Helsinki summit marks aggressive turn by Europe

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Last weekend's European Union summit in Helsinki, Finland was marked by an aggressive assertion of Europe's interests against those of the United States in particular. The most striking example of this was the agreement reached to create a 50,000- to 60,000-strong multinational European military force by 2003.

Former NATO Secretary General Javier Solana has been made foreign and security policy leader for the European Union (EU). Helsinki gave him an official mandate to establish a European Security and Defence Identity (ESDI) independent of the US-dominated NATO, comprising an independent army corps for so-called peacekeeping missions and a rapid-reaction force. The plan calls for a separate military staff and a permanent political and security committee.

Europe is also making strenuous efforts to close the gap with the US in armaments and military technology. It has advanced plans to develop three fighter-bombers, the Anglo-German Eurofighter, Sweden's Grippen and France's Rafale, and is carrying through a series of industrial mergers in the aerospace and arms sector.

Though the US has agreed to an independent defence capability for Europe, American government representatives have continually stressed that NATO must have a deciding role on what the European force does, and does not do. Defence Secretary William Cohen warned earlier this year of the danger of Europe being "de-coupled" from the US and NATO being undermined.

Britain initiated the proposals jointly with France and has been keen to stress the need to preserve the transatlantic alliance. But it has come under criticism from the US, nevertheless. In October, US Deputy Secretary of State Strobe Talbott warned Britain's then Defence Secretary George Robertson, "We would not want to see an ESDI that comes into being first within NATO but then grows out of NATO and finally grows away from NATO, since that would lead to an ESDI that initially duplicates NATO but that could eventually compete with NATO."

The first public response to the Helsinki decision was even more blunt. US Senator Gordon Smith said in London that the US would abandon its commitment to European defence if the EU establishes its own army.

Just as fundamental for the future course of Europe's relations with its major economic rival was the decision to instigate plans to incorporate Turkey, the Mediterranean island of Malta and 10 former Eastern European states into the EU. Legislative changes will be made for 2002, to allow the admission of new states, with the earliest actual admissions expected by 2005-6. Romania, Slovakia, Latvia, Lithuania, Bulgaria and Malta are invited to intensive accession talks from February next year when they join Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia. The EU will expand from 15 to 28 member states by 2025, with a population of 500 million—a population increase of around 30 percent.

The acceptance of Turkey as a candidate for membership came after it was rejected two years ago, and a recent warning that the execution of Kurdish leader Abdullah Ocalan would exclude its joining. Turkey has been asked to improve its human rights record and abolish the death penalty, as well as take its disputes with Greece—over Cyprus and contested islands in the Aegean—to the International Court of Justice. Turkish Prime Minister Bulent Ecevit commented, "There might be details we find hard to accept," prompting the dispatch of a diplomatic delegation to Ankara led by Javier Solana for the EU.

The US has pushed strongly for Turkey's incorporation into the EU and the country is already a strategically vital member of NATO. President Bill Clinton visited Turkey and Greece last month, as did German Chancellor Gerhard Schroeder. But EU agreement to admit Turkey as a candidate does not serve to deny the differing interests that are represented. Turkey functions as a key bridge for US interests in the oil riches of the Caucasus. Europe has its own designs on the territories, resources and markets of the former Soviet Union, which will inevitably come into conflict with those of America.

In this respect, the decision to extend membership invitations to 10 former Soviet republics or satellites is an expression of European ambitions in the East. It will bring the borders of the EU face to face with those of Russia, and was described by a spokesman as “a historical step toward a united Europe.... The Iron Curtain has been definitely removed”.

Only the countries of the Russian-led Commonwealth of Independent States, the Balkan region, Iceland, Norway and

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Switzerland will now be outside the EU. Other former Soviet republics have made appeals to join the EU, including Ukraine, Georgia, Moldova, Armenia, Azerbaijan and even Kyrgyzstan. But this ostensible drive to unify the continent threatens to destabilise it more than at any time since 1945.

