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BILDERBERG MEETINGS

WILLIAMSBURG  
CONFERENCE

20-22 March 1964

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CONFERENCE

20-22 *March* 1964

LIST OF PARTICIPANTS

CHAIRMAN:

H.R.H. THE PRINCE OF THE NETHERLANDS

HONORARY SECRETARY GENERAL FOR EUROPE:

ERNST H. VAN DER BEUGEL

HONORARY SECRETARY GENERAL FOR THE UNITED STATES:

JOSEPH E. JOHNSON

HONORARY TREASURER:

PAUL RYKENS

DEPUTY SECRETARY GENERAL FOR EUROPE:

ARNOLD T. LAMPING

\* \* \*

ACHESON, DEAN	UNITED STATES
AGNELLI, GIOVANNI	ITALY
BALL, GEORGE W.	UNITED STATES
BAUMEL, JACQUES	FRANCE
BAUMGARTNER, WILFRID S.	FRANCE
BEER, HENRIK	INTERNATIONAL
BENNETT, FREDERIC M.	UNITED KINGDOM
BERG, FRITZ	GERMANY
BIRGI, M. NURI	TURKEY
BIRRENBACH, KURT	GERMANY
BRAUER, MAX	GERMANY
BUCHAN, ALASTAIR	UNITED KINGDOM
BUNDY, McGEORGE	UNITED STATES
CABOT, LOUIS W.	UNITED STATES
CISLER, WALKER L.	UNITED STATES
COLLADO, EMILIO G.	UNITED STATES
DEAN, ARTHUR H.	UNITED STATES

DEFFERRE, GASTON  
DUNCAN, JAMES S.  
DUNDEE, LORD  
ERLER, FRITZ  
FORD, GERALD R.  
FRELINGHUYSEN, PETER H.B.  
FULBRIGHT, J. WILLIAM  
GALLOIS, PIERRE  
GRIFFIN, ANTHONY G.S.  
GUBBINS, SIR COLIN  
HAEKKERUP, PER  
HAUGE, GABRIEL  
HEALEY, DENIS  
HEENEY, ARNOLD D.P.  
HEINZ II, HENRY J.  
HERTER, CHRISTIAN A.  
HØEGH, LEIF  
HOLIFIELD, CHET  
JACKSON, CHARLES D.  
JACKSON, HENRY M.  
JAVITS, JACOB K.  
JELlicoe, LORD  
KERCHOVE D'OUSSELCHER, NICOLAS W. DE  
KISSINGER, HENRY A.  
KLEFFENS, EELCO N. VAN  
KNUDTZON, HARALD  
KOHNSTAMM, MAX  
KOSTER, HENRI J. DE  
KRAPP, FRANZ  
KÜHLMANN-STUMM, KNUT FREIHERR VON  
LA MALENE, CHRISTIAN DE  
LA MALFA, UGO  
LANGE, HALVARD  
LENNEP, JONKHEER EMILE VAN  
LINDSAY, FRANKLIN A.  
LIPKOWSKI, JEAN DE  
LITCHFIELD JR., LAWRENCE  
LOLLI, ETTORE  
LUNS, JOSEPH M.A.H.  
MAJONICA, ERNST

FRANCE  
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FRANCE  
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UNITED STATES  
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UNITED STATES  
ITALY  
NETHERLANDS  
GERMANY

MALFATTI, FRANCO M.  
MANSHOLT, SICCO  
McCLOY, JOHN J.  
McGHEE, GEORGE C.  
MEYNEN, JOHANNES  
MURPHY, ROBERT D.  
NEBOLSINE, GEORGE  
NYKOPP, JOHAN  
PEARSON, LESTER B.  
PECCEI, AURELIO  
PINAY, ANTOINE  
ROCKEFELLER, DAVID  
ROLL, SIR ERIC  
SCAGLIA, GIOVANNI B.  
SCHMID, CARLO  
SCHWEITZER, PIERRE-PAUL  
SHULMAN, MARSHALL  
SMITH, H. PAGE  
SNOY ET D'OPPUERS, BARON  
SPEIDEL, HANS  
STEWART, MICHAEL  
STIKKER, DIRK U.  
STONE, SHEPARD  
TERKELSEN, TERKEL  
UMBRICHT, VICTOR H.  
VITTORELLI, PAOLO  
WALLENBERG, MARCUS  
WESTRICK, LUDGER  
WINTERS, ROBERT H.  
WOLFF VON AMERONGEN, OTTO  
WRISTON, WALTER B.  
WYNDHAM WHITE, ERIC

IN ATTENDANCE:

H.R.H. PRINCESS BEATRIX  
BRAAM HOUCKGEEST, ANDREAS E. VAN  
CHIUSANO, VITTORINO  
HUMELSINE, CARLISLE  
MOZER, ALFRED E.  
ROY, BERTIE LE

ITALY  
INTERNATIONAL  
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INTERNATIONAL

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BELGIUM  
NETHERLANDS

## INTRODUCTION

The thirteenth Bilderberg meeting took place on 20, 21 and 22 March 1964 in the United States at Williamsburg (Virginia) under the chairmanship of H. R. H. the Prince of the Netherlands.

There were ninety-four participants representing the United States, Canada and eleven West European countries as well as various international organizations, and drawn from leaders in the field of politics (governments and parliaments), business, journalism, public service (national and international), the liberal professions and professional associations.

In accordance with the rules adopted at each meeting, all participants spoke in a purely personal capacity without in any way committing whatever government or organization they might belong to. In order to enable participants to speak with the greatest possible frankness, the discussions were confidential with no representatives of the press being admitted. The Prince, however, did receive press representatives on the eve of the conference.

The discussions were centred on the following points:

### THE CONSEQUENCES FOR THE ATLANTIC ALLIANCE OF:

#### I APPARENT CHANGES IN THE COMMUNIST WORLD

- (A) Soviet internal developments
- (B) the Communist Bloc

#### II POSSIBLE CHANGES IN THE ATTITUDE OF THE USSR TO THE WEST

#### III RECENT DEVELOPMENTS WITHIN THE WESTERN WORLD

- (A) political
  - 1. how the Atlantic nations should organize themselves
  - 2. attitudes toward relations with the Communist countries including China
- (B) military
  - 1. NATO strategy
  - 2. sharing of responsibility for nuclear deterrent

(C) economic

1. recent developments in the Common Market notably in relation to agriculture and their impact
2. UN Conference on trade and development, GATT/Kennedy Round
3. International Finance
  - (a) balance of payments adjustment and capital markets
  - (b) liquidity and further evolution of the international monetary structure
4. East-West trade
  - (a) trade with the USSR and European satellites
  - (b) trade with Communist China and Cuba
  - (c) trading rules and restrictions of credits
  - (d) coordination of Atlantic Community policy.

It should be noted that item III (C) 4. (East-West trade) was dealt with at the beginning of the discussion on Chapter III, more especially because of its connexion with Chapter II and item III (A) 2. This is the chronological order of discussion used as the basis for the present minutes.

Additionally, item III (C) 3. (International Finance) could not be dealt with in the time available because of the extensive exchange of views which occurred in respect of other items.

THE CONSEQUENCES FOR THE ATLANTIC ALLIANCE  
OF APPARENT CHANGES IN THE COMMUNIST WORLD (SOVIET  
INTERNAL DEVELOPMENTS AND THE COMMUNIST BLOC)  
AND POSSIBLE CHANGES IN THE ATTITUDE OF THE USSR  
TO THE WEST

Discussion of these various points was prepared:

- by a note received by participants prior to the meeting from an American participant;
- by a verbal statement from a second American participant covering the main points embodied in the note and adding additional items for consideration.

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The American participant's paper dealt with both aspects mentioned above:

APPARENT CHANGES IN THE COMMUNIST WORLD

Soviet Internal Developments

The fluctuations observed stemmed from the fluctuating state of the country's economy: rapid growth from 1956 to 1960 leading to the expectation of a shift in the balance of power through "peaceful coexistence", followed by the failure of such hopes together with a drop in agricultural production. This led to reorganization of the Party and the administration and to a revision of plans so as to free the economy from the grip of bureaucracy and face up to the agricultural failure. The need to provide positive incentives as against overt coercion explained destalinization and the growth of pragmatism in Party practice. The West had welcomed these changes as indications of "liberalization" but this was a fallacious acceptance of the term in comparison to its Western significance. In fact, the Party had consolidated its position and Khrushchev controlled both Party and system.

The Soviet economy had a great potential for expansion and power as was shown by the comparative rate of growth of heavy industry (8 to 10% per year) and the still more rapid development of science and technology. Basic investment was continuing independently of the attitudes adopted towards

individual consumption while the agricultural problem, however difficult, could be partly solved. The author of the paper concluded in this connexion that the economic system was unlikely to be halted or turned into the creation of domestic affluence which might lead to a less aggressive society.

#### The Communist Bloc

The Sino-Soviet dispute was not the only problem arising. Among the Eastern European States, repercussions of this dispute, of destalinization and of Common Market success had led, on the one hand, to satellite pressure for increased local autonomy and more favourable economic arrangements with the USSR and, on the other, to Soviet efforts for greater economic integration. Outside the bloc, the same forces encouraged a more independent and nationalistic attitude among West European Communist parties.

While the disagreements between Mao and Khrushchev seemed at present to be definitive and were giving rise to Western discussion as to how such disagreements might best be exploited, both the Chinese and Soviet leaders were quite correctly proclaiming that their strategy was directed towards furthering "the triumph of socialism and communism on a worldwide scale". Both were therefore applying the same dynamic principle.

#### POSSIBLE CHANGES IN THE ATTITUDE OF THE USSR TOWARDS THE WEST

Such changes would not be fundamental but would consist rather of short-range tactical shifts in accordance with the principles of "peaceful coexistence" and "peaceful competition" which would end neither the ideological struggle nor the cold war. It was possible to anticipate negotiations and limited agreements (e.g., on nuclear delivery systems) but the West would remain "the enemy" and general and complete disarmament had to be regarded merely from the propaganda angle.

Economic disappointments and the prospect of Soviet nuclear inferiority had had two contradictory effects: one was the prolongation of the policy of "peaceful coexistence" and the atmosphere of détente; the other consisted of a search for short cuts to an improved power position (cf. Cuba) and the possibility of making political use of military capabilities, including assistance to local conflicts, described as "wars of national liberation".

In the advanced industrial countries, revolutionary appeals to the proletariat had been replaced by appeals to the bourgeoisie based on peace, nationalism and trade. The Soviet purpose was still to divide non-communist nations on these various points.

In the underdeveloped areas, Soviet policy had substituted social revolutionary appeals for anti-Western nationalist appeals.

Present policy, described in Russia as "creative Marxism" and in China as "revisionism", was defended as more prudent and more effective than Stalinist practice. It is expected to bear fruit in from five to fifteen years, allowing for political deterioration in Europe and economic competition among capitalist countries, these being developments on which its supporters counted.

It might be expected that pressure would be sustained at all existing critical points (Berlin, the division of Germany, alliances and bases) and that others would be exploited as they arose (cf. Cyprus, Zanzibar, Panama, etc.). The use of force to change the territorial status quo offered undue risks so that the USSR felt non-aggression treaties to be of value; but there would be no entente with the West, let alone an alliance against the Chinese. The Communists believed in the progressive triumph of their cause through the play of conflicting forces. Calculated risks and "brinkmanship" would always be carefully evaluated but the USSR and Communist China might converge in their estimate of the extent to which nuclear deterrence permitted a more aggressive policy.

All of this was favourable to the West since it tended to reduce immediate hazards. The long-term effects would depend on the adequacy of Western response. Communist probes might be encouraged by either Western bellicosity or Western weakness. Modest measures of collaboration might reduce the hazard of war but only if taken in full consciousness of the situation: certain limited autonomous trends in Western Europe might be encouraged by carefully devised Western policy. It was, however, fundamental to remember that Western unity, vitality and strength were the most effective means to encourage evolution of the Communist world in a desirable direction.

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These various points were taken up and expanded by another American participant in a statement preceding the discussion.

He observed that it was not easy to single out from among the changes which had occurred in the Communist world those which were tactical and even cyclical in nature and those which represented a genuine evolution. Nor was it easy to single out among the latter those which were being carried out consciously and deliberately with a view to achieving greater efficiency and those of a more subtle kind which resulted, possibly below the conscious level, from decisions reached by the leaders.

On the internal level, the Soviet leaders had also been compelled to adapt themselves to the demands of an increasingly complex industrial society and the changed style of government resulting involved certain difficulties.

The turning-point which followed on a period of euphoria and rising expectations, the most spectacular manifestation being Soviet space achievements, would seem to have occurred around 1960-1961. The most striking evidence of this was provided by agricultural shortages, but the difficulties confronting the Soviet régime in achieving a better rationalization of the administration of the economy might be considered as no less important. The reorganization plans which resulted in these two fields amounted almost to a revolution, more especially in the transfer of a considerable proportion of Party personnel (possibly 75 to 80%) to jobs in the administration of the economy. As far as agriculture was concerned, this resumption of authority, at any rate in certain experimental areas, was sometimes accompanied by measures which were very far removed from the traditional system of collective farms and State farms.

The consequences of such measures within the Party had been considerable and had given rise to a certain degree of uncertainty as to the final success of their policy.

At a higher level, namely the planning and administration level, there had been a piling-up of supervisory and co-ordinating bodies which suggested a certain improvisation in the effort to find a balance between centralization and decentralization. In any case, the present period was one of acute domestic preoccupations and uncertainty as to the real strength of the economy.

