

BILDERBERG MEETINGS

SALTSJÖBADEN  
CONFERENCE

*18-20 May 1962*

## LIST OF PARTICIPANTS

### CHAIRMAN:

H.R.H. THE PRINCE OF THE NETHERLANDS

### HONORARY SECRETARY GENERAL IN EUROPE:

ERNST H. VAN DER BEUGEL

### HONORARY SECRETARY GENERAL IN THE UNITED STATES:

JOSEPH E. JOHNSON

### DEPUTY SECRETARY GENERAL IN EUROPE:

ARNOLD T. LAMPING

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ACHESON, DEAN	UNITED STATES
AGNELLI, GIOVANNI	ITALY
ANSIAUX, HUBERT	BELGIUM
ARLIOTIS, CHARLES C.	GREECE
ASPLING, SVEN	SWEDEN
BALL, GEORGE W.	UNITED STATES
BAUMGARTNER, WILFRID S.	FRANCE
BELL, ELLIOT V.	UNITED STATES
BENNETT, FREDERIC	UNITED KINGDOM
BERG, FRITZ	GERMANY
BIRGI, M. NURI	TURKEY
BLAISSE, PIETER	NETHERLANDS
BOHEMAN, ERIK	SWEDEN
BOLLING, RICHARD	UNITED STATES
BOYERI, WALTER E.	SWITZERLAND
BRAUER, MAX	GERMANY
CABOT, LOUIS W.	UNITED STATES
CAVENDISH-BENTINCK, VICTOR	UNITED KINGDOM

COLLADO, EMILIO G.  
CORDIER, ANDREW W.  
DAVIDSON, IAN  
DREYFUS, PIERRE  
DUNCAN, JAMES S.  
ECKARDT, FELIX VON  
ECZACIBASI, NEJAT F.  
ERLANDER, TAGE F.  
ERLER, FRITZ  
FAYAT, HENRI  
FORD JR, GERALD R.  
GEIJER, ARNE  
GLADWYN, LORD  
GUBBINS, SIR COLLIN  
GUINDEY, GUILLAUME  
HARSCH, JOSEPH C.  
HAUGE, GABRIEL  
HEALEY, DENIS  
HECKSCHER, GUNNAR  
HEENEY, ARNOLD D.P.  
HEINZ, HENRY J. II  
HEWITT, WILLIAM A.  
HØRGH, LEIF  
JACKSON, CHARLES D.  
KATZ, MILTON  
KLIFFENS, EELCO N. VAN  
KOHNSTAMM, MAX  
KRAFT, OLE B.  
LANGE, GUNNAR  
LANGE, HALVARD  
LOUDON, JONKHEER JOHN H.  
MALAGODI, GIOVANNI  
MATIAS, MARCELLO G.N.D.  
MURPHY, ROBERT D.  
NEBOLSINE, GEORGE  
NYKOPP, JOHAN  
OHLIN, BERTIL  
PAYNE, FREDERICK B.  
PEDINI, MARIO  
PETITPIERRE, MAX

UNITED STATES  
UNITED STATES  
CANADA  
FRANCE  
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GERMANY  
TURKEY  
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NETHERLANDS  
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PORTUGAL  
UNITED STATES  
UNITED STATES  
FINLAND  
SWEDEN  
UNITED STATES  
ITALY  
SWITZERLAND

QUARONI, PIETRO  
ROCKEFELLER, DAVID  
SAMKALDEN, IVO  
SCHMID, CARLO  
SNOY ET D'OPPUERS, BARON  
STEVENS, JOHN M.  
STRATOS, CHRISTOPHORE  
WALLENBERG, MARCUS  
WHEELER, CHARLES R.  
WILCOX, FRANCIS O.  
WILLOCH, KAARE  
WILSON, HAROLD  
WOLFF VON AMERONGEN, OTTO  
WRISTON, WALTER B.  
ZIMMER-LEHMANN, GEORG

IN ATTENDANCE:

H.R.H. PRINCESS BEATRIX  
BESCHIE, HUBERT DE  
GRANDRY, EDWARD  
LEIJONHUFVUD, BARON ERIK  
ROY, BERTIE LE  
SCHULENBURG, FRIEDRICH W. GRAF VON DER

ITALY  
UNITED STATES  
NETHERLANDS  
GERMANY  
BELGIUM  
UNITED KINGDOM  
GREECE  
SWEDEN  
UNITED KINGDOM  
UNITED STATES  
NORWAY  
UNITED KINGDOM  
GERMANY  
UNITED STATES  
AUSTRIA

NETHERLANDS  
SWEDEN  
BELGIUM  
SWEDEN  
NETHERLANDS  
GERMANY

## INTRODUCTION

It is not the purpose of the Bilderberg Meetings to attempt to make policy or to recommend action by governments. The sole object of the meetings is to reach a better understanding of prevailing differences between the Western countries and to study those fields in which agreement may be sought. In order to attain this aim, men of outstanding qualities and influence are brought together in circumstances where discussions can be frank and where arguments not always used in public debate can be put forward.

The discussions are so organized as to permit a broad and frank exchange of views. They are held in conditions of strict privacy and neither the press nor observers are admitted. No resolutions are passed and no statements have to be approved by the participants who are free to draw their own conclusions from the discussions.

Those invited to attend the Bilderberg Meetings are chosen from different nations and from all fields of public activity and include politicians and statesmen, diplomats, businessmen, intellectuals and leaders of public opinion. All participants attend these meetings in a purely personal capacity and the views they express are their own and do not necessarily represent those of the organizations or parties to which they belong.

The various items on the agenda are mostly introduced by rapporteurs who have prepared papers on the subjects. The documents are as far as possible circulated in advance of the meetings.

## THE MEETING OF SALTSJÖBADEN

The eleventh Bilderberg Conference met at Saltsjöbaden near Stockholm on 18, 19 and 20 May 1962. It was the first time the conference was held in Sweden. The previous meetings have been held in the Netherlands, France, Germany, Denmark, United States, Italy, the United Kingdom, Turkey, Switzerland and Canada. Seventy-seven persons from seventeen countries and international organizations attended.

The agenda of the Conference was composed as follows:

- I. The political implications for the Atlantic Community of its members' policies in the United Nations:
  - a) concerning relations with the developing countries
  - b) concerning possible changes in the role and authority of the United Nations.
- II. Implications for the Atlantic Community of prospective developments:
  - a) in the European Common Market
  - b) in the Organization for Economic Cooperation and Development.

In the following text, the introductory reports and the views expressed during the debates are summarized.

# I. THE POLITICAL IMPLICATIONS FOR THE ATLANTIC COMMUNITY OF ITS MEMBERS POLICIES IN THE UNITED NATIONS

## A. CONCERNING RELATIONS WITH THE DEVELOPING COUNTRIES

The ground was laid for discussion of this item by the issue of two introductory papers prepared respectively by an American participant and a Belgian rapporteur who was unable to attend the meeting.

In his preamble, the American rapporteur indicated the limits within which he intended dealing with his subject. He had decided to take the American position as a starting point for his examination, as that enabled him to make special reference to certain points on which that country's policies had already conflicted with specific interests of its associates. He endeavoured to restrict his analysis to the contemporary world situation in the spring of 1962. He dealt mainly with the repercussions of the decolonization process constituting the focal point of current United Nations activities.

It has to be remembered that the Atlantic Community is but one of five inter-continental groupings within which the states of Western Europe and North America play a significant role, the others being the United Nations, the Commonwealth, the Organization of American States and the complex of agreements by which France is linked to various African States, not to mention certain global interests of the United States and the United Kingdom. This dispersion of interests and loyalties necessarily detracts from the degree of cohesion which can be attained within the Atlantic Community, or at any rate limits its solidarity - a fact reflected within the United Nations. That is why the North Atlantic States have made no arrangements in New York for group consultation between them on the issues raised there, nor does it seem likely that such arrangements will be made. In spite of dissenting opinions in various quarters, the United States considers that any commitment to support the non-European interests of its Atlantic allies would to a certain extent curb its own freedom of action.

The importance accorded to the decolonization process is due not only to the political aspirations of the populations concerned, but also to endeavours to ensure the long-term protection of Western economic interests. The unavoidable transition is eased by the fact that it occurs at a time of exceptional economic prosperity.

The rapporteur then called attention to the difference between the situation in Asia, where the decolonization process is almost completed, and that of Africa - especially Central and Southern Africa - where it is advancing with giant strides, giving rise to residual problems such as territorial remnants, outlying bases and economic investments.

Referring to the cases of Goa and New Guinea as examples of conflicts concerning territorial remnants, the speaker considered that it would be anomalous to let minor problems spoil future relations with the young nations, unless important strategic considerations were involved. Networks of military, naval and air bases have declined in importance and an effort is needed to reach agreement on economic problems such as the possibility of foreign enterprises being expropriated by the new States.

The speaker then reviewed the changes which had taken place in Africa since 1960 (Morocco, Tunisia, Ghana, Nigeria, Sierra Leone) independently of the United Nations, with the result that, until that date, the United States could dispense with an African policy. However, the events of 1960 transformed the situation. The increase in the number of African members and events in the Congo led to the intervention of the United Nations (in an atmosphere of controversy) and the United States could no longer postpone facing up to the responsibility of formulating its own policy towards Africa. This change in Africa coincided with the concern of the new American Administration to formulate new lines of policy to replace the arid cold war formulae of containment and massive retaliation. In the case of Africa, the new American attitude concerning the Congo was formulated in February 1962. It was:

(a) to help the African peoples form societies and governments that will be truly independent and consonant with their own consciences and cultures;

(b) to maintain and promote the strong ties of culture, friendship and economic life that already exist between the new nations of Africa and the nations of Europe and America;

(c) to co-operate in every way acceptable to both the Africans and ourselves as these new countries strive to produce the political stability, economic progress, and level of education that are essential to a free society.

The rapporteur called attention to the initiative taken at the 1960-61 Assembly by the African and Asiatic States themselves. It had prevented all Russian intervention and had succeeded in bringing about the adoption of the "Declaration on the granting of independence to colonial peoples", which stressed that inadequacy of political and economic preparedness should never serve as a pretext for delaying independence. At the subsequent session, the African States demonstrated their determination to utilize the machinery of the United Nations to the utmost to ensure that the Declaration did not remain a dead letter, by having a committee of 17 members set up to report on its application. The fact that all outstanding colonial problems have now been brought within the purview of the United Nations will oblige the United States and other countries to adopt policies which may well subject the Atlantic Community to great internal strains.

The rapporteur pointed out, in this connection, that, the Algerian question about to be settled (unless last-minute complications arise because of O.A.S. resistance), the position of France may be strengthened by the support which it has from the twelve African States with which it has maintained and developed relations. This may enable it to exercise greater influence in Atlantic councils. As for the position of France in the United Nations, any increase in its influence there is bound up with its own attitude, which has so far been restricted because of General de Gaulle's opposition to any increase in the authority of supra-national institutions, whereas the African nations are anxious to expand the role of the UN. The resulting opposition between this attitude and France's special relations with some African States finds its expression in silence during debates in the United Nations and abstention at the moment of vote.

The extension of United Nations intervention in the process of decolonization necessarily causes the United Kingdom some preoccupation, as it has not yet completed decolonization in all the territories under its control and could find itself in an awkward position. Whereas the United Kingdom has accomplished the transformation into independent States of those colonial territories whose independence brings with it no acute problem for a settled European population, it still has to find a solution for the more delicate cases of Kenya and Northern and Southern Rhodesia, not forgetting the discontent which may be felt in the Arab States because of its position in Southern Arabia. In all these cases, it is vital that transition shall be gradual, peaceful and orderly, and it is to be feared that United Nations intervention may exacerbate the situation to the extent of precipitating armed conflict. The United Kingdom has indicated its willingness, in principle, to cooperate with the Committee of Seventeen, provided that the latter avoids all procedure likely to endanger a smooth transition. However, the United Kingdom might welcome a United Nations intervention if that enabled it to effect withdrawal in a peaceful manner and especially if certain African States adopted in that connection a more positive attitude than they showed to the powers seeking to maintain the status quo; that is, Portugal and Spain.

The rapporteur pointed out that with the exception of those two countries, all Western countries were committed to the principle of independence for the African peoples. Regarding Spain, the problems of the Spanish Sahara and the enclaves of Ifni, Ceuta and Melilla may be considered as residual problems in the sense already explained. On the other hand, Portugal not only denies the United Nations all right to intervene in the affairs of its African territories, but also rejects independence for these territories as the final objective. This attitude has resulted in considerable divergencies of view between that country and its Atlantic allies. The latter considered it impolitic to support Portugal at the last General Assembly, when the latter affirmed the right of the Angolan people to self-determination and urged reforms for the setting up of freely elected institutions with a view to transfer of power. The abstention of France from this resolution reflected her doubts regarding the legitimacy of United Nations intervention.

but that did not prevent it stressing its understanding of the preoccupations of the African States. The United Kingdom supported the resolution adopted, but stressed that Portugal must be left responsibility for the actual timing of its withdrawal. The rapporteur wondered whether the North Atlantic States should not go beyond their attitude of guarded criticism.

