

NOTES ON DISCUSSION AT
THE HILDEBERG CONFERENCE

May 29-31, 1954

ATTITUDES TOWARD COMMUNISM AND SOVIET IMPERIALISM.

Mr. Van Zeeland: One thing must be clear to all of us. We are building
Netherlands our strength for security and not for attack.

Mr. Cowles: The United States feels menaced for the first time in its
U.S. history. Many of those who came to America have turned their backs
on Europe and all of them faced West toward an empty continent.
Now, distance is no longer significant and we must face out upon
the world and not in upon our own country.

The capacity of another power to strike directly at the United
States is a new experience. Isolation no longer provides safety
but is a danger. However, we are very new to the problems of a
coalition and this is a difficult matter to deal with in any
circumstances.

Mr. Gaitskell: The feeling about the Soviet menace and the danger from
U.K. Soviet imperialism is much stronger in the United States because
of its heavier involvement in the Korean War.

In terms of the impact of United States attitudes on Europe,
too many people in the United States speak on the subject of
foreign policy. Two is plenty. But apart from the many voices,
there is another serious problem. There is no good machinery for
consultation between the Allies on a forward looking basis.

Mr. Kanellopoulos:

Greece

Mr. Brauer:

Germany

Mr. Drapier:

Belgium

Mr. Volsin:

France

Mr. Van Zeeland:

Netherlands

Sir Oliver Franks:

U.K.

One of the things we must remember is that in the
United States there are two major emotions which inhibit action.
One of these relates to China and the other to Senator McCarthy.

When an American says that Communism is the first problem, he means that some action should be taken to deal with it. A Britisher agrees that it is the first problem, but when he says this he means it is a fact of life about which there is little to be done now.

Mr. Pirelli: In the course of two centuries there has been a great amalgamation of races in the United States and finally an exhaustion of new lands in the West. This has finally led to a national mentality just as the passage of time has led to national mentalities in Europe, and with this development the United States has witnessed the organization of industrial workers, the intervention of the Federal Government in many affairs, and a decrease in provincialism. These developments have brought on a new sophistication and an involvement in international affairs formerly thought to be reserved for J. P. Morgan & Company.

We must remember that nationalism is a danger and that the Communists will play on it.

Mr. Malagodi: There are many difficulties in an alliance, and one of them is that sometimes we think of our allies as "them" and not as "us". We are frequently impatient with American impatience, and it concerns us that the United States concentrates so much on the military aspects of NATO and gives so little attention to the things envisaged in Article 2 of the North Atlantic Treaty.

Mr. de Beaumont:

Mr. Cialer: (Mr. Cialer discussed the developments of peace-time uses of U.S. atomic energy and indicated America was moving in the direction of sharing these benefits with other countries of the free world.)

Mr. Canali: (speaking for Mr. DeGasperi)
Italy
Methods of dealing with Communists should and will differ area by area. One-third of the Italian electorate votes Communist because Communist ideology has a great attraction. In the United States Communism has little to do with ideology and is connected in the public mind with spies.

One of the fallacies about Communism is that it only attracts people who suffer from a low standard of living. This is not true, as is demonstrated in Italy where the Communist votes are concentrated in the industrial areas of the North which enjoy higher living standards than the rest of the country. In Italy the strength of the Communists is a reflection of various things including a reaction to Fascism, a reaction to war, national traditions and the rift after war.

A second fallacy is that Communism should be combatted by withdrawing aid or cancelling offshore procurement. This would only have the effect of increasing Communism because it would reduce employment and while economic conditions are not the only factor, they play an important part.

In Italy, aid must be continued in some form. At least there should be an investment program and other special programs.

Furthermore, Italy must receive political support because the policies of the alliance condition the domestic policies of the members. The alliance must show tangible results and the assets to be gained must appear along with the costs.

Mr. Motz:

Belgium

Mr. Kanellopoulos:

Greece

Communism ceased to be a social movement in 1917.

It became and has remained a political, psychological and moral movement. Social conditions can affect its growth and attractiveness and therefore must be improved in the free world, but Communism today is not primarily an economic problem.