While there had been considerable variation in Western estimates of the Soviet economy's delivery possibilities, it was worth remembering that investments in the sinews of power—i.e. heavy industry and armaments—had continued to be substantial and hence that current difficulties could not be regarded as wholly negating Soviet expectations of a favourable evolution in the world balance of power.

In order to derive the maximum advantage from their human potential involved in the growing complexity of these tasks, the Soviet Union was compelled to move increasingly towards positive incentives and to some extent to reject the old system of coercion with the result that there was a change of style and an increased complexity in seeking a balance. What did such an evolution signify in terms of an essentially totalitarian system? The speaker repeated that it was vital to avoid using the term "liberalization" in the Western meaning of the word to describe a process which had its own distinctive origin and its own rules deriving from the Soviet system. The institution of increasingly complex economic machinery had had as its counterpart a growing centralization of control within the Party which had very successfully managed to preserve its authority by absorbing certain "functional groups" (industrial managers and technicians) which might otherwise have grown up outside the Party.

On another level the Party's recent policy of employing widening and narrowing latitudes of control over intellectuals and artists undoubtedly implied a dilemma linked with an anxiety to enable the latter to meet their public's expectations more adequately while still serving the purposes of the régime. This involved difficult problems, more especially in regard to the heritage of Stalinism. It was not at present clear whether the process of control was undergoing a regressive or progressive phase but it must be assumed that the increased freedom which intellectuals and artists were demanding lay only within narrow limits and, more particularly, that it did not represent any search for alternative forms of society nor any dissidence in the sense of "opposition". Rather, it represented a means whereby artists and intellectuals might become more effective if less hindered by the incompetence of those in control. In this connexion, it was extremely dangerous to try and interpret or gauge certain controversies which had been reported in the West.

In regard to relations within the bloc, the Soviet Union had been engaged for some years past in a critical experiment aimed at encouraging greater local autonomy and this had run into several difficulties. The effect of Common Market development on Eastern Europe was worth noting in this connexion. A process of integration by induction had taken place but since January 1963 the impetus from the West had diminished while, on the other hand, the Soviet Union had encountered difficulties in its efforts to achieve closer integration of the Eastern European economies and had accordingly been compelled to fall back on a pattern of bilateral negotiations in order to obtain the industrial goods which it so urgently needed. This situation was further complicated by the conflict with China, the course of which could not easily be forecast. The struggle between factions—which existed long before the Chinese conflict which had merely revived them—was taking place behind the scenes and had taken on the nature of a desperate civil war within the Communist world. What was at stake was the control of the various segments of the Communist movement throughout the world, and it was therefore easy to understand that this was the most serious aspect of the conflict from the point of view of the Soviet leadership.

The speaker felt that the conflict should be seen as evolving in accordance with its own rules and that it would be extremely difficult for the West to influence its course by intervening. Similarly, it was not clear whether the final result might not be a more militant behaviour on the part of the Soviet leadership. Nevertheless, the decreased unity resulting from the conflict offered certain footholds for approaches to the Communist world, more particularly as regards contacts with Eastern European countries, and these might eventually influence trends towards national autonomy.



In regard to Soviet foreign policy, the main difficulty for ourselves was to distinguish the tactical and reversible shifts from those long-term changes which might fundamentally alter our relations with the Soviet Union. It was also difficult but important to differentiate between those actions arising from "the atmosphere of détente" and those which changed the objective situation.

The most interesting and important thing for us was to see beyond the discussion of "revisionism" and "dogmatism" and to detect what, in the Soviet Union's position, really represented a process of adaptation to the changes which had taken place in international politics since the end of the war. It was here that Western policy might exercise an influence. The Soviet Union was confronted with a situation not anticipated by Marxist-Leninism, namely the prosperity and expansion of the West instead of the disintegration and collapse which had been prophesied. Similarly, in the underdeveloped regions, the process of independence had exceeded the Soviets' own predictions so that they had been obliged to adopt a long-term policy of co-operation with the nationalist leaders which had been initially regarded as merely an alternative to revolutionary policy and a temporary expedient.

What in fact had happened was that a series of accommodations originally considered as provisional, specifically peaceful coexistence, had become rooted in the Russians' political outlook, having regard moreover to the prudence which was dictated by the existence of thermonuclear weapons, so that the goal was no longer revolution but a gradual weakening of the Western bloc and a strengthening of the Soviet bloc. Given this approach, the appeals to the bourgeoisie had a part to play, whether in respect of increased trade and financial offers to Western businessmen or offers of co-operation to the leaders of new countries, even if the latter showed no inclination towards communism.

Was this evolution a good and desirable thing from our point of view? And what could we do to encourage those changes which we would like to see take place on the Soviet side? The speaker felt that the evolution was a good one from our point of view but that it had its dangers: it represented a challenge which was no less great than during the Stalin period and the increased influence and power which was sought relied on the weaknesses and divergences within the Western world. On the other hand, it was up to us to find appropriate responses and, unless we did so, the situation would be no less catastrophic for us in the long run.

Regarding the policy to be followed in order to encourage favourable trends, the speaker considered that it would be a mistake to take account of the Chinese conflict, as some people had suggested, in order to initiate a

policy of collaboration with the Soviet Union in the hope of achieving a *modus vivendi*. He considered that the major factor which had encouraged the Soviet trend in this direction had been the degree of strength, firmness, resistance, and unity displayed by the Western nations. Under these circumstances the Soviets had been compelled to look for alternative policies. On the other hand, where there had been divergences or an impression of irresolution and lack of determination on the part of the American leadership or elsewhere, this had encouraged a more aggressive attitude, with all the danger of miscalculation involved in such a situation.

It would therefore seem, the speaker concluded, that the policy to be followed should be sought in a differentiated attitude which was firmly resistant to Soviet aggressive acts but which simultaneously, without any illusion, sought for possibilities of co-operation where there were convergent interests, particularly as regards reducing the danger of generalized war.

What should be sought was not general disarmament but more modest safeguards based on a mutual recognition of responsibility in critical situations between both parties which were both eager to reduce the hazards of general war.

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In the course of the discussion which followed this statement, various evaluations were forthcoming concerning the reasons and significance of developments within the Soviet Union and certain participants based their opinions on recent visits to that country. For example, a French participant who had had the opportunity of a personal conversation with Mr. Khrushchev believed that the latter had adopted attitudes which were not always enthusiastically backed by the whole of the Central Committee of the Soviet Communist Party. It was true that most members of that Committee followed their leader, but it also seemed likely that, if the latter were obliged to hand over his powers, certain individuals would endeavour to revert to a Stalinist policy on both the internal and external level (the existence of such opposition forces was likewise emphasized by an Italian participant).

The above-mentioned French participant contended that liberalization, even if not in the "Western" sense of the term, was an undeniable fact: it was apparent in a greater measure of freedom of speech, even when foreigners were present, and also by improved living conditions—more marked in Moscow, it was true, than elsewhere. The régime was making great efforts on behalf of young people who, in particular, gave no impression of being treated dictatorially. On the contrary, they seemed happy.

A British participant stated that his feelings were the same in this regard.

What was the attitude of Soviet young people, and especially university students, towards the outside world and the communist system? In answer to another British participant, the American speaker quoted above singled out three dominant attitudes:

- many young people were sceptical where certain Marxist-Leninist details were concerned but accepted the goals and the régime in general. More specifically, they were strongly attached to the current modernization process and supported Khrushchev in his struggle against bureaucracy;

- on the other hand, a small number of young people (primarily to be found among the intellectuals and artists) felt no ties with the régime but had no inclination towards any greater degree of dissidence. They were eager for increased contacts with the West but shrank from the practical difficulties in which such contacts might involve them;

- the overwhelming majority of young people adopted a mid-way position and wanted a peaceful and untroubled life, feeling that politics were no concern of theirs.

It was certain that cultural exchanges and the fact that a few people had been able to travel to the West had had a considerable influence on the young, but it was difficult to gauge the extent of that influence and especially to ensure that it exercised a long-term effect.

A German participant took the view that it would, in any case, be wrong to imagine that liberalization as conducted by Khrushchev could change the orientation of Soviet policy since neither material nor spiritual advantages nor the products provided by progress could stifle the dynamic impulse aroused by the consciousness of building a new world.

The problems of the Soviet economy were discussed by a Finnish participant who felt that the USSR leaders were still at present looking for definitive solutions. He observed that one of the reasons for the agricultural failure had hitherto lain in the fact that the régime had called on the peasants to pay a large proportion of the cost of industrialization so that it was difficult to initiate any policy change on behalf of this group without harming the whole of the country's economy.

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Comparatively few speakers concentrated on the internal aspects of the changes currently taking place within the Soviet Union. On the other hand, most of them discussed at some length the internal relations within the Communist bloc (and towards Western Communist parties), the Sino-Soviet conflict and the attitude of members of the bloc on the international scene. It was generally agreed that the Eastern European satellites now had a relatively

greater degree of autonomy than in the past. In this connexion, the fact mentioned by two German participants that some of these countries had agreed to the inclusion of the "Berlin clause"<sup>1)</sup> in commercial agreements with the Federal Republic, despite the opposition of the Government of Eastern Germany, was regarded as particularly significant. It was possible that this flexible attitude was dictated by the economic difficulties confronting these countries and by the urgent need to obtain certain outside supplies; it was also possible that this increased freedom of manoeuvre resulted from the gulf existing between the USSR and China. In any event, it was a fact worth noting.

The attitude of the USSR towards its Eastern European satellites was not unconnected with the German problem, concerning which certain speakers emphasized the Soviet leader's obsession. A French participant already quoted above stated that when in the USSR he had been conscious of the persistence of memories of the last war and of a violent hatred against the German people (even though certain Russians agreed in private conversations that the notion of a "bad" or Western Germany as against a "good" or Eastern Germany was artificial). Any discussion on reunification and nuclear weapons for Germany met with an absolute opposition. Free elections throughout Germany were all the more unimaginable as far as the Soviet leadership was concerned in that they would set the seal on the return of capitalism in East Germany, which is regarded as irrevocably tied to the communist system. The Berlin Wall was regarded by Mr. Khrushchev as the inviolable outward sign of a frontier. As far as German nuclear weapons were concerned, this speaker had had the impression that this was one of the rare subjects which might breach the existing reserve of the Soviet leaders regarding the preservation of peace in that they considered that distinctions between national armament, the European force and the multilateral force had no meaning in this respect.

The Finnish participant quoted above spoke along similar lines when he remarked that strategic conditions continued to dominate the thinking of Soviet leaders. Russia had twice fought a war against Germany. Their present system was based on the possession of advanced positions and concessions regarding the German problem would signify its collapse. It was true that the advent of the nuclear age had deprived that system of some of its value but there was still a fear—voiced officially even if not always in accordance with inner conviction—of seeing Germany dragging its Western allies into a war in order to recover its Eastern territories.

1.) The clause extending to West Berlin the field of application of agreements signed by the Government of the German Federal Republic.

A German participant said it was worth noting that the Soviet zone of Germany was still living under a Stalinist system. There was no sign of any evolution towards normalization of the situation and it was clear that, if the Soviets did not want a real *détente* on the German question, no such *détente* would develop in other fields either. This was the crucial test and it would seem that the only purpose of the USSR in its "European" proposals was to isolate the Federal Republic from its Western allies.

Certain participants referred to the position of the Western Communist parties in relation to the USSR and an Italian speaker observed that, in a recent Communist Party conference in his country, one of the younger leaders had demanded greater freedom of action in respect of the Soviet Union's policy without thereby being expelled as would once have been the case.

But the position of the Communist parties in relation to the USSR, whether in the satellite countries or in the free countries, was closely linked to the Sino-Soviet conflict which in turn was closely linked to the problem of "*détente*" and "*peaceful coexistence*". These three aspects of the question were discussed together by a number of speakers, some of whom emphasized the difficulty of obtaining a clear view of this conflict. Was it, asked a German participant, a controversy such as that between the Dominicans and the Franciscans in the Middle ages, who indulged in mutual recriminations while still considering each other as pillars of the same Church united against the unbelievers? Or was it a struggle between two powers sharing the same faith and the same philosophy but competing for the right to determine the course of history as the Houses of France and Austria had once done? It was obvious that the Western attitude should be different depending on what was involved.

A participant belonging to an international organization who had spent some time in Peking submitted a certain number of factors for consideration in this respect. He observed that the Chinese were indulging in intensive anti-Khrushchev propaganda among foreign visitors, even "capitalist" visitors. At the same time, they loudly proclaimed that the conflict was ideological and existed at Party level rather than governmental level, the governments being still tied in their view by the treaties they had signed. Additionally, both parties still had the same faith in the ultimate aims of the Communist movement. At the same time, however, the Chinese had bitterly resented the hard blow inflicted on their economy by the withdrawal of the Russians, a withdrawal which did not only involve technicians but, in certain cases, equipment and even plans which had been jointly drawn up. The Chinese continued to display a sort of obsessional preoccupation with the United States which could almost be described as a "love-hate" attitude. In comparison with the United States, Europe was regarded by the Chinese as of secondary

importance. They were showing a certain realism in their relations with the unaligned countries, primarily the African States, openly admitting that they would never have the same capability of rendering assistance on their behalf as the USSR.

The Finnish speaker already quoted took the view that national interest took precedence over ideological considerations in this conflict, at any rate from the viewpoint of the Russians, who had never looked favourably on China's claim to be the main Asian power.