He also pointed out that the North Atlantic States had aligned themselves in unison with the African states in their condemnation of the practices of "apartheid" pursued in the Union of South Africa. However, they did not go so far as to support the latter in their insistence on coercive measures against South Africa, consisting of both sanctions and expulsion from the United Nations. They considered that such measures would constitute a dangerous precedent and might have an effect contrary to that which they were seeking. As no government other than that of South Africa believes that "apartheid" is a practicable policy for the indefinite future, and this situation is likely to become increasingly "explosive" without there being any hope of effective intervention, the course of wisdom for the white population might therefore consist of the Atlantic States bringing pressure to bear on the Union of South Africa within the United Nations.

Turning to the Congo problem, the rapporteur endeavoured to draw up a balance sheet of United Nations intervention in that country in relation to Western interests and unity. There can be no doubt that its intervention effectively checked Soviet penetration of the Congo, which was threatening, and prevented an armed East-West confrontation through the intermediary of the rival elements. Even if the Congo is still a focus of tension in the cold war, that tension now assumes the relatively innocuous form of rival propaganda for the support of the African States. In addition, the support of the African States for UN action prevented it assuming the appearance of non-African intervention in furtherance of non-African interests. It is true that Belgium perhaps experienced a sense of humiliation and had temporarily lost its military position and political influence. However, the fragility of military arrangements between the West and Africa is a general phenomenon and although Belgian economic interests are damaged, they remain potentially intact - to the advantage of the Congo, Belgium and the Western World. In addition, we have witnessed a realistic reappraisal of Belgian policy, reflected in its co-operation with the United Nations in connection with the coming independence of Ruanda Urundi.

The United States and the United Kingdom are in a position to have a marked influence on the course of events by shouldering the major part of the costs of the operation. The constant United States support for UN intervention has been a deliberate act on its part. The United Kingdom only gave its endorsement to the UN action after some hesitation, particularly with regard to the possible consequences of armed intervention by that body and the possibility of it serving as a precedent which could be cited elsewhere.

However, concluded the rapporteur, whatever reservations might be made with regard to the Congo operation, no other mode of intervention in the Congo would have been practicable without encountering on the part of the African States a degree of opposition detrimental to the Atlantic Community. No common action by African and non-African States is possible except through the United Nations, and should the endeavours of the African States to shape their own regional agency for political and military purposes succeed, Europe may well look back with nostalgia to the time when United Nations afforded the agency of common action.

The Belgian rapporteur did not go into details of the existing situation, but enumerated some typical features, raised some questions, and set out some principles.

In our present world, we are conscious of an impression of Western decadence, for which precedents exist in history. However, this feeling is but a warning which must be faced up to so that it can be overcome. In the present case, the Western reply must consist of the formation of an Atlantic and European Community which, though dynamic, yet respects traditions.

The creation of the United Nations and that institution's evolution constitute an irreversible process. Unlike the League of Nations, which was still a Western machine, the United Nations has a universal task. Its aim to govern the world is an established fact, and has three important results:

Since the creation of the United Nations, normal relations between states are no longer a question of strength and weakness and, finally, domination. To-day, the principle of competition of forces has given way to competition between values;

The United Nations is the supreme consecration of the existence of a State and anti-colonialism, the guiding principle of our day, is consequently strengthened;

Numerically, the West is becoming increasingly weaker in this group, and this weakness is accentuated by the fact that it does not, like the USSR, hide a thirst for power behind a theory of values.

Some of these points apply to the United Nations as it should be, others typify it as it is. All are part of an inescapable evolution which places the West before both opportunities and potential dangers.

These factors cannot be neutralized merely by ignoring them, nor can they be removed by opposition; any such attitude could only result in chaos. The United Nations, like all revolutionary assemblies, will not be confined by statutes which it has decided to outstrip, and its destiny is to develop under the impetus of its inherent dynamism. What will be the repercussions of this inescapable evolution on the Atlantic Community? This question can be put in other words and in two complementary forms: 1) what effect will it have on us? 2) in what way can we influence the situation?

These events have both an agonising and an exalting effect on us. The system under which a small number of enlightened nations could expect to indicate or dictate the

path of happiness for the major part of the globe had great merit; but it is about to collapse and that is the agonising aspect of the situation. It is up to the West to establish a new concept of its relations with the so-called under-developed peoples by eradicating all out-of-date methods, and that is the exalting challenge of the coming years. The question is how to bring colonialism to an end, and this is a difficult problem because of the concomitant upheaval in manner of thinking, conditions and acquired interests. It is complicated by the fact that the Western nations tackled the problem without any system, using contradictory and sometimes antagonistic methods.

The development of the United Nations is also having far-reaching repercussions on the internal structure of the West. It is obvious that the scale of the problems which are going to arise in the future is far greater than that to which we have been accustomed. Only very large federative and homogeneous associations, such as the United States, possess the inherent resources and dynamism necessary. The new factors imply revision of certain concepts such as that of sovereignty, the nation, neutrality or non-alignment. The national stage seems to be giving way more and more to a collective desire to live, manifesting itself by a wider association, the "Community" bringing together a group of nations on the basis of similar ways of living, geographic proximity, community of interests and especially the need to solve common problems too vast for a single nation.

The unifying elements stemming from this evolution are already becoming apparent. For example, the common danger which led to the creation of the Atlantic Alliance for the protection of its members simultaneously brought to light consciousness of an Atlantic Community with unlimited possibilities.

To take another example; is it conceivable that the terrible problem of hunger can be solved within the narrow framework of single nations? Although the United Nations supply the setting for vast joint action, it is no less certain that an Atlantic Community and a European Community are called for, since only they can supply the drive needed to mobilize the necessary resources and find harmonious and humane solutions for the problem of world-wide hunger.

In the field of accomplishments, however, almost everything is still waiting to be done. The degree to which we ourselves can influence the course of events will depend on our ability to assemble our scattered forces into a single and lasting instrument for future action. This in turn calls for collective consciousness and a careful definition of our civilization. The West is able, in this connection, to draw on the best of its past, starting with the affirmation of human dignity which led, in particular, to the abolition of slavery, female emancipation and the affirmation of the right of nations to be their own masters.

In his closing remarks, the author stated that he had perhaps dealt with the question put to him in a somewhat abstract manner, from an over-finalistic perspective in view of the present difficulties; mixing the mysticism of the indispensable with the politics

of the currently feasible. In doing so, he wanted to express his conviction that necessity would shortly enter the sphere of feasibility.

Opening the meeting, H.R.H. the Prince of the Netherlands, having thanked the Swedish hosts for the pleasant setting which they had chosen and the excellent arrangements made, invited the American rapporteur to introduce the discussion.

Having reviewed some of the outstanding points, the latter put forward four questions to serve as a basis for discussion:

(1) Do the extreme attitudes adopted by the Afro-Asians regarding the process of adjustment and withdrawal of the former powers permit a more unified attitude on the part of the members of the Atlantic Community, at least with regard to some of the remaining problems; many problems having already been solved?

(2) In view of the importance to members of the Atlantic Community of increasing stability within the new nations, what form of assistance and co-operation should we give them and of what should it consist?

(3) How many discussions within the United Nations be expected to evolve, in view of the increasing tendency of some of these countries to take violent action, a development which certainly is not in conformity with the Charter, nor in the interests of the peoples themselves?

(4) To what extent should the attitude of the Atlantic countries be influenced by Communist activities in the countries in question?

In the course of the ensuing debate, various speakers expressed their views regarding the desirability and possibility of consultations between Atlantic allies on the problem of decolonization.

In the opinion of a British speaker, "formal" consultation between Atlantic allies in New York, within the United Nations, was not desirable as it had not been possible to define a common policy on the subject within the Atlantic Council in Paris. It was true that two of the Powers concerned, France and the United Kingdom, had decided not to impede decolonization by force, but the same was not true of Portugal, a fact which gave rise to delicate problems. Under those conditions, a consultation of Atlantic allies inside the United Nations would be ineffective and would tend to take on the appearance of a provocation - if not, as another British participant considered, a conspiracy. On the other hand, as an Italian speaker pointed out, the principle of no consultation whatever on decolonization between Atlantic allies was dangerous, as the essential thing was to reach agreement with a view to improving mutual understanding inside NATO and not to disrupt cohesion, although that did not necessarily mean that one must automatically adopt the viewpoint of one's partners.

A Turkish participant held the view that no distinction should be made between Paris and New York, as consultation between allies was essential at both places. Although the impression should not be given that a block was being formed, there was no need



for timidity in calling attention to NATO; after all, as had been pointed out by the European rapporteur, that organization represented the defence of values of which there was no need to be ashamed. The most healthy concept of consultation consisted of honestly seeking points of agreement and disagreement and doing everything possible to minimise the damage caused to one's partners when one was not in agreement with them.

Whilst recognizing, like the preceding British speaker, that unanimous agreement had not been reached within NATO on the principle, or even the rhythm, of decolonization, a Norwegian speaker nevertheless considered that it would be valuable to have consultations in New York (and not in Paris, because the discussions should be followed up day by day), so as to prevent over-spectacular expression, in the course of United Nations debates, of existing disagreements. Nevertheless, any such consultations should take place without formality or publicity and should not be announced as consultations within NATO. As NATO countries formed only a minority, the consultations should not be exclusive either, as contacts with the other groups, (Latin American and Afro-Asiatic countries) were highly desirable. The speaker's views regarding the form of consultation desirable were fully shared by a Canadian participant.

An American speaker stated that the consultations between Allies would be more effective if they all adopted a more relaxed and detached attitude to the conflicts pre-occupying the United Nations Assembly. He felt that his own country took an over-rigid attitude in debates, thus weakening its leadership.

A speaker from the Netherlands pointed out that current efforts within the EEC to reinforce its unity were such as to facilitate consultations between allies; they could therefore take place within that institution, which might be a more appropriate one than NATO for dealing with such problems.

An Italian participant felt that the framework, place and method of consultation between allies were of little importance, but that there should be no hesitation in deciding to coordinate voting in the Assembly, so as to exercise a real influence on the policies drawn up there.

Several speakers reverted to the divergencies between members of the Atlantic Community regarding the general problem of decolonization. One of those divergencies could be considered as of major importance; it was that opposing Portugal and its partners on the very principle of decolonization, whereas the differences of opinion between the other allies concerning outstanding colonial problems appeared to be much less lively, especially as France seemed to be on the point of settling the Algerian problem. The differences in opinion really centred around the speed and manner in which evolution should take place.

On the question of Goa and, later in the discussion, that of Angola and Mozambique, a Portuguese participant energetically defended his country's policy. Recalling the conditions under which vastly superior Indian forces had invaded Goa, he regretted

that the American rapporteur had not condemned, in his paper, the aggression which had occurred in violation of the United Nations Charter and the principles of international law (this point was also raised by a participant from the Netherlands). There had been no movement within Goa in support of attachment to India and it was striking that Mr. Nehru had made no reference to self-determination within that territory. Regarding the more "realistic" attitude of France to its Indian settlements, the speaker pointed out that the treaty providing for their cession had never been ratified by the French parliament, and signature had apparently only taken place after various pressures had been exerted on four of the territories, India having simultaneously rejected the principle of consultation of the populations concerned.

The huge territory of Angola still did not possess sufficient maturity and leaders for self-government and, from that point of view, Africa should not be considered as a single entity. Even in South America, the proclamations of independence had been spread over almost a century. There were three possible solutions for Africa, South of the Equator: inverted racism, practised by nations such as Ghana and Guinea; predominance of the white race as in the Union of South Africa and the concept of a multi-racial society adopted by Portugal. If the white man were chased from that continent, the result would be an "Asiatic" Africa.

A British participant who was opposed to the use of force in Goa, said that the West would be in a stronger position if it supported India's right to mobilize international opinion in order to achieve its ends peacefully.

Several participants raised the question of relations between the ex-colonial powers and their former colonies. An American speaker held the view that the United Nations could contribute to the establishment of new relations, provided the parties in question accepted their good offices. Agreeing with the rapporteur, an Italian participant pointed out that the countries which had accepted decolonization had not automatically lost their positions in their former territories. Quite the opposite. However, the NATO countries as such were not expected to have a policy towards other countries. Co-ordination of the assistance given to such countries, particularly to help them in assuming the responsibilities of independence, could take place within NATO concerning certain fields, and within the UN in respect of others. It would also be possible to share responsibility on a geographical basis; grouping the American States and America, Africa perhaps with Europe, not overlooking the possibilities offered by the Commonwealth and the EEC. The form of assistance should not be solely financial, as that perhaps smacked too much of neo-colonialism. More useful and disinterested assistance might be given in the field of education, the building up of cadres and the training of technicians.