The way to combat Communism is for Democracy to be concrete, strong and inspiring. Democracy does not have to be weak and neutral.

One thing is clear from the experience in Greece, and that is that proportional representation weakens a Democracy.

Prince

Bernhardt:

Netherlands

It seems to me that we are talking about two problems without always distinguishing between them. Perhaps we should talk first

about Communism as a political and social force and then about the menace of Communist imperialism.

Mr. Perkins: I do not believe we can separate the two problems in that way. It is our view that Communists are agents of Soviet imperialism and that the local communist parties cannot be regarded as separate from the Soviet Union.

Mr. Rossi: I agree that Communists must be handled differently in Europe
Italy
Mr. Drapier: One of the things that Americans must realize is that
Belgium Socialists are not Communists but are a strong Democratic force.

Mr. Rosenhoff: In Belgium at least we have found that proportional representation is the best way to preserve our Democracy.

Mr. Williamson: Pollitt, the head of the British Communist Party, and
U.K. other British Communists would hardly accept Mr. Perkins' definition of Communists. Europe cannot be expected to follow the methods the United States is using in dealing with local Communists. In Europe, Communists are not regarded as unclean and Europeans are not fanatical in dealing with Communism. Here it is being contained because Democracy is showing it can progress.

Mr. Davies: The imperialist side of Moscow could not succeed unless there
U.K. were populations outside the Soviet Union that the Communists could carry along with them by the use of doctrine.

Today in the alliance, we are cooperating for defense but I think there is very little cooperation in other respects.

If we are unable to get behind the Iron Curtain politically, then we will have to get behind it through trade. Trade has always been a way of penetrating an area.

If anything is to be done about the Soviet imperialism, the Russians will have to do it themselves.

Mr. Jackson: The best thing for the Communists is to put Communism forward
U.S. abroad as a national or local affair and then, as the last turn of the screw, convert it into Communist imperialism.

may be claimed that the method will defeat the purpose.

During the last war, Communists were active in the resistance movements and used this as a basis for infiltrating European governments after the war. This means that there is a difference between American and European views toward Communist political activity. Europeans are accustomed to Communists as functioning parts of a political system.

I agree that Communism must be handled differently in Europe and America and between European countries. However, everybody must recognize that it can never be handled by appeasement.

Mr. Rosenberg: In Europe Communism has been able to build on a tradition that is very different from what Communism is today, as employed by the U.S.S.R. I prefer to call Russian Communism, Bolshevism. The traditions on which the Communists have built their strength in Western Europe have a strong appeal for the labor movement. Communism feeds on our failures. In fact, while the Russians call themselves left, they are more to the right than European right wing parties. This explains in part why people who vote Communist or why they are willing to be lenient.

America is impatient and wants to deal with the problems quickly. Europeans are forced by circumstances to realize that there is no fast reply to Communism and that Communism will feed on our failures. You can't settle this thing by guns or agreements; you must change conditions. Democracy must become a style of living and not just a form of administration.

Europeans know what they don't want - totalitarianism, etc. but do they know what they do want? Are they really ready to change social and economic conditions, to think like Europeans and are they ready to integrate the presently subversive masses into a Democratic economy and society? This would imply radical changes and sounds revolutionary to some. It may appear to be little different from what the Communists say they are asking, and so it may be claimed that the method will defeat the purpose. But

in fact, it is a very different thing, since the Communists have no real interest in improving economic and social conditions.

What Europeans need to do is to present to Americans the meaning of the world the Europeans want to create.

Mr. Malagodi: Italy is fighting Communism under conditions of Democracy.
Italy

We have already tried one short cut - Fascism, which was not good for Italy or Europe.

I agree with my colleague that Communism does not always follow poverty. It is strong in Northern Italy where there is less unemployment than in the south. It does, of course, have a relation to economic conditions.

However, an expanding world economy is essential to improve social conditions. This improvement must be sufficient and prolonged. This is the aid Italy and others need.