An Italian participant offered a carefully shaded interpretation of this conflict on the basis of the impressions he had gathered in the USSR. He considered that the Russians felt they had something new to defend, namely certain prospects for wellbeing and increased freedom—conquests, as it were, which the "*détente*" would enable them to preserve in peace and which might be brought to an end by the Chinese attitude, more especially in as far as China was driving the underdeveloped countries towards extremist and aggressive positions. In point of fact, said this speaker, the real conflict today did not lie between the Soviet Union and China but between all the industrially advanced countries possessing the means for providing solutions to the problems of the backward countries and, on the other hand, China considered as the extreme expression of communist dissidence regarding those solutions. Russia was caught between these two extreme positions. The West should therefore, in the view of this speaker, not try to "exploit" the disagreement but rather to exploit its own resources to outstrip China in its effort to head the revolt of the underdeveloped peoples against the "have" nations.

This conclusion was in line with that of a British participant who had also taken the view that the main threat to the West lay in the instability and poverty of the unaligned countries and who emphasized the importance of jointly providing them with the necessary assistance.

Several speakers considered that, whatever evaluation one might make of the Sino-Soviet conflict, the final aims remained identical. At the beginning of the discussion a Netherlands speaker observed in this connexion that, in considering possible changes in the Soviets' attitude towards the West, it must be remembered that the final goal of world domination would not be changed and that there would always be people to remind us of this and thereby limit the range of possible tactics. International treaties, for example, were only considered as temporary expedients according to this speaker, who went on to refer to the example of Islam where the dogma of expansion had persuaded the faithful for several centuries on end that such expansion was subject to no possible limit.

A British speaker took up this comparison but none the less observed that

the triumph of the Soviet revolution in 1917 had subsequently weakened its ideological monopoly because of the constitution of other communist systems. The speaker further noted that the dogma of the "socialist fatherland" revealed an identification of doctrinal claims and Russian national interests, a process which was particularly highlighted by the Russo-Chinese conflict.

Most of those participants who referred to the Sino-Soviet conflict agreed that it was very difficult if not impossible and, at any rate, scarcely desirable for the West to intervene directly, and therefore recommended considerable prudence in any approach to this question.

Echoing the American speaker quoted above, a French participant considered that notwithstanding the present evolution and the existence of "peaceful coexistence", the communist danger was none the less a real threat as evidenced by such crisis points as Cuba, Vietnam and Germany. Whatever the difficulties encountered by the Soviet camp and whatever their share in formulating the idea of a "détente", Russia was deriving a very great advantage if only because of a sort of "moral disarmament" which had overtaken the West and which was making any coherent Western effort more difficult. Additionally, the winning of men's minds in the unaligned countries was thereby facilitated. Furthermore, the Western Communist parties could now more easily break loose from the isolation in which the previous situation had kept them. By dangling the prospect of a détente before the eyes of the Western world on the basis of a given man or party in power, the USSR was acquiring the possibility of permanently intervening in Western political life. Even the Sino-Soviet conflict provided an advantage by presenting the Russian leaders as "good communists" with the result that the West might incautiously grant them unilateral concessions.

A British participant expressed views slightly different from those of the foregoing speakers. While Soviet doctrine might still draw its vocabulary from Lenin, he said, that doctrine had none the less undergone some change in the course of time and the conviction which the Soviet had felt fifteen years ago as to its domination over the future of history had been shaken by at least four major facts:

- the political and psychological implications of Mr. Khrushchev's declarations concerning the previous "Pope";
- the splits in the Soviet world, more especially on the Chinese side;
- the halting of Communist progress and the Party's failure in other countries apart from certain limited sectors;
- the successes gained by the West in respect of economic growth and, to some extent, political unity.

This had led to growing uncertainty which, specifically, was not unconnected with the Sino-Soviet controversy on the inevitability of war. It was

interesting to note in this connexion that the nuclear impasse had not encouraged the Russians to launch limited aggressive action with conventional weapons as the West had feared might be the case ten years ago. American firmness over Cuba had taught some valuable lessons and it was improbable that the Soviets would renew such a challenge.

The same speaker questioned whether Soviet policy in conflicts affecting the Afro-Asian countries was really coherent and systematic. On this point, two other British speakers expressed different views. The first remarked that the Communist parties, not only in Africa and Asia but also in Latin America, had received instructions to combat any social and economic improvement whether of national or outside origin. The second recalled, as other speakers had done, that the Communists were now appealing particularly to anti-Western nationalist elements irrespective of their social origins. When a conflict developed anywhere, even if purely local in origin as was the case recently in East Africa, the Communist countries systematically supported whichever camp was not supported by the West. Conversely, such leaders as Messrs. Makarios, Sukarno, Nasser and Castro—whether Communist or not—had only to speak fairly firmly to the East for the West to become apprehensive of an extension of the conflict and hence to feel inhibited in its action even though it knew that it had right on its side. In this connexion, United Nations intervention, when only temporary, provided no solution and merely resulted in strengthening still further the stronger camp which was not necessarily the most democratic.

During this part of the discussion, certain speakers took up the problem of recognition of Communist China and the admission of that country to the United Nations. Their remarks are summarized later in these minutes (see page 46).

H.R.H. the Prince of the Netherlands, in closing the discussion on this first part of the agenda, resumed the conclusions of certain participants concerning the problem of the détente. Whereas public opinion in our countries was more or less persuaded that a significant change had taken place, most of the speakers had avoided expressing any such categorical opinion and, if a change had in fact taken place, it could only have a long-term effect in circumstances which we could not yet forecast. Several speakers, however, had none the less taken the view that, whatever the nature of the change, the West should try to derive some advantage from it, more especially in seeking for fields, however limited, where agreements based on common interest might be possible. In doing so, it would none the less be important to avoid endorsing the formula of a "general détente" since the facts indicated that any such détente was more "in the air" than real and there would be a risk in taking our desires for realities which could only ultimately benefit the Communist camp.

## THE CONSEQUENCES FOR THE ATLANTIC ALLIANCE OF RECENT DEVELOPMENTS WITHIN THE WESTERN WORLD

*Economic*

### EAST-WEST TRADE

Before opening this part of the agenda for discussion, H.R.H. the Prince of the Netherlands made certain observations:

The previous discussion, he observed, had covered the purely internal problems of the Communist world and hence certain aspects of our attitude towards those problems and there was therefore no question of problems within the Atlantic Alliance. The question of East-West trade on the other hand, like the rest of the agenda, involved the positions adopted by the various partners in the Alliance. During the early Bilderberg meetings ten years ago, the primary consideration was to strengthen relations between America on the one hand, and Europe on the other, but the same no longer applied: the questions discussed divided the European countries between themselves and even divided public opinion within those countries. This gave rise to concern over the possibilities of progress for the Western Alliance seen as a whole. His Royal Highness went on to say that it would be desirable for the present discussion to lead to a better understanding of the basic problems underlying these divergences and to less rigid concepts of the possibility for fruitful co-operation. It did not seem in the present situation that any cut-and-dried solution could be found for all our problems. The original idea of the Atlantic partnership was based on a dialogue between the United States and a single Europe and on the equality of the two parties. In recent years, however, we had realized that an imaginative and constructive approach was not always within our immediate grasp. But we should not therefore conclude that we must cease our efforts to promote the strength of our alliance. Even if the original concept of partnership was not necessarily capable of achievement in the immediate future, we should concentrate to our utmost on seeking means of moving forward without sacrificing the hope of a single Europe as partner while preserving a realistic recognition of what was possible immediately and in the very near future. If we were to build a world in conditions acceptable to

ourselves, we must begin by understanding what those conditions represented for us.

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Following on these remarks, the discussion was opened by an American participant who, while recognizing that his country was less dependent than its partners on foreign trade, wished to indicate the broad lines of the policy of the United States Government regarding East-West trade.

The US Government, he explained, drew a distinction as far as the Communist world was concerned between four specific areas and had adopted a specific approach to each:

(a) USSR: This was a country which in many respects could be compared with the United States in that it had considerable natural resources and was not unduly dependent on imports for the development of its economy. NATO member countries were generally in agreement as to the nature of trade with the USSR and the Strategic Goods Committee (which draws up the "Cocom" lists of prohibited items) was operating with success. The other Western countries had been able to avoid undue dependence on their trade with the Soviet Union which had therefore been prevented from using this as a political weapon. As regards the United States itself, that country had limited its trade with the USSR, more especially as regarded productions of a highly advanced technical nature. The fixing of these restrictions, however, involved discussions covering the role played by exports in the economic development of the USSR. Recent sales of wheat to the USSR in no way indicated a change in United States policy, the speaker pointed out, and he protested against certain erroneous interpretations which had been put forward abroad.

(b) Countries of Eastern Europe: The attitude of the United States towards these countries varied from one to another and was more flexible than it was towards the USSR. Trade was increasingly shifting towards normal bases, subject to the difficulties involved in questions of credit and the limited currency resources of those countries. One of the main aims was to make them less dependent on the USSR.

(c) Communist China, North Korea, North Vietnam: Here the United States' attitude was different and marked by an absolute rejection of trade. This approach was essentially dictated by political considerations: the aggressive and criminal behaviour of China which threatened the West's vital interests, the "hard war" activities of this country and of North Korea and North Vietnam, against which the United States had been compelled to take direct action. In these circumstances it was felt that acceptance of trade operations could have no positive political effect.

(d) Cuba: This was a special situation which had given rise to differences of opinion with the Allies and in which the United States felt obliged to adopt a completely rigorous attitude towards the threat which Cuba represented: a potential military threat as revealed by the situation in 1962 but, above all, the permanent threat of subversion against Latin America as a whole as shown by the armed conspiracies mounted against certain governments. Setting aside propaganda—which could not alone replace policy—the only weapon available to the United States which would not constitute an act of war was the economic weapon. By refusing flatly to supply Cuba with equipment, spare parts and the Western raw materials which were essential to Cuba, with all the serious consequences which this ostracism had on its economy, the United States, without imagining that this would suffice to overthrow the Castro régime, was pursuing four main aims:

- to show the Latin American countries that "communism does not pay";
- to demonstrate to the Cuban people that the Castro régime was not in that people's interest;
- to weaken the Cuban potential for exporting subversion and sabotage to the Latin American countries;
- to increase the cost to the USSR of the operation of supporting a communist system in an area so far removed from the Western hemisphere.

The speaker considered that this plan had given good results but he none the less noted that the increased price of sugar on the world market had enabled Cuba to accumulate certain currency resources and he regretted that other Western governments had not rejected with equal firmness the offers which that improvement had enabled the Cuban Government to make, as witness the recent sale of 150 British buses. It was essential, he stated in conclusions, that the West should adopt a more coherent attitude of "economic opposition" towards Cuba. It was possible that the United States was to blame for the fact that such an attitude was not fully understood in Europe but it would be as well in any case to reflect on the grave consequences which might arise from carrying out purely commercial operations without regard to their political context.

A German participant next gave a brief description of the evolution of Western opinion together with current basic facts in connexion with East-West trade. He noted that there had recently been a change in the atmosphere in the United States so that trade with the East was no longer taboo but, on the contrary, was the subject of rational discussion. The notion of a Soviet monopoly in this field had been abandoned and trade with each particular Communist country was analyzed in terms of its specific merits. One of the advantages of this evolution was that it facilitated co-ordination of Western policies

in this field, a co-ordination already being carried out within the framework of the European Economic Community.

Any extension of trade between the whole of the Western world, including the United States, and the Communist world which might follow, however, should not give rise to undue expectations and the speaker asked the Americans not to indulge in an exaggerated view of the political effect of a certain expansion of East-West trade. There were natural limits and one of the most important of these was the inadequacy of the goods which the USSR and countries in the Eastern bloc could offer in exchange for their purchases. This structural imbalance could only be offset by long-term credits and these would amount to economic assistance which it would be unwise to grant in view of the circumstances and the West's need of capital for its own development.

Taking up the particular case of China, the speaker observed that that country was turning more and more towards Japan and Western Europe for the supply of industrial goods and the recrudescence of that market's appeal (which coincided with France's diplomatic recognition of China) was encouraged by the feeling that China would be increasingly capable of paying for its imports by exports to the Free World. Additionally, a number of people in Europe were unable to share the view that trade with China would still be a bad thing at the very time when improved trade in peaceful goods with the Soviet bloc was being recommended.

On the contrary, those people felt that such commercial relations could encourage Chinese independence of the USSR. This was a source of potential disagreement within the Alliance and it was essential, concluded the speaker, to consider it very thoroughly while, as far as possible, excluding any emotional elements.

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In the discussion which followed these two statements, certain participants limited themselves to the purely economic aspects of East-West trade while others stressed the political context in which such trade took place. The conditions required for a co-ordination of the Western approach were referred to by most of the speakers. In this connexion, two points in particular were dealt with in the course of the discussion, namely the question of granting long-term credits to Communist countries and the question of the effectiveness of economic sanctions applied to certain countries, reference being made to the policy adopted by the United States in this field.

It was desirable to situate the problem of East-West trade with all its implications (guarantees, credits) in the broader context of world trade, according

to an Italian participant who recalled that the next conference on world trade in Geneva could only meet the hopes placed in it by the unaligned nations if it led to a significant increase in world trade. This increase by itself should lead to an increase in East-West trade—which the speaker considered both inevitable and desirable—and we should therefore prepare for this in a co-ordinated manner.