Decolonization also meant acceptance of neutrality on the part of the countries concerned. It was not the equivalent of a pro-Russian attitude, but expressed the desire of such countries to tackle their problems in their own way.

Another Italian participant expressed similar views. In future relations with the former colonial countries, care had to be taken not to impose the Western way of life; only its justice and moral principles had to be safeguarded. The latter point was warmly supported by several speakers at various stages. In addition, one of them pointed out that the speeding up of decolonization was not an end in itself. The essential thing was that decolonization should always be guided by a feeling of responsibility. A Swedish participant expressed the same ideas, quoting the example of Ruanda Urundi, where serious disorder was to be feared after the first of July 1962, the date on which that territory would become independent.

These considerations led several participants to reflect, as the rapporteur had requested, on the appropriate stand to be taken in the face of the extremist attitudes adopted by some countries within the United Nations, and the violently subversive activities of the Communist block in the developing countries. A British participant felt that the Western countries should oppose the violent resolutions proposed to the United Nations and endeavour to show how inoperative they were. This opinion was endorsed by an American speaker who stressed the need for the countries concerned to safeguard the goodwill towards them of as many other countries as possible. The same speaker recalled that it was the aim of the United Nations to oppose the use of force. Although Soviet propaganda held that "wars of liberation" did not conform to that principle and the United Nations sometimes appeared to follow that path in a somewhat irresponsible manner, there was no need to endorse that principle at all costs. UN policy did not have to concur automatically with the views of the new States. It was true, as another American participant pointed out, that the Russians, who had made tactical errors at the beginning, had acquired great skill in handling the Assembly, but the free nations could and must co-ordinate their action and thus face up to the challenge.

In fact, as a Swedish participant pointed out, although some Western countries believed in flattering the newly-independent countries by endorsing certain extremist resolutions proposed to the Assembly, it was quite possible that such an attitude could prove costly in the long run, when there was an excessive departure from common sense and the provisions of the Charter (e.g. when it was proposed to apply sanctions to a member of the Organization). It was also worth noting, in the same connection, that many African countries already had the feeling that in the long run the USSR was not an ally deserving of confidence, as discovered by Guinea which, in spite of its frequent support for Soviet motions in the UN, had recently undergone some disillusionment regarding the effectiveness of that country's assistance.

Disagreeing with some of the other speakers, a British participant pointed out that some of the divergencies between the Atlantic allies in the Congo affair had ultimately served the Western cause by preventing the USSR from stirring up the non-committed countries against the West as such. By forestalling the intervention of the Great Powers, the United Nations action had been beneficial. The speaker warmly insisted on the fact

that the United Nations and its debates offered an outlet for anti-colonialist feelings, thus supplying a valuable alternative to violent actions. Moreover, its existence might discourage certain other extremist groups composed of Europeans, which in some African countries in the process of decolonization were bringing strong pressure to bear on the metropolitan governments and might even be tempted to use force to prevent the accomplishment of those processes. The speaker also referred to the complete overthrow of organized government, such as had occurred in the Congo, when United Nations action could restrict the intervention of the Great Powers. If the United Nations were not there, the problems would not cease to exist; on the other hand, the possibility of reaching peaceful settlements would be greatly diminished.

Before closing discussion on Item I a) of the agenda, the Chairman gave the American rapporteur an opportunity to reply to the comments which had been made. The latter agreed with some speakers regarding the problem of consultation between allies; consultation within a group was necessary, but was not an end in itself. Consultation on an empirical, non-institutional basis was developing to a considerable extent and appeared well-suited to providing better results than formal consultations within a group.

Referring to Goa, he had not wished, in his paper, to express a personal opinion, but rather to describe a de facto political situation which had arisen in the United Nations. Many United Nations delegates felt that both sides had made a serious mistake. The Indians had lost much of the moral credit accruing to them as champions of peace, and Portugal was in a similar position for having refused to negotiate. Such refusal to accept the adjustments necessitated by evolution in the modern world was dangerous and it was to be hoped that Portugal would change its attitude regarding Angola, as serious incidents might occur if it did not do so.

It had to be remembered that ethics and political practice were not always the same thing. In the case of the remaining colonial questions, it was increasingly probable that more or less complete unanimity would be reached in the United Nations and if that proved to be the case, the essential thing was that the parties involved should endeavour to deal with them in such a manner as to do the least possible harm to the cohesion of the Atlantic community. The attitude of the United States would, of course, be a determining factor. The existing drama had been caused in part by failure to prepare the new countries adequately for their independence, and it was to be feared that the world would witness in the coming years a disquieting increase in the instability of those countries. As decolonization was inescapable, the Western countries should do everything possible within the United Nations to promote action facilitating orderly progress. There were no grounds for considering the Western position as hopeless, or for underestimating the positive role which the United Nations could play. Past achievements do not in any way exclude hope in this quarter.

Having thanked the speaker for his report and his substantial contribution to the discussions, the Chairman summarized certain of the outstanding points. He noted

that the final optimism expressed by the rapporteur had been contradicted by none of the statements from participants and that all were in agreement in stressing that the major aim of the Atlantic Community was the defence of certain values and principles. Although unanimity had not been reached on the need for decolonization, there had been a great deal of agreement on the manner of accomplishing it and the importance of reflecting on the matter. There had been diverging opinions regarding the value of consultations between allies, some speakers having pointed out that there was not a unanimous attitude regarding decolonization within the Atlantic Alliance, but the various statements showed that there was agreement on the fact that everything possible should be done to reach a common point of view and that can only be accomplished by consultation within NATO and the other Western bodies, whether formal or informal. Greater cohesion and co-operation is necessary amongst us in the United Nations and elsewhere, because the other camp is united in its actions and is aiming at world-wide suppression of that liberty of which we are defending the principle on behalf of the young nations themselves. The Western countries should continue to seek out the points on which they were united and in agreement so as to facilitate collaboration.

## I. THE POLITICAL IMPLICATIONS FOR THE ATLANTIC COMMUNITY OF ITS MEMBERS' POLICIES IN THE UNITED NATIONS

### B. CONCERNING POSSIBLE CHANGES IN THE ROLE AND AUTHORITY OF THE UNITED NATIONS

Discussion of this item was prepared by a report drawn up by a Swedish participant in the light of his experience in the United Nations, where he represented his country for several years.

The rapporteur began by analysing the general development of the United Nations, from the time of its foundation until today. The two main factors to be underlined, in that respect, are:

(a) paralysis of the Security Council by the USSR use of the veto, leading to an increase in the influence of the Assembly and a more preponderant role for the Secretary-General;

(b) the increase in the number of Member States (originally 51, now 104).

The Assembly can be defined as an international conference of sovereign states, each of which has one vote, except the USSR (three votes, with the Ukraine and Byelorussia), important questions requiring a two-thirds majority for their adoption. The counterbalancing force in the United Nations is the Security Council in which five Great Powers have the right of veto, and to a smaller extent the mandate of the Secretary-General, who has the independent power to call on the Security Council when a crisis arises menacing peace.

In the minds of the founders, the right of veto was based on the supposition that there would be co-operation between the veto powers who had been world-war allies, but the paralysis of the Security Council resulting from excessive Russian use of the veto has resulted in increased influence for the Assembly, whose recommendations are, however, not binding on its members. Moreover, the vague nature of most of the recommendations has left the Secretary-General leeway for his actions.

As a result, UN action in the political field has, on the whole, been fairly ineffective. The cases in which effective action did prove possible have been due to a chance absence of veto (Korea), to an exceptional community of views between the United States and the USSR (Suez), or to a more resolute policy on the part of the Secretary-General

in the face of a certain inaction on the part of the Security Council and the Assembly (Congo). All this does not mean that the United Nations lacks political influence. In some cases, its debates have contributed to solutions and in others have aggravated existing differences.

As a result of the arrival of the new members, it can be said that a fairly loose party system has developed within the Assembly. There is the group of industrialized Western countries, which have much in common - except perhaps on colonial questions - and which nowadays has a much reduced voting power proportionally speaking than at the outset of the UN (about 23 votes). There are the Afro-Asian countries (about 45 votes) who frequently consult each other but do not always vote as a block. There is the Latin American group (about 20 votes). Finally the Communist group (about 11 votes, with Cuba), which has often been joined by Guinea, Mali and sometimes Ghana.

This situation leads to varying majorities. Scrutiny of the scale of contributions reveals that a majority can be formed of Member States contributing less than 5% to the UN ordinary budget and a two-thirds majority of Member States contributing less than 13%. Although only theoretical, this calculation shows the influence of the Afro-Asian and Latin American groups, an influence which is vastly greater than their political and economic importance in world affairs. At the same time, the influence of the Western European States has constantly declined, a situation which has been aggravated by the fact that several of them have been sitting on the bench of the accused (in the past, and sometimes even now) in connection with the colonial problem.

This has sometimes inclined the United States to go very far in order to rally the votes of the so-called uncommitted nations, an attitude which in several cases has caused a strain on the relations between the United States and its European allies, but at the same time has sometimes enabled it to exert a moderating influence (with the support of some European States) at times of extreme Soviet bargaining.

Some words must be said about a dangerous tendency within the Secretariat, resulting from the growing proportion in size of the number of staff members from communist countries or from third countries, who consider themselves first and foremost as representatives of their own countries. This has reduced the independence of the Secretariat, in spite of the failure of Soviet attempts to establish the "troika" system and the situation may get worse at the end of the present Secretary-General's mandate in 1963.

The rapporteur found it difficult to foresee the development of the UN, as it is bound up to a very large extent with the future course of the cold war. Unless the situation becomes less strained, there seems little chance that the Security Council will reassume the role foreseen for it in the Charter. The Assembly will continue to play the predominant, although limited, role and no alteration in this respect seems to be possible or even desirable so long as the fundamental political problems in the world have not reached a more manageable stage.

Curiously enough, the more the colonies reach independence, the more debates

increase in length and sometimes in acerbity. It is to be hoped, however, that as more and more solutions are found, these debates will cease to exercise the disruptive influence on the Atlantic Community which they have had in the past, and that the closer co-operation between Western countries which may be expected to result within the UN will be beneficial not only to themselves, but also to the Organization. At the same time, the lack of restraint shown by the Communist countries constitutes a great danger, so that it is important for the Western nations to have increased influence, at a time when a successful process of decolonization is reaching its end. In this connection, the speaker deeply regretted the virtual absence of France from the debates.

He considered it highly desirable that the Western countries should make a common endeavour to put the finances of the UN on a sounder basis, and stressed the influence which the United States could have in that connection. Although the political possibilities of the UN appear limited at present, the outlook with regard to its technical assistance activities is more promising, provided that the Secretariat can be maintained as a body of really international civil servants.

Although expressing understanding for the negative attitude towards the United Nations which prevails in many Western countries, the rapporteur thought it desirable that they should remain active in the United Nations so as to be able to influence public opinion, although the institution's possibilities in the political field should not be overrated.

Before inviting discussion on this item, the Chairman gave the floor to an American participant so that he could present some introductory remarks from American sources to offset the unfortunate events which had prevented the distribution of an American report on the subject.

Having pointed out that he was in no way presenting a synthesis of American opinion, but rather taking as a basis his own experience during a recent United Nations mission in Palestine, the speaker mentioned firstly that the subject mentioned in the agenda (whose meaning was not altogether clear to him) should not give rise to a discussion on amendments needed in the United Nations Charter, as that would cause insurmountable problems. The most important need was to discuss the executive role of the United Nations, which had developed considerably over the preceding years and which some persons wished to extend even further. He mentioned several cases of efficient work which had been carried out without any publicity, or had even been forgotten. Apart from the Congo, which had attracted all the attention, there had been United Nations missions to Jordan, Kashmir, Lebanon, Laos, the Israelo-Egyptian frontier and at all those places incidents have been prevented from erupting dangerously owing to the UN presence, an essential contribution to peace which is often under-estimated.

However, the effectiveness of this everyday action has also had the effect of increasingly inciting the Soviet block to handicap action by insisting more and more on its "troika"

formula, after practically paralysing the Security Council by use of the veto and handicapping the work of the General Assembly.

At the same time, the executive functions of the United Nations are a good thing and should be maintained. It is not excluded, for example, that the coming independence of Ruanda Urundi will necessitate United Nations intervention as was necessary in the Congo, and it is quite possible that a request for such intervention may come from the African countries, where instability reigns.