The problem is how to bring onto the side of democracy those not wholly educated to democracy. Destroying Communism isn't like destroying Nazism. The threat is much deeper and more dangerous. Nazism was not so deep-seated nor so easily expanded from the form of European thought.

It is a long-time job. A period of peace with liberty is what is needed. Policies should be shaped to assure as long a period as possible.

Mr. Tingsten: I would agree with the Americans insofar as the Swedish
Sweden Communist leaders are concerned. They are clearly Soviet agents.

On the other hand, those who vote Communist - about 200,000 - are not all traitors. In Sweden, those who vote Communist come from the more prosperous areas also, as in Italy, but the state of economy has a bearing on the degree of Communist recruitment. There is no simple correlation, in Europe, however, between economic conditions and Communist success.

power, expansion and military domination that makes it so dangerous -
i.e. a good case for an ideology.

In Sweden, local Communism is a dead subject but McCarthyism is a live one. Newspapers do not bother to report all of the executions carried out by the Russians, but they play up the Rosenberg case and every event that seems to reflect the growing preoccupation with McCarthyism.

The difficulty is that everything we in the free world agree upon becomes a platitude and therefore of no news value. In a Democracy, you have to disagree and discuss things and therefore disagreements become more prominent than agreements. We cannot operate on the basis of accepted slogans, but must continually re-examine ourselves and our systems.

Mr. Healey: In America Communism is seen as a menace and an alien thing. U.K.
It has no roots there. In Europe it springs from native origins and grows on existing radical traditions.

I agree that Europe errs in separating local Communism from Russian Communism but we are at fault on both sides of the Atlantic; each of us concentrates too much on one aspect of Communism when both aspects are really parts of one problem and only intellectually separable. Of course the Soviet Union is careful to play whatever themes it finds most useful. It attacks the countries of the rich Atlantic basin for being imperialist. It seeks a colonial control in the areas of Asia and Africa while accusing the Western powers of colonialism there and it attacks the internal problems in countries as being capitalist contradictions sure to bring about chaos.

Europeans underestimate the doctrinal elements of Soviet Communism when thinking of possible settlements. Soviet Communism isn't just a problem of power politics. It is religious imperialism or imperial religion - not far from the Moslem.

It is the fact that Communism is used by a group seeking power, expansion and military dominance that makes it so dangerous - i.e. a power base for an ideology.

European reaction is fundamentally the same as the American from the pragmatic point of view. We are both trying to create forces of social, economic and military strength adequate to keep the peace.

Social progress is one way to fight Communism, but we must also be faithful to ourselves and our own principles.

We must use all means, whether moral or material. The particular means will vary country by country.

We will need international cooperation. We must maintain the policies of the free nations as expressed in NATO, and build up countries with high standards of living and good unions that have on the side of free peoples moral, social and military forces sufficient to discourage aggression. To do this requires collaboration between Europe and America at the highest and most effective level. There must be real confidence and reciprocal comprehension.

Mr. McGhee:
U.S.

Each country should receive the benefit of the doubt on how to handle internal problems of communist conspiracy, but on the world level we must all work together.

We haven't always done so well working together, even in Indo-China. One reason is that we haven't arrived at a commonly agreed estimate of the danger and sense of urgency. Perhaps the United States has a different view because it knows it can do something about the threat. But we also have a sense of insecurity because we have always been secure in the past.

Mr. Leverkuehn:
Germany

With the same information available to us we do still differ in our estimates of situations. For example, Germans have a romantic idea about China and do not regard it as a satellite of the U.S.S.R. The fact is, as Mr. Healey said, that it is a power base within the orbit. Germans however have a blank spot about China and this makes it difficult to have a common estimate.

One has to remember that reunification is uppermost in the minds of most Germans. Our American friends should not be so surprised

or even so worried about this as long as there are people in Germany you can trust.