Nonetheless, said a Belgian participant, if we considered the relative share of East-West trade in the foreign trade of the Western countries, it became clear that the liberalization which had been brought about more especially by the OECD and the Common Market had, by developing trade “between ourselves”, made our trade with the East more marginal and its relative importance had continually decreased. This evolution would continue if the economic integration of the West was maintained on healthy bases and this would still further reduce the temptation which might be found in certain offers from the East, more especially if credits were involved.

A similar point of view was put forward by a French participant on the basis of the evolution of French and German foreign trade. Trade with the East should not give rise to undue apprehension since it embodied its own limitations and the agreements which had been reached on this point, more especially in regard to credit limitations—particularly, the Berne Agreement—did, after all, fix reasonable boundaries which should not be exceeded.

What benefits could the Soviet camp and the Western camp expect from an increase in East-West trade? The Italian participant quoted above said it was clear that it was especially a centrally planned economy which could derive advantages from an increase in its commercial transactions with industrially advanced countries. This, however, should not alarm us if we bore in mind that Soviet efforts in the years ahead would be directed at ensuring better living conditions for the people. Additionally, the means of information available to us and the very fact that the East's economy was centrally planned would help us to control the use made by the Soviets of resources resulting from increased trade with our countries.

The political evolution taking place in the USSR might be considered favourable, according to this speaker who cited the example of other countries where the internal situation had not turned to the advantage of the West and who considered that our trade with the East could help such an evolution.

In conclusion, the speaker said that, as far as the West was concerned, expansion of our trade with the East could not be other than favourable since it would open new markets for our goods, on condition that we prepared to act in a co-ordinated manner.

An American speaker laid particular stress on the fact that political con-

siderations were always present in offers made by the Soviets, even when they seemed to be purely commercial.

One of their objectives was to accentuate the division of the world into two blocs, among other things by playing on nationalist feelings such as were emerging at various points. Their approaches to certain countries should be seen in that context. It was therefore urgently necessary to reach a concerted agreement between the industrial countries (including Japan) on the line to be followed, including policy towards underdeveloped countries which represented one of the primary objectives of the Soviet economic offensive. American policy in South-East Asia could be above all explained by the desire to retain freedom of action in this field. It was also necessary that the Western countries in their commercial relations with the Communist bloc should try to establish “rules of fair play” (e.g., in respect of arbitration rules and the exploitation of patents which the USSR had not hitherto recognized). Such an agreement meant that all the Western countries had to be ready to make concessions in respect of certain of their immediate interests as had already been recognized as essential for the establishment of the strategic lists.

Another American participant argued along similar lines and emphasized that political and economic considerations could not be separated from each other, as witness the example of American aid granted after the war to a Western Europe confronted with the Communist threat (this example had also been cited by the previous speaker). The important decisions to be taken regarding East-West trade should aim primarily at preserving the unity of the Western Alliance, even at the cost of the sacrifices which might be involved in restrictions imposed on trade in certain goods (oil products, power products, machine goods of a highly advanced technical nature). For this purpose, the allies should have a round-table meeting, bearing in mind the importance of political considerations.

A third American speaker, echoing the German speaker and others already quoted, said that while American industrialists themselves were more and more favourably inclined towards an increase in sales to the Soviet Union—an evolution which he himself considered extremely desirable—yet co-ordination of allied policies was no less essential. The speaker recognized that all foreign trade tended to strengthen the economic position of the bloc, but if this would inevitably lead to a confrontation, this would only hasten such an event.

The need for such co-ordination, and the difficulties involved, were particularly stressed by a German participant who referred to the thorny problem of commercial credits to Western countries in order to bring out the fact that the policy of the Federal Republic, which was more restrictive in this respect than that of some of its partners in the Common Market, had been reflected

in a significant decline of its exports towards those countries over the last three years. The inadequacy of the goods which Eastern countries could offer as a counterpart to their imports made it essential for them to obtain credits for the purchase of the goods needed to implement their plans. It was all the more regrettable that long-term credits should be granted to the Eastern countries and that the reaction of the Western countries should be dispersed, to the detriment of those displaying the greatest rigidity. So far, discussions on this subject, e.g., within the NATO Economic Advisers Committee and within the Council itself, had not succeeded but, said the speaker in conclusion, we should not abandon hope of reaching an agreement on this point eventually.

Most of the speakers who discussed the problem of long-term commercial credits to Communist countries considered that such credits amounted to a form of economic assistance and should therefore be ruled out but a different point of view was expressed by a British participant. It was fallacious, he said, to draw a distinction between long-term and short-term credits and to lay it down that the former constituted economic assistance while the latter did not. Even if, as was apparently the case, the United Kingdom had not granted credits exceeding five years to any country of the Eastern bloc, yet requests in that country for guarantees covering credits granted to British exporters by the banks were examined on a selective basis in terms of their commercial interest. It would seem reasonable to allow for a long period of repayment for exports of goods where there could be no rapid amortization. The aim was to encourage exports by making them more competitive and the United States itself had authorized the Eximbank to grant credits exceeding five years. This could not be regarded as assistance since the credits granted were subject to interest at the normal rate. After all, the Soviet government, even if long-term credits were refused, was capable of implementing those plans which it considered important (the production of fertilizers, for example) by allocating marginal resources thereto, without thereby interfering with its armament program. Finally, said the speaker, while it might be true that the East's economy benefited from sales made by the West, this was equally applicable to American exports of wheat to the Soviet Union!

The same participant was equally forthright in questioning the validity of the United States' policy of economic warfare against Cuba. Earlier in the meeting, a Norwegian speaker had discussed the problem of economic sanctions (which his own country had, as a loyal ally, accepted in spite of the importance to Norway of international trade and shipping) and had asked whether such sanctions did not involve certain serious consequences in exchange for a fairly relative effectiveness. If, he had said, the application of embargos on certain countries (cf. the United Nations resolution on South Africa regarding "apart-

heid" and the Lagos Conference's decisions against Portugal) were to be extended, the machinery of international trade might, almost by accident, be thrown out of gear and the free world would be the first to suffer.

Discussing the Cuban problem (and likewise referring to the example of South Africa), the British speaker already quoted expressed the view that no economic boycott could ever induce a regime to alter its policy and, on the contrary, was likely to make it still more stubborn and to line the population up behind the regime concerned. Even in respect of the unaligned countries, the refusal to supply goods which were not included in the "Cocom" list did not have favourable results. It was for this reason that the British government had not considered it necessary to oppose the sale of buses to Cuba.

Some observations on the possibilities and limitations of cooperation between NATO member countries regarding East-West trade were put forward by a Turkish participant who strongly emphasized the need for the West to display a realistic attitude, having regard particularly to the existence of individual interests which were sometimes divergent, and hence the impossibility of achieving complete harmony between member countries' actions. After all, he said, the fact that there were divergencies within the Communist world itself enabled us to diversify our economic and financial policies to some extent. On this basis, a certain minimum discipline and cooperation should be possible, more especially by adopting the two following criteria:

- the export of strategic goods should be strictly supervised and variations of opinion in the matter reduced to a minimum,
- we should insure that our economic, and especially our financial, relations with the USSR should not develop into a form of assistance enabling that country to continue its armament programme without having to suffer the consequences.

It likewise seemed undeniable—although the point was sometimes debated—that the political implications of relations which might be established with a Communist country should never be overlooked.

Reverting to certain earlier contributions to the discussion and more especially the remarks of the British speaker, an American participant observed that the improvement of trade relations between the West and the Soviet camp was due to the latter, not for sentimental reasons since Communist aims remained unchanged but quite simply because the USSR urgently needed such improvement. The whole world, said this speaker, was coming to realize that there was one camp which "worked"—i.e., ours—and another which "did not work". This explained such contrasts as that existing between the economic prosperity of Malaysia and the fiasco of Mr. Sukarno's regime in nearby Indonesia. This consideration dictated its behaviour to the West:



everything should be done to expand the camp which "worked", thereby strengthening the demonstration of the effectiveness of its principles in the eyes of the world. In this connexion, said the speaker, "credit" was a key word and he pointed out that the Eximbank, previously cited by way of example, had never granted long-term loans to a Communist country.

During the discussion of American wheat sales to the USSR, a Norwegian participant, already quoted, contended that it was not so much the operation itself which had given rise to objections in Europe, but some of the conditions in which it had been conducted, more especially under pressure from the American trade unions. Specifically, some of the American demands regarding the transport of this wheat under the United States flag were discriminatory in relation to other maritime countries and, by contrast, showed the USSR in the light of a reasonable partner trying to obtain goods at their normal price and all of this was regrettable. Nor should it be forgotten that any restrictive policy in regard to shipping tended to favour the building up of the Russian merchant marine.

In bringing the discussion of this part of the agenda to a close, H.R.H. the Prince of the Netherlands observed that it had brought out the need to assemble around the same table, and in a way yet to be decided on, all those Western leaders responsible for foreign trade with a view to reaching agreement, particularly on the use of credits, the trade structure and such other details as the lists of prohibited goods. This was required in order to avoid at all costs any friction between allies. The opposite camp could ask nothing better than an opportunity to exploit such friction.

## THE CONSEQUENCES FOR THE ATLANTIC ALLIANCE OF RECENT DEVELOPMENTS WITHIN THE WESTERN WORLD

### *Political*

- 1 - How the Atlantic nations should organize themselves
- 2 - Attitudes towards relations with the Communist countries, including China

### *Military*

- 1 - NATO strategy
- 2 - Sharing of responsibility for nuclear deterrent

These items of the agenda were dealt with together and the discussion was introduced by three statements made respectively by the American author of the introductory note concerning the first paragraph of the agenda who expanded a certain number of general considerations, by an international participant who described certain problems confronting NATO together with the possible solutions and, finally, by a French participant who explained his government's position in respect of the various questions under consideration.

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The American speaker pointed out that the Russians established their policy not on the basis of emotional considerations but on their evaluation of what they call "objective reality" and that our action should therefore be concentrated on that reality. Our efforts should be applied to the things that lay within our power, in other words we should insure that our alliance developed and that it became stronger rather than try to persuade the Russians.

How should the alliance organize itself? Should we follow the French government's line or aim at genuine unity? The speaker opted for the latter solution on the grounds that it represented our only hope of security in a world which was no longer the world of the nineteenth century but which was divided into hostile societies. The attitude of the countries of Latin America,

Asia, Africa and elsewhere would depend on the alliance's unity and strength and it was above all essential to avoid turning the Atlantic Ocean into a demarcation line within the Alliance.

At the same time, this was not the moment for new "big ideas", if only because of the attitude of the French government. On the other hand, there was a real possibility of achieving "small things" which would enable us to move forward.

The important thing, said the speaker, was to examine two factors: on the one hand, there was the fundamental problem of Central Europe which was still unsolved and which was of vital importance to one of our allies, i.e., Germany (which meant that its partners could not take the matter lightly), on the other hand, the Alliance had a duty to concentrate unremittingly on the state of its forces. What forces were needed? What type of forces? Where should they be situated and how should they be organized? This did not mean that there was any question of going to war in order to eliminate Russian influence in Central Europe; it did mean that it was essential to consider the balance of power needed to cope with three types of situation which the speaker felt might arise:

- general nuclear war, the most frequently discussed and least probable contingency but precisely the one which could only be avoided by the existence of a deterrent;

- the variable attitude of the Russians towards the civil populations of Central Europe: this attitude would be all the more cautious if the Russians were aware that they were confronted with "conventional" forces which would prevent them from having recourse to their own conventional forces to thwart an evolution among those populations thereby making it all the more difficult to maintain Communist regimes in power;

- violent local conflicts (rebellions, revolts). Here again, conventional forces were very important in encouraging an evolution towards peaceful solutions since the use of tactical atomic weapons from the outset of hostilities involved considerable dangers.

On the assumption, therefore, that the West had nothing but its nuclear power with which to oppose the Russians, it might be felt that the latter would be tempted to go very far in repressing any move away from Communism which might occur in Central Europe. In this connexion, the West had shown itself as unduly blinded by nuclear weapons with the result that other aspects of the problem had been obscured.

What action, therefore, could be taken? The speaker singled out three possibilities:

- joint determination of our Alliance's basic objectives;

- determination of the nature and relationship of forces and the strategies required for each objective;

- joint action on everything which, on the nuclear level, might prove of immediate value without undue concern for the ultimate form which such activity might take, European force or otherwise. In this connexion, the multi-lateral force project ("MLF") represented a possible advance. French participation in this task was highly desirable but, even if not forthcoming, it was essential to keep moving forward.

In regard to Germany, the speaker recommended that a moderate policy be followed which would leave the way open for discussion between all those concerned and hence Germany first and foremost.

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The international speaker who made the second statement aimed at being fundamentally practical and pragmatic, an attitude which, he argued, was made all the more necessary by the uneasiness which might legitimately be felt concerning the future of our Alliance.

It seemed difficult to contemplate any institutional changes to the Alliance in the years ahead, whether aimed at greater integration or, conversely, at a recrudescence of nationalism. The important thing was to preserve the "transatlantic" nature of the Organization since any "continentalism" on either side of the Atlantic would have a very serious effect on the future.

The existing framework, however, was sufficiently flexible to enable some evolution to take place. The speaker recalled in this connexion that it was within those limits that the report of the "Three Wise Men" in 1956-1957 was made and that if that report had been followed a great many of our present difficulties could have been avoided.

What was that framework?

It should not be forgotten that NATO was an organization of sovereign states having equal rights. Its Secretariat was international (in other words, it received no instructions from any government at all). It had the right to take initiatives and to offer suggestions in preparation for the work of the Council which made all the decisions subsequently carried out by the Secretariat. Similarly, in the military field, the main Atlantic commands were international although this situation was somewhat complicated on account of the strategic part played by the Standing Group in Washington which received its instructions from the various governments and was accordingly multinational in nature (United States, United Kingdom, France).