It is therefore regrettable that the financial consequences of this activity are not borne by all the allies within the Atlantic Alliance, as is shown by the French refusal to participate in financing the Congo operations.

The speaker raised three questions. Should the Atlantic Community promote an evolution towards interventions of that nature? If so, what should be its attitude towards the Secretariat? Until recently, the latter had been directed by Western nationals, but the situation was changing rapidly and in the speaker's opinion was doing so in a dangerous manner, mainly due to the Russian insistence on taking more and more of their nationals and the African desire to find posts for people who are not necessarily the best qualified. True international civil servants are becoming increasingly rare and that is a disquieting fact. The third question was: In view of the conditions mentioned, should the financial consequences of the new activities be allowed to guide Western decisions as to whether they should continue or stop? What action is to be taken? The question does not arise merely in connection with the current issue of UN shares. There appears to be incomplete agreement within the Atlantic Community on these questions, which are of very great significance for their relations with the rest of the world.

The Chairman then gave the floor to the Swedish rapporteur who, having affirmed that we should use the United Nations institutions, however imperfect they might be, stressed that it was dangerous to ask of the United Nations more than it could accomplish. In particular, so long as the United Nations has not found a sound financial basis for its activities, it is doubtful whether the Organization will be able to repeat an operation such as that of the Congo and it would be even more dangerous if it undertook one without being certain of its ability to carry it through to the end. It is absurd that only twenty countries effectively contribute to supporting the cost of such actions, when all the others who do not contribute can dictate the line to be followed. It is, in fact, the United States which supports the major part of the burden, not only by its financial participation, but also by its indirect contributions to these activities. It is vital that the Western countries should make a concerted effort to lay the solid financial foundations needed for such activities. The speaker asked whether the new countries should not pay at least a symbolic sum.

A second reason why too much should not be expected of the United Nations, is the question already raised concerning the Secretariat officials.

Provided a reasonable attitude is maintained, the United Nations, although unable to

guarantee peace or settle major problems, can play a beneficial role in special cases.

The rapporteur ended his statement by regretting once again the abstention of France, in view of the great role which that country could play in the United Nations in the interests of the new States also.

In the subsequent debate, several speakers, especially an Italian participant, insisted on the fact that nowadays any conflict (particularly in connection with the decolonization process) could not be considered as being of a local nature, if for no other reason, because the Communists (and others) sought every occasion to exploit the situation. At the same time, any extension of a conflict involved terrible dangers because of the existence of nuclear weapons. War could no longer be considered as providing a solution.

An American speaker referred to the important role which the United Nations had to play, as its mere presence could prevent a conflict between the Great Powers. He also mentioned the mediating role which the United Nations could play in preventing extension of a conflict. It was to be remembered, in that connection, that the United Nations, by its presence, could fill certain voids, as had been shown by some of the examples already quoted.

How then could the United Nations best fulfill its executive role? Several speakers spoke about this point in the course of the debate, some of them referring to the Congolese precedent.

A Belgian speaker thought it would be difficult to reinforce the organization's executive power and at the same time maintain the sovereignty which the members of the United Nations wished to uphold.

Regarding the Security Council, a German speaker mentioned the opinion of certain persons that the Council should take its decisions by a majority vote, without any veto rights. However, if it were so decided and if a power such as the USSR found itself in the minority, it was certain that it would not bow before the majority and a choice would have to be made between the danger of increasing the risk of war and that of losing face by capitulating. A very dangerous situation would thus be created in any case. It was precisely the imperfections in the UN mechanism which made it possible to disarm conflicts by discussion, 'subterfuge' and the adjournment of decisions. An Italian participant expressed the same views, pointing out that the United Nations now offered the only means of approaching problems in a manner precluding war.

As mentioned by another Italian participant, the existence of a world-wide parliament was not enough in itself. No great problem could be solved by it unless it manifested a certain degree of agreement, expressed by a majority. Neither could the creation of any other institutions produce solutions by their mere existence. The speaker's views were endorsed by a British participant when he said that the Atlantic countries would have to draw up a general policy (covering the economic and social fields) which could be expected, not only to lead to agreement between them, but also to have the support

of a large number of Asiatic and African countries. Another British participant agreed with this speaker on the need for the Atlantic countries to come to agreement with the new countries. If world peace was in danger of being compromised, it was not the result of false steps on the part of the Atlantic States, but of the instability in the new States, and it would be necessary to obtain the agreement and consent of those countries for the United Nations to operate on their territories. The contact was not to be sought within the framework of the Atlantic group, but by bilateral contact. Some countries such as the United Kingdom (through the Commonwealth relations), France (in view of its links with several African States) and the United States could accomplish a good deal towards that end.

Nevertheless, a Turkish participant pointed out that the Atlantic label must not be altogether repudiated. Neither must there be any fear in combating the demagoguery which was unfolding over the United Nations because more and more third countries were becoming aware of it and might be able to draw valuable lessons from the Western attitude. Would it not be possible, as an American participant had suggested, to make the new countries understand that they needed the United Nations more than did the Western Powers?

An Austrian participant stated that there was no point in trying to hide the fact that several new members of the UN did not respect the Charter and that the disproportion which had grown up between democratic and non-democratic countries might lead to majorities widely different from the balance originally foreseen in the Charter. He also wondered if the balance would not be transferred to the detriment of the democratic world if the unification of Europe resulted in only a single vote being given to Europe at the world level.

Some speakers thought it desirable not to seek General Assembly majorities on very precise resolutions in order to leave the Secretary-General latitude to interpret them.

The Congo affair had shown the importance of a UN military body, as had other examples quoted by several speakers. A British and a Netherlands participant took particular interest in that question. Although it was possible as a long-term plan to foresee an autonomous UN force, composed of troops which had shown allegiance to it, there would certainly be no hope of putting the idea into effect in the immediate future. In view of that impossibility, the British speaker suggested that the nucleus of a military command might be formed right away, in spite of the fact that it was not known in advance which countries would be asked to supply troops, and that a sort of preliminary planning might begin. What was wanted, however, said the Dutch speaker, was not so much a UN general staff but rather a sort of international rescue brigade, which implied the collaboration of police and civil administration experts. The police would be supplied by the countries whose political nature rendered them most suitable for a role of this nature. The experts should have wide experience and a sense of diplomacy so that they would be able to inspire the greatest possible confidence. This idea had the

support of several speakers, in particular of a Netherlands participant, who recalled that Mr. Hammarskjöld had put forward similar suggestions in his reports for 1960 and 1961, but had not received much support from the Western governments.

Several speakers mentioned practical means of intervention which the United Nations might use and most of them referred in that connection to the past, present and future features of the Congolese affair. An American, a Belgian and a British speaker made reservations regarding United Nations action, especially with regard to Katanga. The latter pointed out the importance of not trying to impose a solution, however harmonious with political morals it might be, if the people concerned, in that particular case the Katangese, did not wish it. As matters stood, if the United Nations left the Congo, the solution of Congolese problems (and those of Katanga) would not have advanced, especially in view of the bitterness caused by the affair, quite apart from the serious deterioration in the economic and social conditions which had followed. It was nevertheless true, as several speakers had pointed out, that United Nations intervention in the Congo had made it possible not only to prevent a direct confrontation of the major powers, but also, and it was an important point, aggravation of the struggles between Africans in several places. An Italian speaker nevertheless regretted the relevant divergencies which had occurred between Western countries, hoping that the same situation would not arise in regard to economic assistance.

Extension and improvement of the Secretary-General's actions were closely linked with the certainty of possessing the necessary funds; which raised the problem of Western contributions for extraordinary activities. At the same time, the support given to the Secretary-General should not conflict with Western interests and principles. These points were examined by several speakers, some of whom established a relationship between them. An American participant, for example, pointed out that it would be difficult to secure the funds necessary for the United Nations special budget if the public did not have the feeling that its national principles would be respected. Another American participant called attention to the need to show more respect for moral principles, in both UN and NATO, when establishing the policy to be followed in the Afro-Asiatic regions. A third American speaker could not see the value of indefinitely financing the upkeep of forces in certain parts of the world if efforts were not made to find a lasting solution to the problems involved.

On the other hand, as another participant pointed out, the countries in the communist block might be incited to pay their part of the extraordinary expenditure of the United Nations by fear of seeing the Western countries exert increased influence as a result of their preponderant contribution. A Norwegian participant expressed the idea that the USSR's refusal to contribute to the special UN operations might have been designed to reduce the range of action of the organisation and limit it to a forum of opinions like the powerless League of Nations before the war. The speaker recommended as an immediate step that the Western countries should underwrite all the shares being

issued by the United Nations, but that as a long-term project agreement should be reached between the Western countries and other countries interested and sufficiently rich, such as Japan, to permit a fair sharing out of those responsibilities, as equitable distribution would make the load easily bearable for everybody.

An American participant with long experience of UN affairs and the European rapporteur made some final comments on the points under discussion. The former did not believe in the possibility of setting up a "brigade". Funds would not be forthcoming and as the political situation would be different in each crisis and difficult to foresee in advance it would be impossible to know what police force was going to be required. It would also be necessary to "denationalise" the forces sent out, but the prospect to achieve this did not look favorable at this moment. Moreover, it would be a mistake to under-estimate the importance of UN "presence" even if that consisted of but one official, when it was a question of avoiding conflict. The speaker hoped that the executive power of the organization could be increased and he felt that such a development would serve Atlantic interests. Nevertheless, in view of the current developments, he had some doubts on the feasibility of such a development.

In closing discussion on this item, the Chairman stressed that, whatever might be the individual feelings on United Nations action, no improvement could be expected if there was not a current of powerful opinion in each country to support the organization. It was therefore the duty of each one to do everything possible to that end.

## II. IMPLICATIONS FOR THE ATLANTIC COMMUNITY OF PROSPECTIVE DEVELOPMENTS

### A. IN THE EUROPEAN COMMON MARKET

Discussion of this item of the agenda, was facilitated by the distribution of a report by a European participant belonging to an international organization and a report from American source.

The European rapporteur divided his paper into the following three major sections:

A - an analysis of European experience

B - an analysis of the nature of the Atlantic Community

C - an examination of the possible role of the European Community in an Atlantic partnership.

A. The author began by describing the situation in Europe after the last world war, from which it emerged weakened by comparison with the two giants, the USA and the USSR, accompanied by the loss of its world-wide influence and economic collapse. The results of earlier divisions in Europe were clear, and the need for a unified Europe became apparent, even more so from 1947 onwards, through the Marshall Plan and the formation of the OEEC. However, at the beginning of 1950, an unsatisfactory situation started to develop due to the Franco-German rivalry which appeared likely to arise as a result of the beginning of German economic recovery.

It was in this situation that the then French Foreign Minister, Mr. Robert Schuman, came forward in May 1950 with a proposal intended to bring about a complete change in the relations between France and Germany and their European neighbours. It was no longer sufficient, as in the past, merely to give evidence of goodwill, to bring about a "détente" vulnerable to all changes in the political situation. Problems would now have to be placed within an entirely new context in which common rules, established by joint agreement and freely accepted, enforced by joint institutions would guarantee the nations concerned both security and equality of treatment.

It was obvious that this Europe could not be brought about overnight. It was in that spirit and as a first stage that it was proposed to place Franco-German coal and steel production under a common "High Authority" within the framework of an organization open to other European countries.

We know that after the six countries had adopted the Coal and Steel Community agreement, a plan to create a European Defence Community on the same basis failed. But afterwards, negotiations began which led to the foundation of the European Economic Community (Common Market) and the European Atomic Energy Community (Euratom). These Communities have immensely stimulated Europe's economic recovery. What is even more important, they are bringing about a profound change in the relationship between the member nations, as shown by the evolution of Franco-German relations.

Having established a common material interest, the European Communities have proved that joint institutions can function in Europe. These new bodies have laid a solid foundation for further progress towards union in fields such as defence and foreign policy. In the meantime, the UK, followed by Denmark and Ireland, has decided to join, opening new perspectives at both the European and the Atlantic levels.

B. The idea of an Atlantic Community was first given concrete form through the Marshall Plan, the organization which was set up to implement it - the OEEC - and through NATO. The common background of the Atlantic nations, together with the constant threat of Soviet aggression, made them realise their need for each other and gave them the feeling that their destinies had become irrevocably intertwined.

But here, similarity with the European situation ends. Victory having been a reality for the United States, it felt able to solve its own problems. At the end of the 50's, the cohesion of the Atlantic Alliance was the result of American leadership in both military and economic spheres. Whereas in matters of defence the situation has remained fundamentally the same, the spectre of economic collapse has been completely banished and Europe is more prosperous than ever.