Mr. Voisin (France) There are undeniably differences between the views of France or Italy towards Communism and those of Sweden or the United States. France and Italy are obliged to consider Communism as a political force rather than a wholly subversive one. It is necessary to remember that there are countries in which Communists cannot all be treated as Soviet agents. Oddly enough, it is the countries with high standards of living and good unions that have Communists, and perhaps the common factor in these countries is that political stability is low. It is for this reason that France believes it essential to seek stability and continuity of government.

General Gubbins (U.K.) A static democracy won't take us anyplace at all.

Like Gaitskell, I feel we must create machinery for arriving at and carrying out a coordinated policy among the members of NATO. This is an extremely dangerous period and we must work together with understanding.

the Dutch, and now there is no elected parliament. The Dutch adopted an open-door economic policy and managed to undertake considerable economic development.

One of the difficulties which faced the Dutch at the end of the war was that the liberation army, under the British, was made up mostly of Indian troops. I do not blame the British, but this made the post-war problem much more difficult.

That liberation means the conclusion is not correct. There is no standard solution to colonial problems. Each area has special problems and today the colonial problem is larger in Africa than in Asia.

Prince Bernhardts (Netherlands) I would like to know why it is that the U.S. should mediate these colonial disputes? Why should the U.S. not do it?

ATTITUDES TOWARD COLONIALISM.

Mr. Bingham: (In discussing his paper) I believe that in order to reach some solution in Indo-China, full independence of choice must be given, and that after the area is freed it will require military protection from the United States and others until it is safe.

It is our view that we should think primarily of the interests of the colonial peoples while remembering that their interests are closely bound up with those of the West.

We have been dealing here with the familiar problem of patience and impatience as between allies. In terms of American attitudes we feel that in the great Nationalist storm, the remaining colonialism will be swept away with violence and all of us will be hurt.

Mr. Hirschfeld: Under the Dutch, great advances were made in Indonesia in terms of health, education, transportation and the development of a small army. Slavery was abolished and opium controlled. The army is now ten times as large as it was. With respect to political institutions, there was a parliament, in large part elected, under the Dutch, and now there is no elected parliament. The Dutch adopted an open-door economic policy and managed to undertake considerable economic development.

One of the difficulties which faced the Dutch at the end of the war was that the liberation army, under the British, was made up mostly of Indian troops. I do not blame the British, but this made the post-war problem much more difficult.

When liberation occurs the revolution is not finished. There is no standard solution to colonial problems. Each area has special problems and today the colonial problem is larger in Africa than in Asia.

Prince Bernhardt: I would like to know why it is that the U.S. should mediate these colonial disputes? Why should the U.N. not do it?

Mr. Bingham I do not believe the United States should mediate such disputes,
U.S. but inevitably it will play a big part in the U.N.

The problem is basically one of timing. We feel there must be steady movement toward independence. I think it becomes a manageable problem if we are able to talk just about the pace of developments.

A Belgian Representative The European people have a large economic stake in the colonies and economic progress could be speeded up by European and American investments there. As economic progress occurs, political progress can be made.

De Beaumont With respect to Indo-China and its independence, declarations
France have often been made by the French government and will be respected.

Mr. Foster The British view is that the test of independence should be
U.K. the ability of an area to govern itself and survive economically rather than the ability to resist outside dangers such as Communism.

I fully agree that the tempo of bringing areas to independence is the question. Merely giving self-government will not in and of itself cure the problems.

Mr. Koningsberger The population increase that accompanies economic
Netherlands improvement presents a terrible problem in these areas.

Mr. Moe Premature independence is not anything we can do much about.
Norway People do not wait for maturity. And the longer people are kept dependent the more susceptible they become to Communism.

Mr. Rosenberg Labor feels it is dangerous to allow Communism to appear
Germany to be the champion of independence. International action to counteract the Communists can be more successful in the case of colonial areas than national action.

Mr. Ball There is a fundamental difference of emphasis between American
U.S. and European thinking. Europeans tend to think that if the economic level of an overseas territory is raised, political progress can go at a slower pace. Americans regard social and economic progress

as essential, but put more emphasis on the political expression of the indigenous people. The question this raises is whether colonial powers have done all they can to educate colonial peoples to the point where they can manage their economies.