What improvements could be introduced in this framework?

One of them related to the rule of unanimity which might be interpreted as follows: "No country may be forced to do anything which it does not want to do, even if all the others are in favour; no country may force the others to do what it wants". But there was a third aspect to this rule which might be expressed as follows: "No country may make it impossible for all the others to do as they wish should one country disagree with a given move". In this connexion, the speaker cited the precedent of OECD where the "rule of abstention" enabled one or two countries to state that they considered what the others wanted to do as being wrong but that they themselves would not wish to hinder them. A similar rule might be applied in the case of NATO.

Other improvements concerned what might be done to reconcile the requirements of the Atlantic commands with the resources available, having regard to strategic objectives and the gross national product and fiscal revenue of each country. Studies had been undertaken along these lines within the NATO Secretariat and revealed the necessity for a more satisfactory distribution of contributions including assistance from the wealthier countries to the less wealthy. Other supplementary studies covering the cost of each country's effort (army, fleets, airports, etc.) reduced to comparable units revealed considerable disparities between the European effort and the American contribution. It was essential to achieve "better expenditure".

While, therefore, it seemed desirable to establish a more equitable distribution of costs, it also seemed that a corresponding distribution of responsibilities should follow. Many members of the Alliance felt that two countries "did everything" and that their fate was therefore in the hands of those countries. This essential move towards shared responsibilities was necessarily linked to strategic problems and that was why a cautious and gradual approach was necessary, including a sort of "nuclear education" for certain countries (the Athens guiding lines and the Ottawa decisions concerning the creation of an inter-allied nuclear force represented interesting precedents in this connexion).

From this angle, the multilateral force project represented a desirable advance for both political and military reasons.

Finally, there was another field in which significant progress might be made, namely that of relations between the civil and military authorities within NATO. NATO's international personnel in Paris was purely civilian and had no military advisers. In principle, the necessary opinions should be given by the Standing Group and hence reach the Secretariat—when they were in fact given to the Secretariat which was not always the case—through the intermediary of the national political authorities. Generally speaking, therefore, the Secretariat could only give political opinions (and sometimes, therefore, no opinions at all!). It should be noted that the Standing Group was

informed of everything which took place within the Council but this information was a one-way traffic. Additionally, some of the information or opinions from military sources involved political aspects which had been neglected. It was therefore necessary to set up an appropriate system based on reciprocity.

Several European speakers and an American participant said that they felt able to support the adaptations of NATO structure suggested by the international participant.

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A French participant gave a detailed explanation and defense of his government's position on the problems under discussion. He differentiated between three separate fields:

- Europe
- the Atlantic Alliance
- the rest of the world.

#### *Europe*

The building of Europe had begun on the basis of six countries, not seven, and the speaker emphasized, even before 1964. In regard to the establishment of the Common Market, France had consistently taken an active part both before and after the return to power of General de Gaulle. But the French government did not wish this "Europe of Six" to be either protectionist or self-sufficient, as was evidenced by the Community's expanded trade with the United States and Great Britain.

The creation of a "political Europe", however, involved greater difficulties since we were emerging from a scholastic dispute in which the speaker felt that two concepts had come into conflict. He regretted that an opportunity had been lost on 17 April 1962 when the "Fouchet Plan" had been rejected, two of the partners among the Six having raised the "British pre-condition". Great Britain, however, did not seem ready to join a political organization of Europe and it was then that France and Germany had reached their agreement which should not be interpreted as a "Paris-Bonn axis" at the expense of the other partners nor as an effort to make Bonn "choose between Paris and Washington".

The dispute over supra-nationality seemed all the more artificial, said the speaker, in view of the fact that everybody recognized that stages were necessary. "A federation is a confederation which has succeeded".

For the present, more particularly because the "British pre-condition" was still being raised, we had to recognize that political Europe had come to a standstill without France being in any way responsible. After all, we were

on the eve of elections in the main countries concerned and this explained that decisive orientations could not be made.

#### *Atlantic Alliance*

France was unshakably faithful to the Atlantic organization, said the speaker who quoted observations by General de Gaulle on this subject. What was desired, having regard to developments since the epoch when the Pact was concluded-an epoch when America was the only country with the ultimate weapon and the means to deliver it-was an adaptation of the Alliance in the light of those developments, a "rebalance" of the Alliance whereby Europe would have a greater share in the responsibilities and decisions.

France had only decided to set up its own deterrent force after having tried in vain to have its position within the Alliance revised. A memorandum in this connection was addressed to the allies but had not received a satisfactory reply. After 1958 it was decided to speed up a process which had already been decided on. This was in no way directed against the United States. France was convinced that in 99.9 cases out of a hundred, she could count on America defending her, but no state worthy of the name could permanently rely on another for its defense. The French force was not meant to compete with that of the United States but was an addition to it, said the speaker, who used the example of an "emergency parachute". Although the MacMahon Law had prevented the French government from having access to United States secrets, France was ready to place her force if needed at the disposal of her partners and was ready as of now to join them in making certain studies (e.g., targeting). The French force obviously made no claim to be on the same scale as those of the United States and the USSR but "overkill" was not a particularly valid strategic concept. It was preferable to have a few bombs which could be used in case of necessity without waiting for the support-which might come too late-of allies who did not see the gravity of certain strategic situations in the same way.

This force, moreover, might become European when Europe acquired a political authority and a single European chief of staff. That might one day be possible but it was not the case today.

The danger of "proliferation" was often raised against the French force. In fact, this danger scarcely existed since the possession of a nuclear deterrent force was dependent on a variety of conditions (financial and technical potential, industrial substratum, raw materials and testing grounds) which not many countries could meet.

In these circumstances, why was France being criticized? asked the speaker who observed that his country was only following the path blazed by the

United Kingdom whose decisions had given rise to no such discussion. Even the Socialists, he went on, did not plan to abandon the British nuclear force if they returned to power so much as to combine it with the American force.

The French force was likewise criticized for relying on an "anti-town" strategy which was regarded as blameworthy. But a purely "anti-force" strategy could not hope to achieve complete destruction of the enemy's nuclear potential (if only because of the existence of submarines) and an "anti-town" strategy therefore became inevitable.

Finally, on a purely technical level, it was impossible to overlook the fact that the installation of a nuclear potential on European soil represented a source of benefit.

#### *Policy towards the rest of the world*

French policy, said the speaker, needed to be understood. It was untrue, as some people asserted, that that policy was aimed at undermining United States influence. If differences sometimes arose, no systematic plan should be suspected. It was simply because the views of the French government on certain situations were not the same as those of the American government and also perhaps because the interests of the two parties sometimes diverged as the American government had itself demonstrated in connexion with Indonesia, Algeria and the Congo. After all, it was as well in certain cases that alternative solutions should be found when the United States solution was not considered perfect. Nobody could believe in the infallibility of a single leader.

The speaker went on to outline the reasons which had recently led France to recognize the government of Peking (this part of his statement is summarized later, see page 46).

In regard to Latin America, the interest which France displayed in that part of the world was due to the close relations which had always existed between Latin America and Europe and to a certain common heritage, the roots of which lay more especially in both the Catholic religion and the traditions of the French Revolution. French relations with Latin America were thus easier than those of the United States. Moreover, in the face of developments which were in many ways disturbing, it was a service to the free world and to the United States itself to ensure that a European influence more and more replaced American influence, said the speaker, who recalled a remark made to him personally by the late President Kennedy, namely that, in the interest of the free world, Europe should concern itself to a greater extent with Latin America. We have no wish to ward off influences, said the speaker, on the contrary we want to encourage them and there is no question of wishing to enter a "game preserve". Moreover, there are no longer any such preserves

in the world today and it is better to have partners rather than adversaries move in.

The speaker also considered that the United States position as regards Cuba might well fail to be borne out by the facts. Castro would be more and more in the hands of those who supplied Cuba and increasingly came to look like a victim in the eyes of Latin American opinion.

In concluding his statement, the speaker said he was convinced that current divergencies would not endanger the Atlantic Alliance or Franco-American friendship. It was simply that the "bi-polarity" of the world (United States-USSR) was gradually giving way to multi-polarity and it was desirable that the Alliance and its main leader should take this into account. It was nonetheless a fact that the allies were all, for better or worse, in the same boat and, however sharp, their discussions could fairly be compared to those which occasionally arose between members of the same family.

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Several points from these observations were taken up in the discussion which followed. Although a number of speakers dealt with the various sectors together, three main centres of interest could be singled out in the various comments forthcoming:

- improved operation of NATO and its defense arrangements, with particular reference to the problems of shared responsibilities, the advantages and disadvantages of the multilateral force project ("MLF") being examined in this connexion;

- the problems of European political unity;

- the general evolution of the world, the attitude of the West towards Communist countries (speakers dwelt especially on the Chinese problem) and towards the unaligned nations in the political field.

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Referring to the attitude of the French government towards defense, a German participant expressed the view that it created a conflict not only between Europe and the United States but also between the present French government and its allies, not to mention certain sectors of French opinion which did not share the governmental views. He recognized that some of the arguments now used by the French government had previously been employed by the British government but the situation had changed since the 1950 decade, at the beginning of which the United States had enjoyed a nuclear monopoly.

Since that period, the USSR had acquired a complete range of weapons and missiles and the West had to be equipped to face threats of varying degrees. This was apparent in Berlin but the Cuban crisis had perhaps played the most important part in this respect by demonstrating the danger of recourse to the ultimate weapons. Moreover, even if the political construction of Europe had now been brought to a standstill, the fact remained that that continent had experienced an unprecedented economic advance. While this implied a new distribution of tasks and responsibilities, it was nonetheless true that the defense of Europe was a joint undertaking which, for a variety of reasons (space, technology, finance), necessarily lay within the Atlantic framework and included participation by the United States and the United Kingdom. No member of the Alliance could by itself possess all the necessary means of defense but, conversely, all the available means should protect each and every member and this must guide the joint determination of a strategy which left some other alternative to capitulation or suicide. For every sort of threat, there had to be a response which would enable us not to destroy any more of our national soil than was necessary in order to halt aggression. Our strategy, he contended, should have three objectives:

- to maintain peace by discouraging aggression;
- to provide for our defense if deterrents failed;
- to prepare for our survival after any conflict.

Since the American nuclear monopoly was a thing of the past, partnership had become essential. If the European allies did not feel that they were sharing the efforts and responsibilities involved, national trends would be encouraged and, whether this led to a "proliferation" or to an independent European force, it was Germany which would be threatened with destruction.

At the same time, the "credibility" of our deterrent necessitated that there should be only one centre of decision. What was needed, therefore, was joint strategic planning (including, as far as the study of objectives was concerned, an agreement between the allies on the deployment and equipment of forces and on the logistic infrastructure) and likewise solutions based more completely on a "community" system for the development and production of modern weapons which would ensure a proper division of labour between the partners and which would exclude national monopolies. Any other solution would be incompatible with a genuine partnership. But this meant that there should be a steadily increased integration in the future, likewise including our American friends, said the speaker, who added that, in return, Europe could share the American burden and responsibilities in the rest of the world.

Who should take the decisions needed in the event of war? It should not be forgotten that, because of the defensive nature of our Alliance, these would

be retaliations and the speaker singled out several basic hypotheses. A nuclear attack involved a nuclear retaliation. In local frontier conflicts, the forces on the spot would be able to react immediately without a nuclear response being involved. In the other cases, the possible circumstances could and should be jointly examined. If an instantaneous nuclear retaliation were essential, the decision should be made by the authority best situated to do so, i.e., the President of the United States of America acting, however, as the trustee of the Alliance in applying rules previously agreed on jointly.

The speaker considered that the multilateral force project (MLF) represented a "second choice". If the MLF were decided on, however, it would be essential to avoid applying too many resources to this at the expense of conventional forces since we would thereby weaken our defensive position for the reasons already mentioned. The MLF project would enable the United States potential to be steadily integrated in such a force and this was necessary to prevent European isolation, said the speaker, who added that the idea of an independent European force was backed precisely by those who rejected integration and the political institutions which it implied. For the moment, it was better to have a lesser influence over the whole of American potential than to exercise a firm control over an insignificant fraction of that potential.

After all in regard to the example given by England and France, the other European allies would not in the long run accept relations which those countries rejected as far as they themselves were concerned vis-à-vis the United States. Germany did not wish to possess its own atomic weapons, said the speaker, simultaneously observing that the younger generation in Germany which had not had any experience of Hitler would never understand why their country should be kept in an inferior position to its European neighbours.

The need for some political integration within the Alliance was taken up by other speakers whose opinions varied as to the merits of the multilateral force but who opposed the idea of any cleavage leading to "continentalism" on either side of the Atlantic Ocean. Among those who argued along these lines were a Canadian participant, a Netherlands and an Italian participant and a Norwegian speaker who pointed out that the existence of nuclear weapons was one of the main factors which demonstrated that some aspects of national sovereignty were out of date. The same participant, and an American speaker, expressed interest in the possibility of abandoning or, at any rate, modifying the rule of unanimity in NATO and appealed to the French government to increase its participation which was essential to the work of that organization.

In this connexion, the American speaker referred to the difficulty experienced by his government in replying to the French government's 1958 memorandum mentioned earlier. After pointing out that, contrary to what is sometimes

alleged, a long and carefully considered reply to that document was provided by President Eisenhower, the speaker observed that the government of the United States did not feel it had the right to assume that any single government in Western Europe, no matter which, had been chosen as spokesman for all the others.