The incorporation of such socially and economically devastated regimes into the EU proper could drag the advanced economies of the West into a nightmare scenario. The 12 candidates would collectively represent just 7 to 9 percent of the EU's gross domestic product. The intention of the European powers is rather to secure domination of trade and investment in the east, by insisting on restructuring and market reforms designed to facilitate penetration by European corporations and banks.

This could provoke a hostile response from Russia, which already feels threatened by the incorporation of many former members of the Warsaw Pact into NATO, paralleling US and European economic encroachment into its former spheres of influence. Growing concerns over Russia's military offensive in the Transcaucasian republic of Chechnya provided a backdrop to the Helsinki talks. The summit did not propose any concrete response to Russia's threat to level the Chechen capital of Grozny, but it did issue a statement condemning the bombardment as "totally unacceptable" and threatening to cut EU assistance to Moscow.

A measure of the political shift represented by Helsinki can also be gathered by examining the travails of Britain's Labour Government. At previous EU summits British Prime Minister Tony Blair lectured other European leaders in the merits of his “Third Way” and called on them to emulate his government's success in imposing pro-market reforms, attracting international investment and making welfare cuts. At the end of Helsinki, according to the London *Times*, he told an interviewer he was fed up and just wanted to "go home". He told the press, “We need to get a sense of perspective so that we don't end up thinking the entire British relations with Europe are in a state of crisis.”

Britain may have been one of the main proponents of the military Euro-force, but on other major issues it was snubbed or isolated. On the eve of the summit, the French Socialist Party-led government of Lionel Jospin refused to lift its unilateral ban on British beef, citing continued concerns over the dangers of Mad Cow Disease/BSE infection. The summit did not condemn France, despite it being in breech of EU law.

Of even greater significance was Britain's opposition to the introduction of a common 20 percent tax on non-resident interest income. Chancellor Gordon Brown had earlier blocked the tax at a meeting of EU finance ministers on the grounds that it would damage London's massive Eurobond industry. With every other EU country apart from Luxembourg—itself a popular tax haven—prepared to implement it, Blair and Brown were accused of trying to sabotage the first moves towards European tax harmonisation. Dutch Finance Minister Gerrit Zalm said that Britain would become the “Jurassic Park of tax evaders”, while Peter Struck, parliamentary leader of the ruling German Social Democrats, threatened unilateral action.

Last summer, Schroeder co-authored a policy paper with Blair on the merits of "The Third Way/Neue Mitte", built on flexible labour markets, cuts in state spending and lower taxes. But at Helsinki, Schroeder was once again in close alliance with French Prime Minister Jospin, whose policies were the nominal target of the joint paper, and made after-dinner jokes about the “seventh way” at Blair's expense.

In recent months, Schroeder's evocation of the merits of globalisation has given way to denunciations of “Anglo-American” free-market capitalism and extolling the virtues of the European “social-market”. Any claim, however, that Germany has rediscovered the merits of old-style labour relations and welfare policies is spurious. The European governments are all agreed on the need to implement attacks on social benefits and wages. One piece of legislation decided at Helsinki was a series of country-specific recommendations on employment policies that include calls to cut taxation on businesses, introduce cheap labour schemes for the young and prevent early retirement. At his own recent party congress, Schroeder renewed his pledge to cut both corporation taxes and public spending.

What is new is his government's willingness to defend German industry from overseas competition—as evidenced by its opposition to the Vodafone-AirTouch take-over of engineering giant Mannesmann, and the offer of financial aid to the bankrupt Philipp Holzmann construction firm—and the aggressive assertion of European independence. In the immediate aftermath of the breakdown of the Seattle World Trade Organisation talks, Germany is seeking to spearhead a European counteroffensive against US economic domination of the world's markets as well as its military hegemony.

Blair's humiliation at the summit reflects the hardening of relations between the US and Europe. Like his Conservative predecessors Thatcher and Major, he has sought to utilise Britain's so-called “special relationship” with the US as a counterweight to German domination of Europe. He has also sought to place Britain between Germany and France whenever possible, in order to divide the historic axis of European integration since the Second World War.

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