It is continuously necessary to strike a balance between political independence and the clear danger that it will mean temporary or long-term losses to the indigenous people themselves, since they may be worse off after independence.

Sir Oliver Franks: At the end of June, 1950, two things happened.

U.K.

A decisive military initiative was taken in Korea and there was an overwhelming political judgment on the part of the free world that armed aggression had taken place. This meant that the free world was agreed about the situation and approved the action.

In Southeast Asia, we are dealing with the early stages of a different problem - one that stretches all the way to Africa. We would be mistaken if we took urgent action on only the military aspect of this problem. We might win the battle and lose 500,000,000 more people. The political judgment of the Moslem, Hindu and Buddhist peoples is essential to the problem. Unless we keep these two things together, as in Korea, the danger will run from the China Sea to Africa.

Mr. McGhee: In spite of the fact that the United States has tended to

U.S.

support independence more strongly than some of the European nations, we frequently find that we have worse relations with the liberated peoples of Asia than the United Kingdom, a colonial power. The same thing is true with respect to some situations in Latin America. Much more is expected of us by these indigenous people.

Mr. Kraft:
Denmark

India is trying to establish a Monroe Doctrine for Asia.

Mr. Brown:
U.S.

What is important is the attitude toward the United States. It does not matter what people think about other countries because the essential attack by the Communists in all of these places is aimed at the United States. The Communists know that the United States alone can prevent the achievement of U.S.S.R. objectives. The basic question for the Soviet Union is what will help the political war and the increase of their power, i.e., should the aggression be direct or indirect?

The American policy in North Africa was not determined on the basis of colonialism, but on military and political expediency. The question is whether the West can engage in colonial policies and win people to its side in mass terms.

Mr. Van Zeeland:
Netherlands

The fact of colonialism, by which I mean the exploitation of one territory by another power, is already behind us. It was specifically abandoned in the Charter of the United Nations which is accepted by everybody.

ATTITUDES ON ECONOMIC PROBLEMS.

Mr. Rockefeller: There seem to have been two principal causes of misunderstanding. The first has been the fear of an American depression and the other the dollar gap and related problems.

I think the rapid rise in the United States population curve since the war together with the shift in income distribution that has occurred over the past several decades and the stabilizers built into our system, should all minimize the fear of a depression.

With respect to the dollar gap, in 1953 the amount of American foreign aid and foreign expenditures exceeded the trade balance and added to the world dollar and gold reserves, thus reducing the problem.

There is a further item of interest in the fact that our rate of production of manufactured goods has risen faster than our rate of production of raw materials. As a result, we are becoming increasingly dependent on foreign markets, particularly with respect to minerals and petroleum. This should cause us to reduce trade barriers.

Mr. Gaitskell: (In commenting on his paper)

One of the encouraging things of the last year is that the effects of the American recession on Europe have not been as great as expected, largely because of increased trade with other areas. This has had at least a psychological importance, since it has indicated that Europe is not wholly dependent upon the United States economy.

But, even if American imports go up, as Mr. Rockefeller suggests, it may not help Europe too much since raw material purchases would be made in other areas and rising raw material prices resulting from U. S. purchases may add to Europe's difficulties.

There has been a four and one-half billion dollar increase in gold and dollar reserves in continental Europe since 1949.

The U. K. has had only a small increase and the sterling area has not been so fortunate either. The big gainers have been Germany and Holland - Germany with about two billion dollars and Holland with one billion.

I do not think tariff changes are too important.

There are many other factors which affect Europe more. One of the problems of great importance in Europe's trade balances is the question of East-West trade.

- Mr. Pirelli:
- Italy
- Mr. Hoek:
- Norway
- Mr. Assheton:
- U.K.

Mr. Mueller: I am glad that everyone has recognized that there needs to be a freer movement of goods.

Germany has reversed its attitude on cartels and there is new anti-trust legislation, which, though it has no real sanctions, should be encouraging to Germany's neighbors.