Nevertheless, new problems are now arising and it is particularly important for the Free World to give a meaning to the concept of freedom for those who live in the under-developed parts of the world. For them, material progress is a prerequisite to liberty. This task is just as important as was that of facing our own problems fifteen years ago. But one nation alone, even a country as powerful and prosperous as the USA, cannot handle it. Only united action, a conscious merging of economic policy, monetary stability and a sharing of the burden, will give the advanced nations the strength necessary to surmount the problems of development and defence which now confront them. Thus, the United States, for the first time in its history, finds itself in a situation in which it can no longer solve its problems alone. In matters of defence, the Atlantic Community is still a system under which the burden and responsibilities rest to a very large extent on American shoulders. There is no real joint effort, shared to the same degree by all the participating nations. The Atlantic nations therefore have to adapt their alliance in order to re-model it into an effective instrument for coping with the new problems which have arisen and must overcome tensions resulting from this discrepancy between economic and military development as well as eliminate the discrepancy itself.

C. How should this adaptation be effected? What form should the Atlantic Alliance take? Due to the United States' leadership, leading to de facto hegemony, not wished by it, an unhealthy situation developed from the fact that the Americans felt that they had to carry too much of the weight alone, at the same time as there was distrust in Europe of American hegemony, mixed with the converse fear of being left in the lurch if things became really dangerous. In order to restore the balance, the Alliance must be placed on a new basis.

But how is this to be achieved? Should the Atlantic nations follow the example of the European nations and transform this alliance into a community of the same type, thus laying the foundations for an Atlantic federation? To do so would be to ignore a dissimilarity between the European and Atlantic situations. Europe needed a dramatic break with the past. The United States, on the other hand, are not prepared to accept delegation of sovereignty to the degree accepted in Europe and a partnership of a large group of nations, dominated by a single power or tied together by rules and institutions would always be weak and vacillating. Therefore, equal partnership between United Europe and the United States is the necessary prerequisite for the strength and solidarity of the Atlantic Alliance.

The rapporteur then recalled the transformations which had already taken place to that end in the economic sphere, particularly as a result of the setting up of the OECD, which permitted more intense common action. Progress will depend, however, on the possibility of creating an equal partnership between Europe and America in other fields as well. The European Community must not only expand geographically (and here the entry of Great Britain and other countries will constitute very important milestones), but must also extend its field of action in political and military matters. Europe must be united as rapidly as possible in the political and military fields.

It would be premature to state what institutions would have to be developed and created to serve this partnership. If Europe and the United States develop it free from a spirit of domination and taking into account the interests of others, the day will perhaps come when the Soviet Union will no longer dream of world domination. The process thus started will not stop at the borders of Europe, nor will it stop at the borders of the Atlantic world. It is the process of civilization itself, leading from the law of the jungle towards collective responsibility.

The American report on the subject was divided into nineteen sections:

1. The European Economic Community is developing simultaneously along three separate lines:

(a) It is moving rapidly towards the culmination of the Common Market envisaged by the Treaty of Rome;

(b) The present negotiations with the United Kingdom, Denmark, Ireland, etc., are leading towards a larger geographical scope and enlargement of its base;



(c) The negotiations among the Six for a new treaty on political and defence co-operation involve a significant expansion in its activities. These three separate planes make it much more difficult to carry out a precise analysis.

2. Several trends are nevertheless becoming clear:

(a) The EEC, even in its present form, is tending to act as a single entity;

(b) The successful conclusion of negotiations between the EEC and the UK would solidify the force of this action in the economic sphere. It is premature to assess the effect of further co-operation in the political and defence fields between the Six and the United Kingdom, but if this takes place, it would be possible to start thinking of further Atlantic co-operation on the basis of an increasingly concerted European view.

3. Despite the uncertainty of the present situation, it is unmistakable that the basis of Atlantic co-operation in the near term will be the United States and the European entity. This will obviously be easier in those particular sectors of activity where the development of a European entity is furthest advanced. Trade and commercial policy fall into this category, agriculture runs a close second. Co-operation in the field of the peaceful uses of atomic energy is already far advanced.

4. It must be realised, however, that there is still considerable substantive disagreement among the European countries about the form which a European entity should take. As a result, there is a certain reluctance to "think European" which in turn has two important consequences:

(a) An under-assessment of the extent to which countries and areas outside of Europe are now beginning to think of Europe as an entity;

(b) A failure to adopt positions of concerted responsibility commensurate with the new role quickly enough.

On the other hand, the tendency outside the Community to consider the integration process as being much more advanced, in spite of the factors which may still affect it or even prevent the creation of an effective body.

5. This set of conflicting phenomena epitomizes the present problems of further development in an Atlantic Community. Europe must acquire a sense of its unity, commensurate with its new and powerful role in world affairs.

6. This implies a time lag.

7. However, the very act of creating the new entity brings problems in its train which need to be resolved in the short term. Moreover, there are a number of major problems in the Free World, which require urgent solution and in the solution of which Europe must play a role.

8. The techniques for proceeding to an improved Atlantic organization must leave the EEC countries to construct an entity on the existing base and to extend it to the political and military fields. But these techniques must also allow the problem of third countries to be met and they must be dynamic.

9. The conception of an equal partnership between Europe and the United States

permits of this, but it will work only to the extent that there is a European partner capable of speaking and acting as a single entity. The process would therefore have to be carried out on a functional basis, rather than an institutional basis, by developing joint efforts where the EEC is able to move ahead as an entity, resolving problems as they occur.

There is another and stronger reason for proceeding along functional lines: as the fact of a consolidating European Economic Community becomes further apparent, and as co-operation among the United States and Europe in the framework of the OECD moves along, "defensive" reactions are to be feared on the part of third countries (they are already apparent). This suggests that increasing emphasis has to be placed upon the problems of the rest of the world, by using not only the existing European and Atlantic organizations, but also the large international organizations such as GATT, the IMF, etc. Third countries must feel that an Atlantic partnership is beneficial to their interests and not contrary to them.

10. By working together in this manner, the United States and the EEC will arrive at much closer arrangements, opening the way to a new equilibrium and the consideration of further steps which it would not be realistic to try to define at the moment.

11. The alternative to partnership is for Europe and the United States to find an increasing number of finite, present and irrevocable solutions to the kind of problems which arise. There are tendencies today to resolve existing problems in this fashion, such as nuclear problems, the North-South Axis, suggestions for "association". But such solutions to what are essentially global problems can only result in each side of the Atlantic being forced into introspection.

12. If the emerging power axis in the Free World is to be based on a bi-polar concept of a Europe and America, the solutions to the major economic, political and military problems to-day should be geared to this conception. Any other solutions will negate the possibility of its being achieved.

13. It is in the trade field that the European Economic Community has already begun to act as an entity.

14. The most important single element in this field is the level of tariffs. Treating agriculture separately, we find that, if the UK and EEC negotiations succeed, close to 90% of the industrial goods moving in international trade will originate either in the enlarged EEC or in the United States, the only other major exporting countries being Sweden, Switzerland, Austria, Canada and Japan. This means that as the only effect of tariffs in such a case would be to protect EEC markets from American producers or American markets from EEC producers, neither the EEC nor the US could afford to reduce tariff levels unless this be done jointly, reciprocally, and on a most favoured nation basis, so as not to penalise unjustly small marginal producers, bearing in mind that the developing countries will need markets for their products. This means that the

reply of the United States and the EEC to the problems may determine the orientation of the rest of the world.

The tariffs level of the EEC and the USA must therefore be negotiated between these two to the lowest practicable level, in order – and this is primordial – to allay the fears of smaller third countries. The alternative of seeking bilateral preferential arrangements can only serve as a brake on the dynamic process in which the EEC is engaged.

15. This raises the problem of special relationships established or envisaged between the EEC and third countries: European states desiring association with it or seeking preferential bilateral arrangements and the African countries. The question is whether these cases have to be solved on a "European" basis or if EEC and the United States share the responsibility. The rapporteur considered that in view of the links between the two sides of the Atlantic, the latter answer was the correct one and that it would be unhealthy, in the case of Africa, to permit the perpetuation of a North/South axis in an exclusive form. Moreover, the conception of preferences or spheres of influence is most defective in those areas of the world where primary responsibilities are not now clearly delineated.

16. These considerations indicate that the United States and Europe have a series of tasks before them which must be resolved without waiting for Europe to become an entity. This involves closer policy relationships in the OECD and a new conception of aid relationship between the OECD countries and the developing countries. In the trade field, these tasks may be described as follows:

- (a) Lower tariffs on industrial goods, allaying the fears of third countries;
- (b) Importations from developing countries (including India, Hong Kong, Pakistan and Japan) so that they can acquire the foreign exchange necessary to meet their requirements;
- (c) Non-discriminatory imports of tropical agricultural products, making efforts to eliminate price fluctuations;
- (d) A common approach to the problem of temperate-zone agricultural foodstuffs, seeking solutions on a global basis.

17. Projects to solve all these problems can now be implemented by means of some general agreement between the United States, the enlarged EEC and the principal exporting countries concerned.

18. So long as the basis of the solution is essentially agreement between the United States and the enlarged EEC, the institutional forums where this is done are less important. For the time being, every effort should be made to use the GATT and the OECD where these are appropriate, rather than establish new institutions.

19. As the habit of working in common increases, it will be possible to add new problems which can be treated on the basis of a single European view. As the habit of a common view extends to the political and military field, the system of partnership co-operation can be extended to fit it as well.

Before opening the discussion, the Chairman gave the floor to the author of the American report so that he could comment on the two introductory reports.

The speaker called attention to the speed with which science, technology and military questions had developed since the end of the war. It was still hard to conceive the consequences of those changes, especially the possibility of physical destruction of the world. It naturally was not necessary to adjust our thoughts with the same speed when evaluating social, and economic-political developments. It would have been difficult to foresee in 1945 and 1946 the tremendous evolution of the world situation which had resulted from the breaking up of the colonial system, the appearance of new States, the fall of the iron curtain between Europe and the East, and the progress of European union, even if the latter still appeared inadequate. The vigorous support given to European union by the United States was based on the conviction that the United Kingdom would eventually associate itself fairly soon and that a new relationship on an equal footing could then spring up between America and a Europe speaking with one voice. Institutional arrangements would be needed to reach the desired association in the political and economic fields. Regarding military matters, the United States were convinced that the defence of the free world was indivisible and that NATO had to continue. That was why, in his opinion, the formation of a United Europe should not lead to a military autonomy contrary to the concept of our common defence. Regarding the sphere of economics, he referred to the growing success of the work of OECD.

In order to permit more orderly discussion, the Chairman proposed that the following two points should be discussed separately:

1. Negotiations between the United Kingdom and the European Economic Community – the repercussions of those negotiations on the Atlantic Community and the relations between Europe and the United States;
2. Expansion of the Atlantic Community and the problems of neutral countries.

Several speakers discussed at length the question of the United Kingdom's entry into the Economic Community.

An English speaker recalled the obstacles which his country's parliament might raise with regard to the United Kingdom's entry into the Common Market. Two other British participants, both belonging to parliamentary circles, made a comment in that connection: in spite of the violent campaigns launched in Great Britain by a certain part of the Press against the accession of that country to the Common Market (campaigns of which the importance ought not to be under-estimated), if it were merely a question of supporting such accession, a favourable decision would already have been taken. However, the final attitude of the Government, as well as that of the official Opposition would not be taken until the exact conditions governing admission were known, which was not yet the case.

What was the exact effect of British accession to the EEC? One of the aforementioned speakers said that in Great Britain both the Government and the Opposition regarded the negotiations under way as being of an essentially economic nature. The real political co-operation was to take place within the larger framework of NATO or, as regards military matters, through the United States of Europe. In acceding to the Treaty of Rome, the United Kingdom did not intend to accept engagements of a supra-national nature or implying a common foreign policy. It was not, in that particular case, a question of creating the United States of Europe and that point had to be clearly established to start with, as the subsistence of any misunderstanding on this point might result in Great Britain being accused subsequently of "sabotage".

This point was also dealt with by two other European participants: a Belgian speaker who considered that the United Kingdom's entry into a unified Europe was a necessity and a German speaker who pointed out that the Treaty of Rome made no reference whatsoever to a creation of a federation or confederation, but foresaw arrangements calling for action decided upon in common, e.g. with regard to economic policy and the control of competition, and also with regard to the bringing into harmony of fiscal, social and monetary legislation. No more was asked of the British. As to the future prospects, in view of the inherent dynamism of the Common Market, they could not be considered in the light of available data.

