it because they were reading the sports pages rather than the inside pages of European learned magazines. They were not all that well informed about what was going on, and they felt that there had already been a whole lot of change that had happened in Europe, because within a few years Europe had gone from being just a cozy 6 or 10 countries in western Europe to a group including twenty-five countries (as it was at the time). They felt, “Hey, we were not consulted about this. It is all happening too fast. Stop the lights. Stop the train for a moment. Let’s pull in . . . and think. Are we going in the right direction?” It was that feeling of uncertainty that led them to say no. I do not think it was any objection to the content of the constitution per se.

However, they did say no, so we have a problem, and that problem is how to make some important changes that need to be made in our internal workings to enable us to do our business more efficiently. I do not think it is a major problem; it is a very important problem, but it is not deadly urgent. The European Union is still getting along fine and doing a lot of important things on energy, on climate change, on opening up the services market, and other things that it should have done years ago. We are doing them now with the existing constitutional arrangements. While it is important that we should improve that arrangement, by doing the things that are in the constitutional treaty, we can avoid getting ourselves into a sort of psychological crisis over it. It has worked and we will find the time to do it. People will agree to it, if the timing is right.

4. It is important to remember that countries are free to leave the European Union if they really want, and this clearly limits the amount of sovereignty that they will give up by joining. Countries are not going to give up any sovereignty that they do not believe they can use more effectively together with other countries than they can use on their own. I think, in fact, that countries have increased their sovereignty by joining the European Union. Take the example of a small country like Lithuania. What influence has it got on global warming? What influence has it got on Russia and what Russia might do, even though Russia is its closest neighbor? Very little, but Lithuania as part of a twenty-seven-member European Union can have tremendous influence on what happens in Russia and tremendous influence on global problems of all kinds. So, joining the European Union is a form of increasing sovereignty, even though it does involve a certain sacrifice of theoretical freedom.

5. There are attitudes amongst the general public arising from the war in Iraq that a majority of European citizens—though not a majority of European governments—felt was a mistaken intervention or at the very least premature (that more time could have been given). That would have been the view of a majority of Europeans, but as of now any European who thinks seriously about it knows that our interests in Iraq are exactly the same as America’s interests in Iraq. We do not want to see Iraq sink into chaos as a result of any precipitate action or inaction by the United States having created the current situation. We have an interest in giving Iraq sufficient time to stabilize itself, just as you have an interest in that objectively. We probably have a greater interest in this, in the sense that we are physically nearer to Iraq. If Turkey were to become a member of the European Union, we would actually have a border with Iraq. So, we want to see that situation stabilized.

As far as the issue of the United States and European Union being close together, take the last hundred years as illustration. Europe was engulfed in the Great War (First World War) for three years before the United States intervened because of problems with German submarines. The Nazis had

overrun all of continental Europe and were two years in occupation of all of continental Europe, from 1939 to 1941, before the United States intervened because it was attacked by the Japanese and because of Germany's declaring war on the United States as a result of the Japanese action. I think you could say that at that time there was quite a distance between the U.S. and the E.U. In the period of history from 1900 up to December 1941, the United States and Europe were far further apart, in every sense, than they are now.

I think what did eventually lead to a very intensely, and artificially, close relationship between the United States and the European countries was the Soviet threat from 1945 up to 1989, when the Soviets had massive conventional military superiority on the continent of Europe. They could have reached the Atlantic within a few days using conventional means alone, because they had far more tanks than were placed in Western Europe. We depended on the American nuclear persuasion to keep the Soviets from doing that, and naturally that external threat brought us really close together. It was partially an alliance of fear. What is really remarkable, however, is that the threat is now completely removed, and yet on a day-to-day basis, problem by problem, we are actually working more closely together—the State Department and the European Union—than was the case even during the Cold War. During the Cold War it was an unequal relationship; we depended on the United States, and that was it. It was a dependency relationship, with all the good and bad characteristics of a dependency relationship. The relationship now is somewhat more a relationship of equals. We are not exactly equal, but I think the United States recognizes that we have something special and extra to bring alongside what the United States has in resolving problems. My contention is that the relationship, at the level of statesmanship, is very close.

The difficulty, I suppose, is with public opinion. However, public opinion in Europe needs to understand that it is one thing to have an opinion about history—and one is entitled to have one's opinion about whether it was historically right to have intervened in Iraq or not under the circumstances—but that is history. It may be recent history, but it is history, and today is what counts. What is going to happen in Iraq tomorrow and the day after tomorrow and next year and the year after that, and what is that going to mean for Saudi Arabia? What is that going to mean for Iran? What is that going to mean for Turkey? That is what is really important now, and that is the subject upon which we are actually working very closely together. The citizens of Europe do not fully realize that, I think, and do not realize how important it is for them and their security. That is the job for politicians in Europe to do.