After 1945, the situation was similar to a pioneer situation in which everything had to be done new. That period is nearing its end and this change is necessary if there is to be a getting together of European countries and a joint economic philosophy. There is of course opposition to this development. However, it is helpful to know that many political parties are joining in a consideration of this new economic concept.

Mr. Bonvoisin: As I understand it, U. S. military aid and other expenditures abroad ran to about four and one-half billion dollars in 1953 and resulted in a surplus of two billion dollars above the trade balance. This, of course, has been helpful. We must, however, recognize that there may be no possibility of the quick acceptance of the Randall Commission recommendations, as Mr. Rockefeller says, and we should also emphasize that there are other serious barriers to trade. There is a great amount of red tape involved in the customs regulations which prevents a sound and regular business with the U. S. The removal of these complications could do a great deal, as every European would agree.

The charts Mr. Rockefeller used show that there will be a variation in the increases of estimated United States imports between

categories of products, with raw material imports rising most rapidly. Latin America and the underdeveloped areas will get the largest share.

Europe has become so bi-laterally-trade-minded that it has forgotten the classical multi-lateral trade philosophy which once permitted an adjustment of balances through the financial center in London. Perhaps New York is not really able to carry out these functions and we may need a better mechanism. In any case, the easy practice of bi-lateral trade, conducted under the protection of government arrangements, may not be as good as multi-lateral trade carried on privately. If increased United States imports are to benefit the free world generally, Europe must be able to go into dollar surplus areas on a competitive basis.

A European voice should say that Europe has great admiration for those Americans who have had the courage to seek a lowering of trade barriers in spite of public opinion. This has been particularly notable in Detroit. These Americans have done a great deal to bring the U. S. and European points of view closer together. I hope Americans will not lose sight of the fact that Europe has been living with American aid for 7 or 8 years and would like to go back to normal trade with the United States. This could provide a permanent solution, which would be dignified for the United States and normal for everybody.

Mr. Jackson:
U.S.

With respect to East-West trade, it is not just an emotional quirk for us to worry about it, when it involves trade with those whom we are fighting. I would tend to agree that economic warfare has not always been intelligently handled. We have viewed it frequently in a restrictive sense. It can of course be played with more skill and success if there is more elbow room. I also recognize that we have laws on our books which cause a lot of trouble to the Europeans - the Battle Act being one of them. But before

we would be in trouble. It is not necessary that Europe will use trade as a weapon whenever it can.

you in Europe worry about all the proposals made in our Congress, remember that by no means all of the bills introduced passed.

Time is running out on many of the economic problems such as the difficulties facing Japan. Either Japan will be pauperized, or will have to help her find markets. Of course she won't allow herself to be pauperized, but instead, if she finds no markets elsewhere, will turn to Communist China. The United States is thinking very hard about these problems and we continue to need partners in the effort. The European countries are our natural partners. They must be partners in making the free economy grow. Growth is essential, and growth is a two-way street.

The Randall Commission recommendations are evidence of American thinking. The Coleman Committee is evidence of new industrial thinking. The President's program won't be passed in toto, but it will be substantially passed - certainly the part relating to improving customs procedures. Many of us agree that this can be more important than the tariff itself.

Prince
Bernhard:
Netherlands

We are naturally concerned about the underdeveloped countries which must depend, for their economic safety, on the export of raw materials. If we can find some way as soon as possible to stabilize the prices of those materials, we could assure them of a more or less stable economy and give them more confidence in our aims. I think this would help them to accept political and other guidance from us more easily and assist them in avoiding Communism.

I am in favor of East-West trade so long as it does not affect the unity of thought between the United States and Europe. This should be our guiding principle. Also, we must be careful that Russia does not start "dumping", lowering the price of gold or getting us to export so much to the East that if it is stopped, we would be in trouble. We must remember that Russia will use trade as a weapon wherever it can.

As for American investments abroad, I am optimistic. I think American business will justify the present administration's confidence in it and will invest abroad.

With respect to the present state of Dutch gold reserves, I would like to point out that the increase is to a large extent due to the capital returning from Indonesia and has not risen very significantly as the result of American aid.