The Canadian speaker quoted above particularly stressed the disadvantages arising for the Western camp from its lack of unity and emphasized that, as things stood, all efforts should be aimed at integrating the means available to each country since it would be illusory to imagine that our salvation could lie in national strength alone, just as the concept of national sovereignty could not provide the basis of our Alliance. This naturally implied that the Alliance should be considered as the property of all its members and not merely of the most powerful, and it was for this reason that steps taken in this direction were valuable and necessary.

The real disagreement, said a British speaker, lay in Europe and, in this connexion, he criticized General de Gaulle's policy which made European unity illusory and hence encouraged Communism. Before aiming at a highly desirable synthesis between French and British policies, we must recognize the differences of principle which divided them and which, unhappily, seemed to be irreconcilable if the speaker was right in thinking that the General wanted a "Europe of Six" headed by France relying on its national strike force and supporting the Alliance with America for its security but rejecting any principle of transatlantic interdependence.

Various views were put forward during the discussion in regard to the MLF. None of the speakers regarded it as perfect but several of them emphasized that its employment would make it possible to avoid major disadvantages for the Alliance and even that it offered genuine advantages. Other speakers, however, raised serious objections to the project.

A British participant, for instance, considered that it would be a waste to switch considerable funds away from conventional forces, exacerbating at the same time psychological reactions among the public towards nuclear armaments. The speaker did not believe that the MLF could constitute the beginning of European control over the United States nuclear force. He recognized that a British decision to give up independent control over its nuclear weapons and to integrate them in the Alliance's potential would facilitate solution of this problem by changing the psychological context. Similarly, the Norwegian participant quoted above expressed the fear that the project would rapidly lead to a deadlock. An Italian speaker referred to the existence of large Communist parties in certain European countries and feared that the MLF might seem to encourage further nuclear dissemina-

tion and hence might look like a step taking us still further away from disarmament. Would the MLF extend the control exercised by the European countries? The speaker further remarked that new governments had recently been formed in the German Federal Republic and Italy, that elections in the United Kingdom would shortly take place and that the new government would certainly not be the one which had originally accepted the MLF project. It was essential to recognize the significance of this chance in Western Europe's governing class, said the speaker, and he advised a certain caution in view of this new element. The struggle was not taking place on a purely military level, he pointed out, and in countries like Italy where a certain political instability at present prevailed it was extremely important to combat Communist influence on public opinion. After all, the idea of the MLF was due to a sort of "question of confidence" in regard to the United States and a fear that that country might not act as a genuine trustee.

Was it really necessary to present the problem in this way and would it not be better, in agreement with the Americans and on the assumption that the atomic monopoly was a reality, to examine the possibility of a more satisfactory division of responsibilities without creating "intermediate realities"? Another Italian participant quoted earlier observed that the MLF, in the view of three political parties in his country, offered the only alternative to the nuclear force. Speaking along similar lines, an American participant expressed the opinion that the political disadvantages of the MLF would outweigh its technical advantages by reviving anti-American and anti-nuclear feelings in the West. The speaker added that agreement must first be reached on control and thereafter on nuclear weapons themselves since it was a political and not a technical question which was involved. A British participant hailed the MLF as representing an honourable effort—all the more so since no other proposal had been forthcoming—but one which might raise insoluble problems regarding its control. The speaker asked whether the project really met the wishes of the allies and, more especially, the Germans. He said he understood the French use of the same arguments previously employed by the English to justify their strike force but wondered whether the French might not have the same experience as the English, many of whom were now asking whether the national nuclear force was within the country's financial and technical possibilities. It might be better to seek improved co-ordination or even a genuinely integrated control of all the means at present deployed in Western Europe with particular attention being paid to the naval sector. Experience had already shown, said this speaker, that consultation between allies was most effective when concerned with specific questions and as far removed from theory as possible. Moreover, he added, it might be reasonable to fear that

the MLF would be considered as a new factor in nuclear dissemination and an addition to national forces which did not thereby do away with those forces.

The project was hybrid in nature, according to a Netherlands participant who said that his government preferred it to a proliferation of national forces but was afraid that it might look like a cover for a bi- or trilateral force or like a veil discreetly covering German atomic rearmament and that it might open the way to a new and dangerous political crisis. In view of the distrust which the creation of the MLF might arouse on the part of the Soviets, would it not be possible for the Americans to find a solution free of the implications which the speaker apprehended? After all, the MLF was of doubtful military value and might well involve the participants in heavy additional expenditure. It could not replace the integration and partnership which the speaker would wish to see.

The MLF was certainly not the ideal solution, said an American participant, but it must be remembered that the United States had not launched the idea in its own interest but because nothing better had been found to meet its partner's deep desire to exercise increased control over the Alliance. In drawing up the plan, America had not acted single-handedly but in cooperation with its partners out of a desire to satisfy political and psychological needs. The difficulty derived from different estimates not only from country to country but also within individual countries as to the means required for the purpose.

It was because the project represented a new stage in nuclear control by all the allies that the government of the Federal Republic had received it favourably, said a German participant who thereby voiced his agreement with the other German speaker already quoted. Along similar lines, a British participant took the view that the MLF could constitute a starting point based on genuine possibilities so long as it did not go beyond the framework of the Atlantic Organization.

Another British participant, already quoted in connexion with the MLF, put forward certain views based both on strategic considerations and on the present political situation. It was true, he said, that the prospect of a nuclear war was the least likely eventuality at the present time and no European country, including the United Kingdom, could afford to face the USSR single-handed in this field. But there was a sort of conflict between the fear of seeing deterrent strength concentrated in the hands of a single power on the other side of the Atlantic and the need for that power's European allies to feel secure no matter what happened. This psychological problem was still further complicated by the fact that many people considered a missile equipped with a nuclear warhead of several megatons as a sort of "symbol of virility" in the nuclear age.

The speaker shared the opinion of a German participant that the Germans were unlikely to forego possession of nuclear weapons for ever if the United Kingdom and France continued to claim the right to have such weapons. But, added the speaker, while it was essential for the Alliance to have a highly mobile conventional force in order to deal with any conflict which might occur "accidentally", it might be wondered whether it was desirable to increase our forces in Western Europe and thereby perhaps impel the Soviets to strengthen their pressure on the countries of Central Europe. On the other hand, should it prove possible to reach agreement with the Soviets on "freezing" the existing balance of both nuclear and conventional power in Europe—naturally accompanied by adequate control—not only would our own security not suffer but more favourable conditions might thereby be created for a better development of the situation in Central Europe and a settlement of the German problem.

Reflecting the preoccupations expressed in his country, one of the German participants already quoted emphasized the extent to which Germany, deeply and permanently conscious of its division, was attached to NATO and the protection offered by the United States. It was for this reason that Germany was so keenly aware of the fact that there did not seem to be any unquestioned strategy in respect of Central Europe. At what point did the "threshold" lie which would unleash the use of the various weapons? How was it calculated in respect of tactical atomic weapons? What would happen to the anti-force strategy if the Soviets succeeded in making their reprisal forces invulnerable? It was not felt in the Federal Republic that there were any differences between American strategy and European needs which could not be reduced. But it was becoming urgently necessary to clarify these as soon as possible so as to avoid a growing wave of suspicion, however unjustified.

It was for this reason that all decisions (not only the MLF project but also the approaches laid down in Ottawa and Athens) intended to give non-nuclear nations a share in the preparation and control of nuclear strategy had been welcomed in Germany. It was also for this reason that Germany did not look favourably on national nuclear forces since, apart from the fact that they were neither effective nor invulnerable nor credible, it was feared that they would encourage the United States to reduce its efforts in Europe. Additionally, if certain European powers were to enjoy a preferential status, the very notion of European union would be endangered.

However important the strategic problem might be, said this speaker in conclusion, it must ultimately reflect a joint policy of the NATO countries. That was why the lack of mutual consultation over recent years within that organization was extremely serious, as shown by the "Three Wise Men" in 1956.

Equally serious was the fact that there was less and less question of partnership between Europe and the United States.

Echoing this participant, an American speaker emphasized the extent to which the growing inadequacy of the Alliance's operation exercised a harmful effect on both American public opinion and its representatives in Congress, more especially when it was a question, on a budgetary level and on the level of general policy, of voting measures to enable the United States to play its world-wide part (e.g., in respect of aid). In regard to the role of trustee in deciding on the use of the nuclear force, which several previous speakers had wished to see entrusted to America, it would be desirable for the allies to submit more detailed proposals to the United States on this question, specifically in connexion with the means of mutual consultation involved.

The speaker concluded by expressing his deep regret that certain people, and especially in France, seemed to question America's fidelity to the Alliance and her determination to defend Europe. He emphasized that nothing since the Alliance had been in existence justified the slightest confusion on this point.

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In the course of the discussion, several speakers discussed European integration, emphasizing present difficulties and the importance of this problem for the survival and impetus of the Alliance, having regard more especially to the requirements of a genuine partnership.

One of the German participants already quoted stressed that the Franco-German Treaty should be considered as a fortunate development on condition that it was not envisaged as excluding the two countries' allies. The Germans regarded a European community without France as inconceivable just as European defense without the United States would be. The speaker went on to make an urgent appeal to prevent proposals for political unity from signifying a weakening of existing community institutions. A political community should not be a sort of "higher court" to which governments could appeal against the decisions of those institutions, he said, and he emphasized the extent to which the community spirit which inspired the six countries was embodied in the EEC Commission.

A Netherlands participant, quoted above, considered that the failure of the Fouchet Plan in April 1962 was due not so much to the "English pre-condition" as to the determination of the French government not to accept a concept of political union which, while based on national sovereignty, retained the possibility of future integration. The English, moreover, had expressed their willingness to accept all the political responsibilities implied by their entry



into the European community. He went on to say that the "Six" did not alone represent Europe and it was for this reason that the Netherlands would be ready to contemplate a broad organization based on the principles of the Fouchet Plan on condition that it was open to all, but would not consider such an organization restricted to the six countries unless it involved the possibility of a greater degree of integration.

An Italian participant and a Belgian speaker spoke along similar lines, the former pointing out that Italy had been ready from the beginning to enter a European political union having a supranational basis. But the problem arose of this basis proving unacceptable to the United Kingdom whose participation in European construction was considered necessary. In these circumstances, Italy had been greatly surprised to see steps taken in such a direction and even the Franco-German agreement signed without the question of English participation in European construction having been settled first. The speaker observed that, if the Fouchet Plan had been accepted, the disagreement between the French position and that of its allies would have been all the more marked during the exchanges of views which application of the plan would have involved, a state of affairs which would have been extremely harmful. The Belgian speaker explained his country's position and emphasized that only a new institutional balance going beyond mere intergovernmental cooperation (which had been successfully initiated as early as 1947 with the Marshall Plan and OEEC) and in which the higher interest of European construction would prevail over national interests could provide the smaller countries with the guarantees they needed. An inorganic political structure would not insure a balance between the Six and would continue to be a burden on community institutional operations as established in Rome.

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Several of those participants who advocated greater political integration within NATO simultaneously urged that the organization's competence be extended to world problems in relation to the cold war. Most of the speakers hoped that, in any case, the West would adopt a more unified attitude towards those problems. Certain speakers, however, emphasized that some diversity of opinion was not necessarily harmful, more especially in that it facilitated the adoption of "alternative solutions" in the event of a setback. Among the problems affected by these considerations, particular reference was made to China and Southeast Asia and the relations established by the French government with Latin American countries were likewise mentioned.

During discussion of the first item on the agenda, a Danish speaker had expressed the view that China's isolation might provoke dangerous difficulties

in the future, both because of the growing importance of that country on the international scene and because of the need to induce it eventually to respect the rules deriving from its admission to the family of nations. Conversely, an American participant, in outlining his country's policy, warned the meeting of the grave dangers which might arise from recognition of Communist China and its admission to the United Nations, developments which would weaken the free world's resistance and which many undecided nations would regard as a reward for China's aggressive and subversive policy in many regions of the world, particularly India, Korea and Vietnam. The only thing which might induce Communist China to change its attitude, said the speaker, would be to recognize its sovereignty over Formosa as well and this was not acceptable to the free countries.

A French participant, already quoted, explained his government's recognition of Communist China as follows: China, he said, was henceforward following a policy of independence in regard to the Soviet bloc and certain problems could not be solved without taking its position into account. Specifically, China was a factor in any political solutions for salvaging what could be still salvaged in Southeast Asia. Moreover, a country's development could not be changed by ignoring that country's existence.

After recalling the ties, historical and otherwise, between his country and France, an American participant said that it was precisely in order to save Southeast Asia as a whole from the Communist grasp that the United States had decided on an uncompromising line of defence in South Vietnam which was considered as the symbol of the preservation of liberty and democracy in that part of the world. If South Vietnam was lost, it would not be only Burma, Thailand and North India which would be threatened but also Australia and New Zealand. Nor should we forget, said the speaker, the vital role played by the Chinese in many sectors of Southeast Asia's economy and hence the importance of their allegiance to a non-Communist regime.

In line with this statement and that of a Canadian participant who favoured uniform reaction by NATO member countries to various situations and who had asked whether France intended to use its growing influence within the framework of the Alliance or outside it, an American participant referred to the serious apprehensions occasioned in his country by the French attitude towards Peking and Vietnam. He asked whether this attitude was intended to create an appearance or to bring about an actual change in the situation. This was a question of a general nature but the latter eventuality would be extremely serious if applied to a field of action in which the United States had committed all its strength with no thought of compromise. It would be important to have some reassurance on this point from the French.