The main difficulty of the British, but even more so of the Commonwealth, as had been stressed by various speakers, lay in the preferential trade arrangements between Great Britain and the Commonwealth countries, which were of vital importance for some of the countries concerned. That was why a Canadian speaker, while declaring his warm support for both the Commonwealth and a United Europe embodying the United Kingdom, nevertheless recalled that 36% of British exports come from the Commonwealth, and 95% of the farm products of New Zealand (meat and butter) went to Great Britain. The same was true of a third of the exports from Australia and Ghana and of 65% of the tea exported by India. Quoting other examples, the speaker pointed out that in the case of his own country, Great Britain was the main outlet for its major productions, such as wheat, aluminium, nickel, copper, zinc, etc.

However, problems of that type did not appear to be insoluble. As had been pointed out by other participants, the thorny question of agricultural produce could be split into two parts: products from temperate Commonwealth countries and tropical products. The former problem was linked with the common agricultural policy of which the principle had just been agreed upon between the Six after laborious negotiations. The question of tropical products was linked with that of the preferential arrangements which had already been granted by the EEC to certain African countries and which, as a Dutch participant and an Italian participant had suggested, might, during a preliminary stage, be extended to the Commonwealth countries. Whereas an American speaker had expressed the wish, apparently shared by other participants, that the lower-

ing of the tariffs of the European Economic Community should be extended finally to agricultural products, especially so as not to encourage inefficient production by the establishment of artificial prices, a French participant pointed out that this presupposed a slow social evolution, which was greatly preferable to a revolution, in the European countries in question. However, in the long run, as an American participant had pointed out energetically, it was a question of ensuring equal access for the products of all developing countries and thus of eliminating preferential systems, which were in any case contrary to the regulations of GATT.

As stated by a Netherlands speaker, the Brussels discussion appeared to have disclosed a large measure of agreement. He also mentioned that agreement had been reached there on two points:

- Transitional measures, spread over five or seven years, might be applied to Commonwealth exports:
- Solutions were already in view within the EEC for some of those products, for example by means of long-term supply contracts.

An American speaker supported that opinion and added that the dynamic character of the Common Market and the rise in the standard of living which it would produce would probably lead to increased consumption and permit solution of the problems. In addition, the Common Market ought to adopt a liberal policy permitting the entry of the agricultural products of concern to the Commonwealth. Where they gave rise to extremely difficult problems, global solutions would have to be found within the free world and some of those solutions ought to be sought without delay.

Although raw products constituted most of the Commonwealth exports to Great Britain, it would be important not to neglect industrial exports from the low salary countries (Pakistan, India, Hong Kong), for which, as the same American speaker pointed out, special arrangements would have to be made.

A Belgian participant noted that as matters already stood, much of the Commonwealth produce merely passed through London for subsequent re-exportation to Europe and that accession of the United Kingdom would not lead to any change in the situation.

In the course of this debate, several speakers - Italian, Canadian and English - emphasised that the question under discussion had more a political aspect than an economic one and that the links established within the Commonwealth were of great importance for the Free World at a time when the Communist threat was becoming greater for the developing countries. The desire to maintain those links was not inspired by a British hope of "winning on both fronts" and if those links disappeared there would be nothing to replace them.

Another difficulty (which was dealt with in more detail during examination of the problems of the neutral European countries) was mentioned by two British participants. They referred to the United Kingdom commitments to all its partners in the European Free Trade Association, commitments under which it could not go off on its own to

join the Common Market, abandoning them to their fate. That fact would have to be borne in mind during the negotiations and was recognised by a Netherlands participant.

In view of some British hesitations, a Belgian participant recalled the precedent of the French attitude with regard to the Treaty of Rome. Certain safety clauses had been included in that Treaty precisely in order to meet in advance some hesitation and thus permit its ratification. In practice, it had not been necessary to make use of those clauses. Similar methods could no doubt be applied successfully in the negotiations with the United Kingdom.

Several speakers referred to the French Government's position and the fears raised by the formation of a "Paris/Bonn axis". An Italian participant stated that the German Government's attitude was somewhat ambiguous, whereas that of the French Government was "too clear". Other participants expressed their fears with regard to the possibility of an agreement between the President of the French Republic and the Chancellor of the Federal Republic of Germany, designed to keep the United Kingdom out of the European Community, thus compromising the Atlantic association which was beginning to take shape.

A French participant thought that such fears were to a great extent the result of misunderstanding. Expressing his warm support for the entry of Great Britain into the EEC, he said that his Government's opposition to certain forms of supra-nationality should rather tend to favour British accession. However, if it was to be solid, the proposed union must be accompanied by reciprocal sacrifice and it was those sacrifices which were at the root of many of the existing difficulties.

A German participant stressed the political importance of the Franco-German friendship for the whole of the West. Care must be taken to avoid creating conditions which would force Germany to make a choice between friendship with France and friendship with the other Western countries concerned. Another German participant stated that his Government had given its delegation, responsible for the Brussels negotiations, instructions to make every effort to facilitate full economic and political participation by the United Kingdom. He denied that the Federal Chancellor had stated that he would prefer Great Britain to be an associate member. It was the opinion of the German government that there would never be a unified Europe or a common policy on the continent if Britain were not present. The German government considered it essential to maintain good relations not only with the United States, but also with the United Kingdom and France. Another German speaker made a similar statement.

If the negotiations nevertheless failed, what would be the consequences? This question was raised by several speakers and produced various answers. Certain of them thought it a hypothesis unlikely to become reality. Others viewed it as a danger which might well materialize in the near future. The vast majority of the European speakers and all the Americans who spoke on the subject expected such an event to have disastrous consequences.

As an Italian participant pointed out, if the negotiations failed, even the degree of European integration already acquired would be jeopardized. There could be no question of returning to zero as it would cause too much bitterness. He felt that a great deal depended on General de Gaulle. Moreover, as European and American speakers had already mentioned, the detrimental effects would stretch to the other side of the Atlantic and that might lead to movements of opinion against France and Germany as those responsible for the failure. More important, the entire policy recommended by President Kennedy (and which he would have great difficulty in getting accepted by Congress) would stand in danger of collapsing. The bill authorizing the President to lower tariffs might end in parliamentary defeat. A painful revision of United States policy might become necessary at the very time when a considerable swing in American opinion had occurred especially in business circles, as had been shown by the reports of two of the American participants. Several speakers from both sides of the ocean had referred to the momentum which had been attained and this momentum must not be allowed to dissipate.

One British speaker whose opinion on this matter was not shared by other participants expressed a somewhat less categorical opinion; warning the Americans against over-optimism regarding the immediate outcome of the negotiations, he hoped that the ups and downs of the discussion would not be presented to the public as a question of life or death for the West. Even an apparent setback at the beginning would not be a disaster, as it might perhaps incite delegates to prepare geographically wider solutions, because it had to be borne in mind that the various problems in the economic-political field required world-wide solutions. It would be wise to prepare American public opinion for the possibility of long negotiations.

Several speakers, especially amongst the Italians, Germans and Belgians, pointed out in that connection that the determining factor would be the political determination of the various parties concerned; none of the technical problems which had arisen were insoluble and some of them could even be solved in various ways.

The many speakers on this question referred to the need to avoid the formation of a closed and restricted market. An American participant spoke of his country's concern (shared by Japan, a Western ally) not to find itself in an unfavourable position vis-à-vis the expanded EEC as a result of preferential arrangements granted simultaneously to the member countries of the European Free Trade Association, the Overseas Countries and the associated third countries. A Belgian participant also mentioned anxiety on that point. On the other hand, an Italian and a French participant were concerned lest an attempt to launch too vast and vague an undertaking, so far as its rules of operation were concerned, should lead to dispersion of the dynamism which had permitted the acquired success of the Common Market.

Several speakers brought up, in this connection, the problem of defence and nuclear weapons. Although there was unanimity regarding the indivisibility of the free world's

defence and the role which NATO should play, some participants thought that the principle of free partnership should be extended to military matters also. A German participant pointed out the potential role of the Western European Union in this field. Another German participant, expressing support for the idea of very wide Atlantic association, nevertheless called attention to the danger of certain campaigns, conducted particularly in the United States, creating the idea that European accomplishments with a view to integration were already out of date and that it was time to build up an Atlantic superstate of which Washington would be the metropolis.

Several speakers from neutral European countries explained their problems and opinions during the relevant parts of the debate.

Having pointed out the role played by his country in the political, economic, cultural and historical development of Europe, a Swedish participant stated that the neutral countries wanted to achieve some sort of synchronism with the development of the Common Market, so that more vigorous steps could be taken later and that was why they ardently hoped for the success of the negotiations between the United Kingdom and the EEC, especially as the British Government, as had been pointed out by other participants, had undertaken the previous year not to commit itself with regard to the Common Market without its partners of the European Free Trade Association. The terms of association should not be directed merely to the expansion of trade, but should also permit more extensive common action in several fields. A line should be drawn between provisions of that nature and those which, in the Treaty of Rome, appeared to imply a political alliance incompatible with neutrality. Several events had shown, and were still showing, that this neutrality was of benefit to the West and that it was in no way synonymous with isolationism, as had been proven by the high degree of integration already accomplished between the northern countries in spite of their differing foreign policy. There was in fact no question of Sweden and the other neutral countries enjoying the advantages of the Rome Treaty without supporting the drawbacks and the provisions of the Treaty which Sweden was able to accept were far more numerous than those which it had to reject.

The determination of the neutral countries not to ask for a privileged position and to play an active part in certain common tasks was also stressed by a Swiss participant, who quoted as examples: co-operation with the underdeveloped countries and scientific research especially in the field of nuclear energy and space research.

A Finnish participant explained the special position of his country as a neighbour of the USSR and bound to neutrality by its treaties with that country whilst depending for 25% of its national revenue upon its exports, 70% of which went to Great Britain and the Common Market countries. Finland was therefore extremely interested in the current negotiations, which should under no circumstances lead to the erection of a high tariff wall, as that would constitute a terrible blow for an economy which, in spite

of heavy burdens, had been able to recover by its own efforts after the war, whilst safeguarding the principle of free enterprise.

An Austrian participant pointed out that his country had already gone a long way in European co-operation without abandoning its neutrality. The population of Austria really felt that it belonged to Europe. What was required from the EEC (and the United States, by their support), was a true desire to accept association and in the case of the neutral countries a possibility of stating clearly during negotiations the positions which they could not accept without prejudice to their neutrality. That point was also raised by a German, a Swiss and three Swedish participants. There were obviously sectors in which it was a delicate matter to make any distinction. One example mentioned had been common trade policy, which was perfectly acceptable to everybody in principle but which, in practice, could involve measures of economic war which might drive the neutral countries much further than they were prepared to go.

Several participants from other European countries took part in the debate. They all supported participation by the neutral countries, for which the latter expressed their gratitude. One Swedish speaker, however, expressed his concern with the American attitude towards the question of the neutral countries.

The position of the neutral countries seemed to differ from case to case. An Italian participant made a distinction between those on which neutrality was imposed (Finland and Austria) and therefore did not have a very free hand in deciding upon association with the EEC, and those who were neutral by choice (Sweden and Switzerland) and were therefore much freer to commit themselves.

Bearing in mind these various factors, several speakers from both the neutral and other European countries agreed on the need to achieve association in the long run by adopting as pragmatic an attitude as possible on the basis of the provisions of the Rome Treaty, without imagining that there was only one blueprint for association or - what was more important - that the plans were pre-determined by what had already been accomplished or envisaged for other countries not bound by a status of neutrality (Turkey and Greece in particular).

The Chairman called on the European rapporteur to close the discussion on that item of the agenda. The latter mentioned that in reviewing the main points of the discussion he would give his personal views and not the opinion of the "Committee of Action", of the Chiefs of the political parties and the trade unions. It should be mentioned that many participants did not share the rapporteur's views.

The speaker then declared to have been struck by the fact that speakers from the parties in power in various countries had expressed the same opinions on most of the problems under discussion as speakers from the opposition.

What were the tasks of the Atlantic Alliance? Referring to the summary of an American participant, the speaker had discerned three main ones during the discussions:

- (1) to prevent the cold war degenerating into a hot war;
- (2) to reach a modus vivendi with the USSR which could subsequently lead to a true peace;
- (3) to give effective assistance to the under-developed countries.

Those three objectives were in fact closely linked and an essential condition for their attainment was that the West should remain closely united. Such unity depended on an equal partnership between the United States and Europe. Noting the agreement of opinion on that point, the speaker expressed his support for the extension of that equality into military questions because, if the idea of a third force was to be rejected, it applied equally to the United States and to Europe.

Mr. Heath had stated before the Assembly of the Union of Western Europe, that a European point of view could and must be reached regarding defence matters in so far as it remained closely linked with the Atlantic Alliance. "Spreading of the work" was desirable, but it should not lead to a division of responsibility. National nuclear forces were not a solution.

There had been much discussion as to whether the Rome and Paris Treaties were of a political or purely economic nature. In fact, both aspects were closely related.