Mr. Rijkens:
U.K.

We have talked here of material matters but I would like to draw attention to the fact that, apart from economic consequences, there are the frictions these economic problems cause. There is a general feeling that Europe cannot rely on favorable trade conditions with the United States. The position of the United States administration is different from European governments since the President cannot always get his policies through. This represents an added handicap and it would be important, it seems to me, to find ways to educate American public opinion in order to secure more support for what needs to be done.

Mr. Steenberghe:
Netherlands

There is a danger that Russia will offer gold in payment for goods from the West, since gold is of no value to Russia and the countries of the free world have to accept it under the present system of payments.

Mr. Malagodi:
Italy

With respect to the dollar gap, there is still a tendency to regard it as the problem of the rich uncle and the impoverished nephew. In fact, once the war damage was repaired and inflation controlled, the persistence of the dollar gap has created a need for further capital. For instance, in the case of the United States loan to Britain, a large part of the proceeds was used by the British for overseas investment. In Italy, American aid generally represented capital needed for development in the South. These investment needs will continue to work themselves out in deficits. Capital is needed if we want the "partnership for growth", which Mr. Jackson mentioned.

With respect to the Italian demographic problem, we have at present two million unemployed or underemployed workers and an increment of 180 thousand annually to the labor force. The Italian birth rate is falling more rapidly than the death rate and should reach stability in 1970. With capital for development, our problem can be dealt with.

Absorption of our labor force through development is more desirable than emigration. A young man of 20 costs \$10,000 to send abroad and he is presented free abroad with years of useful work ahead. Italy has sent 160,000 people a year abroad and this has had a significant effect on development programs in underdeveloped areas overseas. We will obviously have to continue to send people abroad for some time, and nothing could aid more politically than a change in U. S. law that would allow 40 to 50 thousand Italians to enter the United States each year for the next ten years.

Mr. Pilkington: I think that a "partnership for growth" is a fine
U.K. idea. A good deal has been said but very little has been done about trade policy, and this would be a good place to start the partnership.

East-West trade is of minor importance in the trade of all of our countries, but it is an illustration of the dilemma that faces us. East-West trade can be used constructively, as Mr. Jackson indicated, in order to get inside the Iron Curtain and spread our ideas about Western life. The questions are obviously those mentioned by Prince Bernhard - the scope, type and amount of the trade and the method of conducting it.

The United Kingdom does not want to deviate from the present agreed scope. Within the permitted scope, considerable amounts of trade could be included, and we could still avoid making ourselves vulnerable. I see no reason, other than avoiding vulnerability,

for avoiding such trade and I see no reason for not trying to develop it as much as possible. As to the method, we have lost a chance by making it appear that any trade is something "unclean", and thereby encouraging the development of unwise channels of trade. Things have sprung up which are mere covers and which simply channel the money into local Communist parties. It is better to have direct contacts and as wide as possible contacts if we believe that nothing is so effective as knowledge of the real facts and the truth.

British industry itself should take the initiative in developing East-West trade rather than leaving it to the other side, but they fear they will be misrepresented in the United States as an effort to break down strategic controls.

Mr. Van
Walstrom:
Netherlands

I want to refer again to the difficulty of American import regulations and legislation. There are all kinds of misunderstandings about American calculations of value. Also, with respect to tariffs, America takes some pride in saying that the average duties have been reduced to 12%. Holland's average is $3\frac{1}{2}$ to 4%. Another problem which is difficult for European industry is that when a European business wants to manufacture in the United States, it wants to send along some skilled workers to get the production started and going well, but these workers cannot get immigration visas.

With respect to East-West trade, I think it should be developed in non-strategic lines. I am sure the United States exaggerates the possible amount of trade which can be undertaken with Russia and its satellites.

Mr. Jay:
France

There has not been any problem so far with respect to Russian gold shipments. All that has been shipped has been rapidly absorbed. In fact, I don't see why Russia, which is a big gold producer, would have any particular interest in depreciating the value of gold.