At the end of the discussion, a French participant, while recognizing the extent of the obstacles to be overcome, defended the idea of a final neutralization of Vietnam. The situation in that country, he said, had steadily deteriorated for eight years past and the Americans had been no more successful than the French in imbuing the population with a national determination to defend itself. There were only three possibilities for the West:

- to withdraw purely and simply. The speaker rejected this possibility out of hand as disastrous and implying the danger of Communist expansion throughout Southeast Asia;
- as in Korea, to send two or three hundred thousand men to fight in Vietnam, which would be much more difficult;
- to try and achieve some measure of neutralization, to create a sort of "free zone" in which neither China nor the West would introduce their quarrel, a fully independent state based on an international guarantee and provided with means for achieving economic prosperity which would make it a centre of attraction, especially for the North. This could only be done step by step and would certainly not be easy, but the longer we delayed taking that course the greater the difficulties which would be involved, according to this speaker, who added that he saw no other possible solution.

Expanding the geographical framework of the discussion, certain speakers expressed widely divergent views on the attitude of the West towards the unaligned nations as a whole.

A British participant said it was unfortunate that the Western nations were not in a position either to give additional aid to their allies on other continents faced with their own problems (e.g., Pakistan, a member of SEATO, as regards Kashmir) nor, through mutual support, to cope with changing situations in which the immediate threat did not consist solely of aggressive Communism as such but of explosive circumstances which the Communists were only too happy to exploit for their own benefit and which they did exploit methodically. The speaker went on to say that, in these circumstances, it was essential for the European countries to support the United States (e.g., in the Cuban conflict) and for the latter in turn to support its allies wherever those allies were committed. What was needed was a system of security on a world-wide scale, with individual approaches sacrificed where need be.

Comparing the situation to a game of bridge where the players were using different calling systems, another British participant nonetheless took the view that certain improvements had taken place, at any rate between his country and the United States, as could be seen in the Middle East, Africa and the Far East.

A French participant explained his government's position by situating it in

the psychological context. In the face of a threat which was essentially ideological, allowance must be made for human beings and their feelings. It was important for people to feel involved, to see that their own interests were taken into consideration. The people of the unaligned nations had a different psychology to our own and our patterns could not be applied to them. As far as they were concerned, it was not political freedom which counted but economic freedom. Such phrases as "capitalism" and "free enterprise" meant nothing to them and it was only on the basis of their own intellectual patterns, which had nothing in common with ours, that they could resist Communism. We must therefore avoid committing the same blunders as in the case of Chiang Kai Chek or Bao Dai and now Cuba.

The very divisions of Communism might be of service to Communism where such peoples were concerned, said the speaker, by enabling it to show three different faces, depending on the countries it was dealing with: Khrushchev for the industrialized peoples, Tito for the semi-developed peoples and Mao for the peoples "in rags". It was as well, therefore, that the free world should show flexibility and should also be able to offer a certain difference of aspect, said the speaker, taking as an example France's influence over the more radical leaders which strengthened the free world's capacity for resisting Communism.

These views were contested by an American participant who considered that the world had remained "bipolar" and that many countries—particularly by acting or threatening to act unilaterally—tried to derive some advantage from that bipolarity. The speaker regretted that his own country had sometimes acted independently in relation to the unaligned nations and that this had been harmful to the Alliance. But it had to be recognized that none of the nuclear powers could afford a fundamental change in the balance of power. This fact outweighed all other considerations and explained that the "neutral" countries were sometimes protected by the United States as efficiently as its allies (India, Pakistan).

It was essential, said the speaker, to consider together the main problems (disarmament, underdeveloped countries, etc.) and to decide which ones necessitated a unified diplomatic position and which ones could be approached with a greater degree of flexibility. But in any case, he concluded—echoing a French participant who had regretted the policy of the "fait accompli" followed by his government—it was necessary that a thorough discussion should first take place between the allies.

At the end of the discussion, another American speaker regretted a certain passivity displayed by the free world (more especially in failing to exploit the Sino-Soviet breach), a passivity which was aggravated by the appeal of

"peaceful coexistence" where public opinion in the Western countries was concerned.

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In the course of the discussion on Western unity, a Canadian and a British participant bitterly regretted that no solution to the Cyprus problem had been found within the framework of the Atlantic organization and that the West had been obliged to allow third parties to intervene in the conflict and Communist propaganda to stir it up for its own ends. A Turkish participant put forward a certain number of views on this problem which he described as a test for the Alliance.

The agreement reached in 1960, he recalled, represented a compromise between parties having divergent interests: in exchange for independence and abandonment by the three contracting parties of their rights over Cyprus, a constitution was adopted which guaranteed that the rights of the Turks as a community on the island would be respected. Archbishop Makarios, however, although he had signed this constitution, had made it inoperable. His activity was aimed at the extermination of the Turks and relied on four factors:

- the Turks' limited means of defense;
- the support of the USSR;
- the support of the present Greek government;
- the allies' egalitarian approach which induced them to treat both parties on the same footing and to do no more than preach moderation.

As far as the first factor was concerned, said the speaker, the NATO allies could do a great deal by guiding the forces engaged in preserving order and by preventing Makarios from encouraging massacres.

In respect of the second factor, it should be remembered that Archbishop Makarios could become a second Castro and that the USSR would be only too happy to gain a footing in the Mediterranean.

Concerning the attitude of the Greek government, the speaker recognized that it would find it difficult to make any open criticism of Makarios. It could, however, bring pressure to bear on him to respect the treaties he has signed. It was unfortunate that that government threatened to withdraw from NATO unless Archbishop Makarios' position was upheld.

As far as the allies were concerned, they in turn should bring pressure to bear on the Greek government in order to induce it to display moderation instead of treating the innocent and the guilty on the same footing. Only if Archbishop Makarios were prevented from persisting in his terrorist activity could future solutions be looked for, said the speaker, who concluded by emphasizing the danger of creating a precedent harmful to the unity and effectiveness of our Alliance.

## THE CONSEQUENCES FOR THE ATLANTIC ALLIANCE OF RECENT DEVELOPMENTS WITHIN THE WESTERN WORLD

### *Economic*

- 1- recent developments in the Common Market notably in relation to agriculture and their impact
- 2- U.N. Conference on trade and development, GATT/Kennedy Round.

Prior to the Meeting, participants had received a note mainly dealing with the agricultural problems which had been prepared by an international participant who put forward a certain number of supplementary considerations during the session. The discussion was likewise introduced by an American participant who reviewed certain current aspects of GATT, the United Nations Conference and the negotiations known as the "Kennedy Round".

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In a preamble to his note, the author put forward certain general observations. He observed that partnership simultaneously implied a determination to defend our own position and a recognition of obligations towards the outside world. In this connexion, it might be considered regrettable that present demands for equality were mainly concentrated on nuclear weapons; the non-military aspects of the partnership deserved closer attention. How could we achieve an Atlantic concept which offered a satisfactory internal solution while taking equally our obligations to the non-Atlantic world into account?

The first point to be noted was the lack of harmony between economic policy in general and agricultural policy in particular. One of the first tasks, therefore, was to fit agriculture into overall economic policy. Agriculture had by no means lagged behind the general economy in respect of output since, in the Western countries, the proportion of farm workers in the total labour force had dropped from 80% to 10% or 15% while production had increased many times over. But this state of affairs had given rise to social changes which had in turn provoked strong resistance among those concerned. At the same time, considerations of national strategy had encouraged autarkic situations which isolated the agricultural sector from world competition.

It was for these reasons that agriculture had been almost automatically excluded from international agreements. Even in the EEC, those who drew up the Treaty had left to the Commission the task of putting forward proposals on policy within the first two years of the transitional period. The Commission was therefore confronted with the following alternative:

(a) It could try to harmonize the miscellaneous solutions adopted by the six countries which would mean adopting a negative attitude towards the rest of the world as national agricultural policies had done (licences, quotas, compulsory deliveries, state trading, etc.).

(b) It could formulate a common agricultural policy by seizing this opportunity to try and fit farm policy into the general economic policy, thereby giving agriculture a place in the world-wide economic order which was already taken as a matter of course in the case of the industrial economy.

The Commission preferred the second alternative. The key factor in this policy consisted of applying simple means: the patchwork of state trading practices had to be replaced by a system of variable levies comparable to the variable duties in respect of tariffs for industrial goods. The difficulties involved in this proposal gave rise to conflicting anxieties: within the Community, there was a fear that agriculture would be exposed without any protection to every form of fair or unfair competition; outside the Community, there was fear of a self-sufficiency which would exclude non-Member countries from the Community's internal market.

One of the real difficulties to be confronted was that the transition from separate agricultural policies to a concerted agricultural policy must take place simultaneously with the formulation of a joint intra-Community agricultural policy. The author of the note refused to accept that there was any contradiction between the two tasks although he did not attempt to conceal the difficulties. We were negotiating with other countries, he said, as if we were already a fully-fledged community whereas we were actually involved in a difficult process of internal harmonization: we had to apply the levy system among Member States of the Community, gradually reducing these levies until 1 January 1970, so as to facilitate alignment of those Member States on a point which was the subject of much controversy, namely prices.

On the intra-Community level, prices that were too high might produce the threat of an autarkic development but, at the same time, a "fair" price must not be achieved at the expense of the present generation of farmers. The Kennedy Round would be the occasion for a grand confrontation of these two obligations in the Atlantic area.

Accordingly, the Community would need to know the price of the major agricultural products. It would have to be prepared-and was prepared as a

result of the Meeting of the Council of Ministers on 23 December 1963—to bind the support given (the difference between the Community price and the world market price) with a requirement that the other parties reciprocated. Any alteration of the support given would then be subject to GATT rules as in the case of industrial products.

The dangers of this new procedure should not be underestimated. Within the Community, they concerned the fixing of a price to give reasonable and justifiable protection to agriculture while avoiding the risk of autarky. If the best elements within the Community were trying to find solutions acceptable to the Atlantic partner and the rest of the world, it was nonetheless essential, the author of the note emphasized, that that partner should be conscious of the importance of those efforts and of its own responsibilities. If the negotiations failed, it would be a double failure: our agriculture would not be fitted into the rest of the economy and an Atlantic policy for agriculture as a contribution to the solution of the agricultural problems of the "third world" would not be possible.

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At the beginning of his statement, the American rapporteur emphasized that the scope of the Kennedy Round far exceeded a mere bilateral discussion between the United States and the Common Market, in view of the trade links established by the former with the Member Countries of the European Free Trade Association, Canada, and Japan, to mention only the most important.

Some of the difficulties due to arise could not yet be identified, said the speaker, in view of the fact that discussions had so far only covered procedure. On the other hand, it would be a mistake to imagine that the interests of the United States ran counter to those of the Common Market. A certain uncertainty might effect negotiations because of the fact that the Powers of the EEC Commission were not clearly laid down after 1966.

Among the difficulties already apparent, primary attention was paid to agriculture. But others had arisen, more especially the problem of disparities between tariff levels for similar positions, which likewise affected the third parties who were the main suppliers of the Common Market in respect of some of those products.

The Trade Expansion Act, which laid down the framework of the American positions, made important exceptions for certain strategic goods (e.g. oil). If other countries likewise excepted certain goods, difficulties might result and special formulas should be found for the settlement of specific cases and this would take a certain time. It must be hoped that such exceptions would be reduced to a minimum.

Non-tariff barriers formed another problem. For both American exporters and those of other countries, this problem which was sometimes bilateral in nature and sometimes multilateral, was of great importance in respect of certain products. A special sub-Committee was working on the question. It was very possible that the solution of these various problems would ultimately require a "package deal", in which, having regard to political considerations as well, each country would try and achieve a reasonable degree of reciprocity in maintaining certain protections.

One of the thorniest problems, said the speaker, was the problem of the underdeveloped countries and he referred to the discussions which had brought 118 nations together in Geneva. The foreign trade of the underdeveloped countries in the last three years had dropped to between one third and one fifth of world trade despite a general trade increase. In the face of the understandable discontent of those countries, it would be a serious risk for the West, because of basically political considerations, to dangle hopes before them which it could not satisfy.

Some of the underdeveloped countries had even reached the point of requesting generalized preferences, citing as precedence, those granted in the Commonwealth, the Common Market and Philippines. It must be borne in mind, however, that the more advanced countries would not be able to demand strict reciprocity on the part of the underdeveloped countries which could fall back on GATT rules to maintain certain protections.

Reverting to the problem of agriculture, the speaker emphasized that this had a political significance in almost all countries. The United States, more than a quarter of whose exports to the Common Market consisted of agricultural products, was somewhat concerned over the line developing within the Common Market since this might well prove protectionist for a number of reasons. Would the amount of variable levies, which was basic to the Commission's plan, be sacrosanct? To what products would it apply? Which products would be "negotiable" and which would not? Furthermore, the United States was obliged by the GATT rules to extend certain exemptions from duty and it was reasonable to ask what compensations it would obtain in return. There was a fear that the Community would adopt a policy of "fait accompli" which would be an obstacle to any genuine liberalization.

Ultimately, said the speaker in conclusion, the Kennedy Round could not succeed solely through the efforts of technicians; success could only be achieved by firm political decisions by the highest authorities, fully conscious of the necessity for the union and cohesion of the free world.