There had been general agreement that the EEC had to be open to the world and not closed in on itself, noted the speaker, who was reasonably optimistic regarding the outcome of the discussions under way between the United Kingdom and the EEC. The momentum appeared to have been given and the atmosphere appeared to be a favourable one, especially as several of the problems outstanding within the EEC (e.g. that of agricultural policy) called for consideration of the desires of third countries. It was also recognized that the Free World had to bring about greater freedom of trade and that the West had to open its doors to the manufactured goods of the developing countries. The necessary plans and guiding principles were being drawn up for the world-wide organization of markets for tropical products. There was thus formed a set of conditions favourable for a solution, especially with regard to the problems of the Commonwealth.

Regarding the problems of the neutral countries, it also seemed that agreement was going to be reached on the fact that the EEC had a special responsibility to them, which might even be extended beyond Europe (e.g. Israel). Arrangements were therefore possible, provided all sides realized that the EEC intended setting up irrevocable bonds, whereas the neutral countries had different aims. It was therefore essential, as had been shown by Sweden, which had considerably increased its exports to the Common Market during the preceding six months, not to raise problems in advance, but to solve them as and when they arose. All that was not contradictory to the primary objectives, which must be to strive for world-wide solutions and a strengthening of the Atlantic association. Unlike other participants, the speaker did not feel that there was obstruction from the President of the French Republic.

## II. IMPLICATIONS FOR THE ATLANTIC COMMUNITY OF PROSPECTIVE DEVELOPMENTS

### B. IN THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

Discussion of this part of the agenda was prepared by four reports, two drawn up in the United States and two in Europe.

Two of these reports (one from an American and the other from a European source) dealt mainly with economic and financial co-operation, concentrating on a revue of the work and possibilities of OECD Working Party 3, whilst the other two (also from American and European sources) devoted more attention to the problems of assistance to the developing countries.

As these reports often cover the same subjects, and in order to avoid repetition, they will be summarized here briefly, particularly in so far as they refer directly to the agenda.

The American report, devoted to economic and financial co-operation within the OECD, began by noting that the scale of the movements in favour of increasing interpenetration of the Western countries might lead to a solidity which could not have been dreamt of in the past.

Financial co-operation between allies began at the end of the war with the Bretton Wood's Conference, in 1944, which led to the creation of the International Monetary Fund and the World Bank. In 1947 came the Marshall Plan which led to the OEEC and later to the broader-based OECD. For thirteen years, the OEEC, especially through such instruments as the European Payments Union and the European Monetary Agreement, permitted very efficient regional co-operation culminating, in 1958, in the partial convertibility of the currencies of 14 countries. In April 1961, the OECD created a sub-committee known as "Working Party 3". In order to achieve efficiency, membership of this Working Party was limited to those Western countries with principal responsibility in international financial affairs (Canada, United Kingdom, Western Germany, Sweden, Netherlands, Belgium, Italy, France, Switzerland and the United States).

The rapporteur stated that the principles governing the Working Party were:

- (1) Flexibility of its agenda so as to meet changing short-run conditions;
- (2) Readiness to review the internal problems of the member countries as they affect balances of payments;

(3) Respect for the constitutional procedures of each member country in the interest of mutual benefits and international solidarity;

(4) Treasuries and central banks to be able to deal in each other's currencies so as to bolster support for their own monetary unit during periods of balance of payments deficits;

(5) Creditor countries to retain the right to demand gold or their own currencies at the termination of a time schedule or any other agreed upon condition;

(6) Deficit countries to be able to gain time for payment provided they can show the probability of improvement in their situation;

(7) Maximum possible limitation of differences in interest rates between member countries so as to minimize arbitrage operations and heavy out movement from domestic currencies.

The most delicate problem for the OECD at present is that of the balance of payments and particularly of the surplus countries, particularly Western Germany, where the depression of interest rates could only aggravate inflationary pressures. Conversely, if the United States, in an endeavour to reduce the deficit, raised its interest rates, it would only accelerate the rate of unemployment. The rapporteur then quoted examples of international co-operation designed to solve monetary problems and asked what the United States could do about its balance of payments dilemma. Both deflation and inflation are accompanied by many dangers. It seems more advisable to make maximum use of existing institutions and arrangements accompanied by unilateral and limited measures such, for example, as cutting back military expenditure overseas, reducing duty-free purchases for United States tourists, and other measures which the rapporteur listed. Other remedies imply a certain amount of co-operation from American allies, such as a better distribution of aid expenditure. However, most of these measures bear on the symptoms rather than on the causes of the American balance of payments problem. The rapporteur therefore suggests three major solutions to the problem, of which he nevertheless recognises the difficulties.

One solution would be for the United States to increase its foreign exchange holdings; in other words export more, or import less. However, a restriction of imports would conflict with trade expansion plans. Moreover, an increase in exports would mean production of a higher order and accelerated investment. Since 1955, the amount of the gross national production invested has been much higher in the Common Market countries than in the United States.

The second major solution would be to recognise the extraordinary magnitude of United States foreign aid and military expenditure abroad and perhaps reduce that amount, increasing the part of the burden borne by the Western countries. The political strategy involved precludes a decrease in the overall expenditure. An attempt might therefore be made, in view of the mission now given the OECD, to give an Atlantic

community development agency responsibility for this aid, whilst studying a possible redistribution of NATO military expenditure.

The third solution would consist of easing restrictions on capital movements and tourists funds to the United States from the other OECD countries.

The lesson of Working Party 3 is that Western nations must be mindful of the external effects of their internal policy. Internal and external national economic policies must complement each other and no nation can isolate itself from world-wide economic interdependency and a crossed-price relationship. It behoves the former debtor nations to remain aware of their international responsibility for "good creditor policy".

Working Party 3 must promote pragmatic co-operation between sovereign powers, but there must be no question of creating a block or imposing a single policy.

The second of the reports on this subject entitled "A UK view of Working Party 3" began with a review of some general facts. Whilst the steady growth since 1950 in the gold and dollar holdings of most European countries was welcomed until recently as a reinforcement of world reserves, it has latterly been considered more in its other aspect, namely that of a deficit in the balance of payments of the USA and this has served to emphasise the vital importance of maintaining balance in the international payments system. Under convertibility movements of capital, whether speculative or not, may become too big in relation to the reserves necessary to defend the exchange rates. This can cause serious difficulties, especially for the "reserve currencies", of which the principal ones are the dollar and the pound sterling, in view of the international role which they play, a role with historical, technical and political foundations. A very heavy burden therefore rests on the shoulders of the managers of these currencies. Co-operative action is necessary, in the face of "imbalance" for it is plain that countries in deficit cannot, by their own means, solve all their problems, except by taking radical unilateral measures which risk setting off chain reactions prejudicial to the whole payments system, such as reductions in imports, deflationary measures or devaluation. This naturally does not mean that the "deficit countries" can shift their responsibilities to other shoulders; the only course open to them is to adopt sound policies. But it is clearly essential that the causes of "imbalance", both in surplus and in deficit countries, must be detected and corrected early.

It was recognition of this principle which led to the setting up of Working Party 3 to "analyse the effect of international payments of monetary, fiscal and other policy measures and to consult together on policy measures, both national and international, as they relate to international payments equilibrium".

The method so far adopted by the Working Party had been to make close examination of the balance of payments situation in individual countries, so as to identify the forces which make for "imbalance". This helps them to reach agreement on the general objectives at which they are aiming and on the responsibility for any action

needed to achieve them. It is mainly the conditions in the larger countries which have to be investigated in view of their predominant international influence.

The Working Party has so far concentrated its attention on the United States, Great Britain, Germany and, to a lesser degree, on France and Italy. The analysis of the situation in individual countries is carried out without acrimony and without a desire to put a country "on trial" and leads to mutually agreed recommendations for action. Changes envisaged by the national governments do not need prior formal agreement, although existing policies can be freely criticized. The working party also reviews the effects of measures adopted on its recommendation.

There is already a growing awareness within the Working Party of the value of co-operative solutions for the problems of individual countries. A good start has been made, but much remains to be done.

There is admittedly a certain amount of overlapping with the work of certain other international institutions, but by its small and intimate nature, the Working Party can facilitate co-ordination. This is true in the case of the IMF, which must remain the supreme institution for providing short-term balance of payments assistance to countries in difficulties. Relations with the Bank for International Settlements present few difficulties, as its operations are of a technical nature. Finally, there is clearly a close connection between the Working Party, the Monetary Committee of the Six and the board of management of the European Monetary Agreement. It has been possible to co-ordinate their various activities, particularly by overlapping membership. The expected developments in the near future are certainly likely to have repercussions on these relationships.

Perhaps, when the history of OECD and Working Party action is written, the historians will note the important role played by each of them in fighting against certain currents which might have led to excessive regionalism and thus to autonomous policies. It is to be hoped that the Working Party will continue to operate along these lines in a general movement of expansion, whatever changes may occur, particularly as a result of Great Britain's entry into the Common Market.

An introductory report by a German participant set out the main lines of the work of OECD in co-ordinating Western aid to the developing countries.

The rapporteur recalled the setting up of the Development Assistance Group (DAG) which was succeeded by the Development Assistance Committee (DAC), consisting of the principal industrialized countries of Western Europe (France, United Kingdom, Germany, Italy, Belgium, the Netherlands and Portugal) as well as the United States, Canada and Japan, plus the Commission of the EEC. The limitation of membership to donor countries facilitated the frank discussions in an atmosphere of confidence, whilst giving rise, it is true, to a certain distrust on the part of the developing countries.

So far, emphasis has been placed on exchanging information and compiling comparable statistics as a basis for the sharing of the burden. There have been two problems:

(a) In comparing individual contributions, should the only criteria considered be grants and very long-term credits at non-commercial conditions, representing general budgetary sacrifices, or should consideration be given to all contributions helping to build up the economies of the developing countries including, for example, private investments?

(b) How heavy can and should the burden on the individual donor country be?

On the basis of the American proposal to devote 1% of the combined gross national products of the industrialized countries to the under-developed countries, a figure of about \$8 billion was obtained for the West. According to OECD statistics, the total (public and private) financial contributions of all industrialized member countries of the OECD, including Japan, reached about that figure in 1960 as opposed to only \$178 million contributed by the Sino-Soviet bloc.

A DAC report shows that grants and loans are concentrated mainly on those countries with which the donor countries have special political and economic ties. On the other hand, there is a flow of private capital into certain other countries. DAC has prepared another report on the effects of assistance on the economic growth of recipient countries. This shows, amongst other things, that in 1958 the annual per capita income in the great majority of the developing countries did not even reach \$250, in spite of Western development assistance of about \$42 billion during the period 1950-58. This study also shows that the race between population increases and the growth of per capita income in the developing countries is still far from being won.

The forms of future co-operation raise a series of important questions:

- Should developing countries closely connected or sympathising with the Soviet bloc (Guinea and Ghana) receive more or less aid than pro-Western or neutral countries?

- Should there be a certain geographical concentration of Western assistance? The rapporteur pointed out in this connection that such concentration would increase the efficacy of the limited funds available (a method widely used for the political propaganda of the Eastern block), but that it caused discrimination against non-recipient countries;

- The concentration of aid in favour of individual countries must be distinguished from measures to further whole groups of countries such as the Colombo plan, the EEC development fund and the Alliance for Progress;

- Should there be a "division of labour" (e.g. Europe-Africa or United States-Latin America) between the donor countries? This can give rise to several objections (the creation of spheres of influence would be contrary to the world-wide interests of the industrial countries and consideration would have to be given to the reproach of neo-colonialism);

- To what extent should Western aid be granted bilaterally or through international organizations? At the present time, the greater part (90% in 1960) goes to bilateral efforts;

- How is the practical co-ordination of assistance to be achieved? Two methods are



used at present: the financing of national programmes through consortia of the donor countries and the financing of large specific projects by ad hoc financing groups (project financing):

- Should bilateral aid be tied or not to purchases in the donor countries? Soviet aid has always been tied and the same has been true of almost 95% of Western aid.

The rapporteur also dealt with the question of the participation of private enterprise, which is of special significance in view of the trends towards State capitalism in most of the developing countries and he listed some of the studies carried out by the OECD in this connection.

The DAC has also formed a permanent working party on problems related to technical assistance.

Mention must be made of the importance of measures aiming at stabilizing commodity prices and opening markets for agricultural products and manufactured goods from the developing countries.

In closing his report, the author referred also to some measures designed to strengthen co-operation amongst Atlantic allies within the OECD, but which were not directly related to the subject under discussion.

The American report on the OECD and the DAC was designed to provide an account of what is being done and what might be done with regard to development assistance, on the basis of the belief that it would be possible for the Western nations to reach an agreement, however imperfect or incomplete it might be, on the general purpose for giving aid.