6. The Middle East is a serious problem, but I think it is fundamentally a problem of a sense of lost dignity. People from that civilization and that cultural background have seen their part of the world do less well than other parts of the world for various reasons, some of which have to do with internal unwillingness to have a proper civil order within their states as well as a lack of loyalty to their states, which are almost seen as sort of artificial creations in many instances instead of ones that command the same loyalty our states command of their citizens. However, I think they also see that Europeans have been interfering, as they would put it, in their part of the world. By this they mean Europeans and Americans, because we are all lumped together really—crusaders in their minds—and we have been interfering. If you are given a choice, when things are going badly, of blaming one of two people—blaming someone else (for something that they have undeniably done and that has not made life easy for you) or blaming yourself (even though maybe you are a little bit more to blame yourself)—you will choose to blame someone else. This is human nature, and I think there is a tendency in the Islamic world, broadly speaking, to blame “the West,” or Christians or Zionists, for their problems.

Objectively they are not wrong, but I think they exaggerate grossly. A way needs to be found in which the people concerned, in Islam, recognize that this is not a true representation of Islam over its history, that Islam is fundamentally a religion of peace, and that the obstacles to development within the Arab world can be removed both by us being statesman-like about things like the Middle East, Iraq,

and Iran but also by them taking more responsibility for their own future. It is not going to be achieved quickly, and it is not going to be achieved by military methods. It is something that will take time. You do not change a mindset in two or three years; you change a mindset over a generation. It is fundamentally a challenge of changing the way people see themselves in that part of the world. They have got to change their own self-image, have a better self-image, and have a better hope for the future. We can help by painting a picture for them of what that future might be, but at the end of the day, it is really they that have to paint the picture.

I think we should keep a sense of proportion about Muslims in Europe—I think they are about 5 percent of the population of Europe as a whole. In certain cities you will see a much larger concentration than that, and I suppose people who do not have much will see them more often in the street. People who have big homes in the suburbs will not see them on the streets, but people who have very small homes in the central city that are all they can afford tend to be more visible because they are on the streets more often. So in visiting a European city you may get the impression of a much larger non-European presence than is actually statistically the case. But broadly speaking, people of Turkish heritage are becoming integrated in Germany; I know a number of Turkish MPs in the German Bundestag. People of Muslim heritage are becoming integrated in France; a number of popular television announcers are people from that community. In my own country, we have absorbed large numbers of immigrants, and I think as people go from generation to generation they become more integrated.

There is a particular problem with the second generation not present in those who come in as the first generation, from any culture. This would be true of the Irish coming to America, for example. The first generation was so pleased to be in America, and so pleased to have escaped starvation, that they just went on with work. The second generation, who already had provided for their material needs, started getting nostalgic and simplistic about the old country and had all sorts of ideas about how they might help the old country by sending money over to people to plant bombs and things like that. There is always an issue with a second generation of immigrants who have a sort of a romantic and distorted view of the world. I think we need to give special attention to the education of people, so that they develop without foreswearing the heritage of their home country, so that they become French and European but proud of their Algerian heritage or proud of their North African heritage. That is what we must aim at—we must aim at the idea of making people comfortable with their past and their future, with their neighbors as well as with their family.

7. As far as what we can do to deal with global warming, obviously there are techniques being developed for carbon sequestration, to put carbon down into the earth rather than send it up into the atmosphere, for example. There are clean coal technologies that you must persuade the Indians and the Chinese to adopt, and these are more expensive than dirty coal technologies. There are all sorts of other things we can do in the area of renewable energies that we are not doing sufficiently at the moment. There is nuclear power, if we can find a safe way of disposing of the nuclear waste. Nuclear power may provide an answer, but uranium is also in relatively short supply in the world, so we could have a problem with that eventually too. Most importantly, however, there is cutting back and using less—maybe turning down the heating, maybe turning down the air conditioning, maybe getting the bus rather than driving somewhere, or maybe living a life that is a little bit less convenient and involves sharing your space with other people instead of living life as if there were a personal biography written in the sky about you as the only star. Maybe we have got to change the way in which we live.

8. I think China and India are going to re-emerge as very important world powers one way or another, and we have got to reconcile ourselves to that and not take an antagonistic view toward the rise of China or the rise of India. I think if we were to do that, we would be making a serious mistake. They have so many people—there are only 300 million Americans and there are only 500 million Europeans,

but there are more than 1 billion people in China alone and almost that many in India. We have got to accommodate ourselves to the fact that they are going to rise up one way or the other, but we have also got to ensure that in rising they do not aggravate the global warming problem. There are huge areas of China that will be flooded if the sea level rises, and huge areas of India that will be flooded as well. Bangladesh will effectively disappear if global warming continues, so they have just as much an interest in solving this problem as we do. I think there is no reason why we should not be able to get together with them.