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The author of the note was the next speaker and submitted a certain number of supplementary observations and clarifications:

The most important problem at present confronting the EEC in respect of agriculture was the fixing of European prices for basic products, more especially cereals. Two reasons were paramount: on the one hand, farmers must begin to adapt their output in relation to those prices (in this connexion, the speaker regretted the unduly high level of German prices and the resistance to any lowering which was revealed by a recent resolution of the Bonn Parliament); on the other hand, the existence of those prices was essential to the Kennedy Round negotiations in order to play the part already played by the joint outside tariff in respect of industrial products.

What could the EEC propose, asked the speaker, and in order to demonstrate the difficulty of the problem, he observed that neither GATT, nor FAO, nor even the OECD had ever found a solution to agricultural problems which were still shaped by national policies. What should be proposed was a consolidation, a "freezing", of the maximal global protection granted by the EEC to each of the products involved and this should be done by reference to a world price, having regard, on the one hand, to that price and on the other to the farm price within each country. The way in which this protection might be carried out was of little importance; what mattered was the total amount (a difficulty arose from the fact that GATT only dealt with tariffs and not with other forms of protection). But this presupposed approaching the problem on the international level so as to fix a reasonable reference price which, having regard to transport and other costs, could be calculated at whichever price permitted unsubsidized exportation by countries having a rational production; thus, the Common Market's variable levy could be fixed and would become a normal tariff; at the present stage, it was variable because of the conditions of the world market and because it was a question of obtaining fixed prices within the Community where quantitative restrictions had been abolished.

The speaker strongly urged that we should take account of the underdeveloped peoples' desire to raise their living standards through increased exports. In 1962, exports from such countries amounted to a total of 20 billion dollars, 12 billion being in the form of agricultural products. Expert calculations, however, had shown that the more advanced countries' capacity for absorbing agricultural goods was limited to 18 billion. If we were to take the relatively modest goal of increasing the underdeveloped countries' exports to 50 billion by 1980, it would therefore be essential for their industrial exports to quadruple within that same period.

In the Kennedy Round, therefore, the Western countries would have to resist the temptation to conclude an arrangement which only concerned

themselves and would have to bear in mind the necessity for doing something in common on behalf of the third world in the form of co-ordinated proposals of a preferential nature, even extending to cancellation of customs duty for manufactured goods.

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In the discussion which followed these statements, most of the speakers dealt with the three main subjects previously discussed—agriculture, the Kennedy Round and the Geneva Conference—together.

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What positive guarantees could the European Economic Community grant countries exporting agricultural products, asked an international participant who, while recognizing the constructive nature of the proposals put forward, expressed a fear that traditional trade channels might be disturbed if the Commission's policy were to stimulate too strongly the Common Market's agricultural output. Exporters of agricultural products in other countries would do well to take this into account. There were very important opportunities on the political level, e.g. Poland had approached the Western countries on the occasion of the Kennedy Round in order to increase trade with those countries even in the face of Soviet opposition.

Stressing the fact that EEC decisions on agricultural prices would necessarily take on a political aspect—since, in this field, one could not rely solely on the law of supply and demand—a Danish participant expressed the fear that unduly high prices would encourage over-production and this would prevent a rational division of labour on the international level. The costs of the operation would be partly borne by the budgets of the protecting countries (the speaker particularly referred to Germany) but also by farmers in other countries which produced rationally.

The speaker asked what mandate had been given on this point to the EEC Commission in respect of the Kennedy Round. Was the level of prices un-touchable or could it be negotiated? The speaker recognized that global protection could be taken as a basis but could such global protection be renegotiated in the event of a shift in world prices? If rigidity were the rule in these fields, he said, the Kennedy Round would have little chance of succeeding in the agricultural sector.

A British participant expressed similar apprehensions. The long and short of it was, he said, that the supposed projects of the EEC involved three dangers:

- would they really guarantee access to exporting third countries?
- would they not encourage excess production in Europe itself?
- would they not ultimately lead to an increase in world surpluses?

It might be asked whether the variable levy system was the best available, said the speaker, who added that the British system revealed more clearly the cost to the Community of the protection granted to each sector. He concluded by saying that, instead of incorporating agriculture in the world liberal framework, the Commission's approach might result in confining the problem of world food products within the limits of the Common Market's own policy.

An American participant, who had insisted that agriculture should be included in the Kennedy Round, considered that in fact it was impossible to say whether the system proposed by the EEC was good or bad in itself. Everything would depend on the use made of it, in a protectionist direction or a liberal one.

Answering certain speakers, the author of the note observed that, having regard to the transitional situation in which it was placed, it was difficult for the EEC to give its Commission an absolutely precise mandate in respect of prices. Examination of the level of protection granted offered a basis for negotiation which was both more flexible and more effective. Additionally, the EEC would probably be ready to re-examine the effects of the measures adopted with all those concerned, e.g. every three years.

A Netherlands participant stressed the difficult position of the EEC Commission confronted with "six angry men", the Ministers of Agriculture in the Member Countries who were, in turn, under pressure from farmers who sometimes considered that their customers were governments rather than the consumers themselves. This led to overproduction, especially as regards cereals, which was certainly not economically justified. The speaker did not suggest leaving farmers to their fate, although they were already strongly protected, but he considered structural adaptations to be essential.

In this connexion, two German participants indicated that their country's present attitude towards agriculture should not be considered final and that certain decisions remained to be taken. They emphasized that German farmers should be gradually induced to make the necessary changes without their standards of living being reduced and this, said one of the speakers, would be all the more necessary politically because many German farmers lived and worked in the immediate vicinity of the Iron Curtain. Several subsequent speakers disagreed with this reasoning.

An American participant emphasized the harmful effects which non-tariff obstacles had on international trade and stressed the importance to his country

of agricultural exports. The "chicken war", he said, was not to be taken lightly and the United States would not agree that the Kennedy Round should only deal with industrial goods.

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While most of the observations devoted to the Kennedy Round related to agricultural problems, several participants also dealt with other aspects of the negotiations, either the general features or, more particularly, industrial products. Observing that the Common Market could be considered an economic success but had not served as a stage in achieving a broader market and that there was no longer any immediate possibility of the EFTA countries joining it en bloc, a German participant, already quoted, expressed satisfaction that the Kennedy Round would make it possible to consider lowering the foreign tariffs not only of the Common Market but also of the EFTA countries and the United States.

Nonetheless, the speaker cited concrete examples in stressing two problems whose solution was essential to the success of the Kennedy Round. On the one hand, there were tariff diversities: the tariffs of the Common Market and the United States must be brought into line. At the present time, the Common Market tariffs comprised 23 positions with customs duty above 25% and 6 above 30%. In America, 514 positions were rated between 20% and 30%, 386 between 30% and 35% and 427 above 35%. No adaptation could be achieved by a "product by product" discussion because it would lead to a deadlock; on the other hand, there were extra-tariff arrangements existing in all countries which often hindered the exchange of goods to a greater extent than import duties.

The problem of tariff disparities was one of those which could be dealt with, said an international participant, already quoted, who, supported by a British participant, considered the Kennedy Round had three major objectives:

- to encourage adjustments made necessary by the creation of the Common Market and to "capitalize", in the positive sense of the term, the fortunate results achieved by the Common Market;
- to provide an alternative method of achieving some of the aims which had been attached to the United Kingdom's entry into the Common Market (a Swiss and a Danish participant expressed a similar point of view in regard to all the EFTA countries, the latter also expressing a fear that economic relations between the Common Market and EFTA, which had already deteriorated, might grow still worse with regrettable and lasting consequences; it would mean a disastrous division of Europe);
- to meet the difficulties deriving from the problem of backward countries.

To achieve this, however, the speaker, who referred to the precedent of the Treaty of Rome negotiations, strongly emphasized that it would be necessary to display a political determination which alone could enable the technical problems to be solved. An American participant spoke along similar lines and urged that, if it became necessary in order to establish political priorities, a group of "wise men" should be called on as had been done in the case of NATO.

A Netherlands participant, already quoted, considered that the Common Market industrialists hoped that the Kennedy Round would be a success and himself expressed the hope that frank statements by representatives of the various professional branches, even if intended to defend their own interests, might help the negotiations to advance with a clear view of the difficulties to be overcome. Referring to the opinion of the same circles on the other side of the Atlantic, an American participant indicated the broad lines of a memorandum recently adopted by an important group of businessmen in his country:

- the United States should seek to obtain concessions of a reciprocal nature from its trade partners, coming as close as possible to a 50% reduction of free world tariffs. Exceptions to this rule should be as few and as unimportant as possible;
- non-tariff barriers should be done away with or significantly reduced in the same way as the tariff barriers;
- the negotiations should ensure that the United States and other agricultural exporters had access to a share of the EEC market comparable to that of the past;
- reciprocity might take the form of an identical percentage reduction in the average tariffs of all the main trading countries;
- the reduction of tariffs could be staggered over at least five stages of one year each (or more where a given industry was due to suffer serious injury);
- the United States should reduce the support it granted to agricultural products to a level corresponding to market prices and should liberalize its quotas on agricultural imports, customs duty on such products being reduced by 50% as in all other cases;
- if any important unit of the free world were unable or unwilling to encourage the freeing of its trade to the extent desired by the free world as a whole, the other nations concerned should investigate methods of nonetheless obtaining the advantages of a liberalized and increased trade;
- the United States, the EEC countries and the other industrial nations should, on the basis of the most favoured nation clause, extend to the underdeveloped countries of the free world whatever tariff reductions they had

decided to grant without immediately insisting on complete reciprocity. This exception would be considered temporary in nature and would be continually re-examined by GATT. The underdeveloped countries should agree to reduce their average tariffs as soon as the balance of payments made it possible (this idea was also advanced by another American participant);

- the more advanced countries should reduce their tariffs on tropical products to zero. American quotas on lead, zinc, and oil, together with the American tariff on copper, should gradually be done away with.

The speaker especially mentioned the case of oil which represented 11% of American imports and which was excluded from the negotiations for strategic reasons. The Committee considered that so considerable an exclusion was calculated to reduce very substantially the concessions which the United States could expect from the rest of the world.

Speaking at the end of the discussion, a Canadian participant emphasized that his country, whose foreign trade represented 15% of the gross national product and whose custom protection was already very low, offered a favourable field for the success of the negotiations.

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The particular situation of the underdeveloped countries and the prospects for the United Nations Conference in Geneva were touched on in the course of several statements. In this connexion, a Netherlands participant, already quoted, said that an initial success for the Kennedy Round would provide a better basis for solving the problems of those countries. The Danish participant already quoted, however, said that, since the Geneva Conference was due to begin at any moment, it was profoundly regrettable that the Western countries had been unable to establish a positive policy in common towards that Conference and that such a policy could not be replaced by laying down vague broad principles. The speaker considered that there was a considerable danger of seeing an aggressive resolution jointly adopted by the poorer countries and that it would be impossible to put anything up against such a resolution which would be exploited by Communist propaganda. A similar conclusion was reached by a British and an American participant, already quoted. The former took up a view already expressed by one of the Rapporteurs and voiced the hope that greater access would be given to the industrial products of the developing nations, emphasizing that his country had already set a good example in this regard. The second speaker pointed out that the United States and France were the two countries which had done most on behalf of the underdeveloped nations and expressed the hope that the Common Market

as a whole would assume a greater measure of responsibility towards them. Another American speaker referred to the ineffectiveness of the most favoured nation clause when it was a question of solving the problems of the underdeveloped countries.

A Swiss participant put forward several views on the attitude of the West towards the demands of the third world and said these made an impressive total when added together and if account were taken of the most extreme. He contended that it was desirable for all aid to those countries to be accompanied by conditions, not of a political but of an economic nature: assistance should be repayable so as to encourage its use on viable and productive projects for which allocations should be laid down before the aid was granted. He went on to say that, in this connexion, it was likewise desirable that no new body should be set up in Geneva since the existing institutions were amply sufficient. Similarly, the Conference must not result in the destruction of GATT since that organization had demonstrated its very considerable effectiveness and its disappearance would also signify abandonment of certain rules which had made free trade so vigorous.

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In closing the Meeting, H.R.H. the Prince of the Netherlands stressed several of the ideas which had been brought out.

During the Cannes Meeting a year before, he observed, participants were still reacting to the shock of the Brussels negotiations on Great Britain's entry into the Common Market and nobody knew what to suggest to enable Western unity to resume its forward movement. The Williamsburg Discussions had revealed that everyone now felt that it was urgently necessary to find a way of doing something to ensure progress and, in this connexion, certain of the suggestions put forward gave grounds for hope and were rich in possibilities of achieving results. It was symptomatic that all those speakers who had commented on the Kennedy Round had strongly emphasized the need to succeed just as, in respect of the Geneva Conference, there had been agreement on the necessity of doing something more than merely paying a verbal tribute to the aspirations and needs of the underdeveloped countries. And if certain problems such as that of agriculture (and the particular case of Germany in this connexion) remained extremely thorny by their very nature, the Chairman went on to say, yet the statements made had not given the impression that the Common Market wished to retire within itself by adopting a protectionist attitude.

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In conclusion, the Chairman, on behalf of all those present, expressed his warmest appreciation to the American hosts and their colleagues together with the Members of the Secretariat, the Press and the interpreters, and spoke highly of the admirable and pleasant way in which everything had been arranged.

Prior to the closure of the Meeting, an American participant, speaking on behalf of all those present, expressed the gratitude of one and all towards His Royal Highness for the outstanding work which, thanks to the stimulus he had provided, had been accomplished by the Bilderberg Meetings, whose tenth anniversary was marked by the Williamsburg Conference.