The rapporteur began by recalling the origins of the DAC and the OECD, the first of which was established in 1960 as the result of American initiative. He added some general comments on the composition and aims of the two institutions. Passing to the more specific problems of development assistance, he recalled that in 1960 8 000 million dollars had been supplied by the member countries and Japan, as opposed to an average 7 000 million dollars from 1956 to 1959 and 3 500 million dollars from 1950 to 1955. Of the 8 000 million dollars, 4.9 were from official sources and 3.1 from private sources. The flow from official sources, and the proportion of grants and loans on favourable terms have continually increased.

Most of the official funds come from the United States, the United Kingdom and France. Most of the grants and soft loans come from the United States and France, and their assistance is pretty much limited to territories with which they have special ties. A great deal of United States assistance goes to the countries of strategic interest and to those with shaky governments. The assistance of most other members of DAC is small and is given under relatively unfavourable conditions. In addition, many of these countries are as much concerned with export markets as with development assistance.

There is growing concern in the United States for true development in the countries which receive assistance and for the long-term solution of the more complicated problems. In the rapporteurs' opinion, this preoccupation is only partly and intermittently shared by the other members of DAC and the Organization.

The main aims of the American Government in creating the DAG and then the DAC were to increase the total amount of aid, to relieve some of the strain which American aid itself has put on the US balance of payments and to coordinate aid policies, the last objective being the most difficult and important. Success in connection with the first two aims has so far been somewhat limited and the United States has been obliged to attach conditions to its own aid by increasing balance of payments difficulties.

The main difficulty in co-ordinating aid lies in its extreme diversity. DAC has taken two small steps towards putting order into this chaos in the form of a system of regular reports from its members and a searching review of each member's policies and programmes. But co-ordination is more than that: it calls for adjustment of national programmes, policies and purposes within the nations concerned.

DAC could solve some of these co-ordination problems if members agreed to carry out a joint examination of their policies and problems on a basis drawn up by independent experts and to carry out the proposed adjustments. Delegates would also have to be empowered by their governments to take decisions.

However, this is but part of a much wider programme. If the countries assisted are to complete their own development in time, it is essential to provide effective and stable outlets for their manufactures (including industrial output). For this purpose, these countries must be helped to diversify their economy and this also implies adaptation on the part of industrial and agricultural countries.

In view of the experience which has been built up by the OEEC and the OECD in dealing with the problems of their member countries, it is to be hoped that the OECD will be able to act constructively in co-operation with other international organizations.

During the discussion, participants dealt in succession with the problems of financial co-operation within the OECD and particularly the activities of Working Party 3 and the work which OECD can and must accomplish with regard to assistance to the developing countries.

An American participant started by pointing out that, contrary to the OEEC, which preceded it, the OECD had few funds available and no executive power. It could therefore only act by influencing the Governments. Although from one point of view the economic and financial situation is at present favourable for the operation of the OECD, its task may be made relatively difficult in the near future as certain obstacles are going to arise in the years 1960-1970, particularly on the European side of the Atlantic, especially those of full employment and a lack of reserves. In this connection, the aim of a 50% increase in gross national product of the member countries

for the period in question, as fixed by Working Party 3 of the OECD, appears somewhat ambitious.

The tasks of Working Party 3 can be split into three major groups:

- Meeting short-term capital movements by discouraging speculation and maintaining normal control; that is, adequate control over the normal fluctuations;
  - Harmonization or co-ordination of national monetary policies so as to reduce harmful arbitrage operations to a minimum; this involves the question of priorities between internal and external interests;
  - Collaboration to influence certain sections of the balance of payments.
- At the end of his comments, the speaker raised some questions:
- What practical steps can be taken through the OECD to bring about the 50% increase?
  - Should the OECD receive executive responsibilities, or should it remain consultative?
  - Are there too many co-operation bodies, and should mergers be considered?
  - How far can voluntary co-operation be taken?
  - Are sufficient means available for discouraging speculation between the major currencies, or should extra ones be devised?
  - How are priorities to be established between external and internal measures?

A British participant listed some of the favourable monetary developments which had occurred in Europe. Financial co-operation between the continental countries had made extraordinary progress during the previous 15 years. In addition, integration between Europe and the United States (and Canada) had vastly expanded. This was a great economic and political importance for Europe, if only because of the large deficit in the balance of American payments which has existed now for some years. This participant did not wish to exaggerate the effects which the entry of the United Kingdom into the Common Market would have on monetary relations. Neither did he think that the creation of a European currency was an urgent matter; it would be better to perfect the working of the existing institutions. He felt that they were concerned with a complex of problems which Working Party 3 could study successfully. In view of that fact, and as other speakers had also pointed out, care would have to be taken not to refer to the Working Party more tasks than it could handle (as it was merely a forum for discussion) and to prevent overlapping the sphere of responsibility of other institutions which possessed real powers, such as the IMF and the Central Banks.

However, as pointed out by a French participant, who occupies an important function with an international financial institute, it was interesting to note that although there were organizations working at the world level (the IMF) and also at the European level, it was the "Western" (Atlantic) framework which was chosen by preference to implement effective co-operation, because it was the most appropriate one. In fact, the countries which played a world-wide monetary role numbered ten and were Belgium,

Canada, France, Germany, Italy, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States. Moreover, in vaster organizations such as the IMF intimate co-operation was difficult if only because of the fact that the organization included amongst its members countries which, although unable to play an active financial role, nevertheless had several large claims, without mentioning certain political aims. On the other hand, at the level of the European Monetary Agreement, means of action were more restricted because of the absence up to now of the United Kingdom and the permanent absence of Switzerland and the United States. He also considered that the creation of a European currency, although desirable from many points of view, could not play the role which certain of its supporters expected of it.

It therefore seemed that the Western collaboration would have to play an increasingly important role, and the recent accession of the United States and Canada to the Bank for International Settlements was a significant event. It might perhaps be useful to arrive at an Atlantic monetary agreement within the OECD, possibly with the inclusion of Japan. It was interesting to note in that connection that technical requirements and political means went hand in hand.

One Italian participant nevertheless favoured a European currency, not because of "federative" tendencies, and thus political reasons, but because such a currency was an essential element of a joint policy at Common Market level. He also thought it necessary so as to ensure that differences in the capital situations did not disturb the normal trends of exchange and investment. Only a sort of central bank, composed of States belonging to the European block could achieve such a goal. The sterling question had been a separate one until then, but it might be wondered whether the unsettled movements recently felt in that currency were not due precisely to the fact that its economic foundation had not expanded to the same degree as its world role. It was possible that a sort of fusion of the pound sterling with the continental currencies to form a new unit co-ordinated with the dollar would restore the balance, to the benefit of the entire Western world.

Several orators pointed out that monetary problems were not the only ones requiring extensive Western co-ordination. A Belgian participant, for example, considered that the trade experts committee of the OECD was of a very academic nature, especially in view of the American preference for the GATT which, due to its wide membership, suffered from the disadvantages already pointed out in connection with the IMF. He therefore recommended that a certain amount of competence for trade affairs be given to the OECD and in particular that there should be more extensive consultation within that body so as to avoid prejudicial incidents such as the recent ones which had opposed the United States and the EEC in connection with some increases in tariffs.

Another Belgian and a Swedish participant mentioned that the "imbalance" of payments should not be considered *sui generis* and therefore be dealt with on an exclusively monetary basis, but that the situation merely reflected the economic policies

of the countries in question, for example with regard to savings and investment rates or the evolution of the salary situation. The effect must not be confused with the causes and the solution lay in greater co-ordination of policies. Similarly, the aim of the OECD regarding investments and assistance to under-developed countries could not be attained by purely monetary measures. Monetary stability was essential for a climate of confidence; manipulations such as the recent re-evaluation of the D Mark or the recent stabilization of the Canadian dollar were not advisable for the reasons already indicated and also because their long-term disadvantages outweighed the immediate benefits.

An American participant mentioned the association of professional and trade-union circles with the work of OECD through two advisory committees responsible for studying means of fighting against unfair competition, the factors behind rises in prices, "imbalance" of payments and assistance to the developing countries. At the same time, a Swedish participant, recalling the relationships which have grown up within the OECD and the Council of Europe, regretted that the OECD was still without a parliamentary forum which would help it to gain the support of the national parliaments.

The debate on the role of the OECD in helping to provide development assistance was opened by the German rapporteur who mentioned some general aspects of the question. He pointed out that the new countries were without governments capable of sharing out efficiently the funds put at their disposal. It was a situation in which the lack of executive power in the OECD was strongly felt. It was therefore important not to overlook the political aspect of assistance to the under-developed countries: it was a factor which certainly did not escape the attention of the Russians, who drew the obvious conclusions. There was one field of action for the distribution of public funds and another one for that of private capital and a useful task for the OECD would be to ensure the necessary coordination. He called attention to the extraordinary growth of the populations in new countries, stating that it was a factor which might well render vain all efforts to raise the standard of living of those nations.

Several speakers commented on the subjects which had been dealt with by the rapporteur. A French participant recalled that the political instability and attitudes of newly-independent countries made investors hesitate. A Dutch participant suggested that the OECD should endeavour to convince the leaders of such countries that private enterprise was essential and lasting. Referring to the work accomplished for many years by the International Chamber of Commerce, a British participant recalled that the OECD had before it a draft convention based on that work and designed to protect private investment. Certain bilateral agreements to that end had already been concluded and BIRD could also play a useful role in that connection, especially with regard to mutual insurance. But, whatever might be the source, it would be necessary, as French and German speakers pointed out, to prevent excessive investments out of proportion to the resources available and the requirements of the countries concerned. An Italian

participant stated that the best and most necessary investment consisted of training responsible citizens and good technical cadres for those countries in which, as other speakers mentioned, they were sadly lacking. It was better for such training to be given on the spot, rather than by the granting of fellowships to visit Western countries, where the beneficiaries were not always shielded from harmful political propaganda.

Several speakers wondered whether it was desirable that aid granted from public funds should be accompanied by various ties. A Norwegian and a Swedish participant were opposed to those ties, the former recalling that certain outstanding Americans had in the past preferred to call on the United Nations for the granting of financial assistance, precisely in order to avoid political ties. The second speaker felt that the end in view - i.e. allegiance to the Western outlook - was illusory, as gratitude was only to be expected from nations which had already attained a more advanced stage of development. Adopting a less categorical attitude, the German rapporteur felt that the elimination of ties should be a long-term objective, in spite of the existing derogations from that principle. On the other hand, a Turkish participant held the view that the political nature of assistance could not be avoided and that it could therefore be discussed as such within NATO. An American politician pointed out that the political uncertainty reigning in certain of the countries receiving aid necessitated on the part of donor countries, when the aid was given from public funds, a certain prudence in the form of ties. Moreover, such ties were often useful justification for the assistance when approval was being sought from a Congress which did not grant it very willingly and they often enabled perfectly honourable purposes to be fulfilled, as had been shown by the economic and social reforms administered within the Alliance for Development. Another example, although perhaps a less sound one in the speaker's opinion, was provided by the pressure exerted on Laos by the granting and withdrawal of American aid.

However, stated the Swedish speaker already quoted, bilateral aid was losing its value precisely because of its "sentimental" nature and that was why it was up to the OECD, if not to put an end to it, at least to ensure evergreater co-ordination.

A Scandinavian speaker was interested in knowing what standards should be applied in determining the amount of assistance which each country should provide. A Norwegian speaker showed that in this connection a distinction had to be made between the amount of the contribution and the burden which such contribution implied for the various donor countries.

Other speakers, including one of the European rapporteurs, pointed out that it was not sufficient merely to supply it and that any assistance must be considered together with the increasing development of trade with the countries concerned. This led to the need to make evergreater efforts to bring about the stabilization of production in those countries at sufficiently profitable rates, a conclusion which was shared by the German rapporteur and an Italian participant. Nevertheless, as mentioned by an American participant such a procedure should not eliminate the role played by the rules of the market.

As the Chairman pointed out at the end of the discussions, that would be a difficult and almost impossible task, but one which must nevertheless be attempted. Furthermore, the Prince believed that the discussion on this item of the agenda had been somewhat vague and that it had not given a clear answer to the problems discussed. He wondered if this should not be attributed to the fact that Working Party 3 had started its activities only recently and he suggested to discuss the matter covered by this point of the agenda once more at a future meeting.

Before closing the meeting, the Prince repeated the Assembly's thanks to its Swedish hosts, mentioning all those who had contributed to its complete success. He said that the kind invitation extended by the French group to meet in France the following year had been accepted with gratitude.

## PRESS RELEASE

Seventy three European, United States and Canadian leaders today concluded a private and unofficial three-day discussion meeting near Stockholm. Participants included those from the political, industrial, labour and professional fields.

The gathering, another of the so-called "Bilderberg Meetings" was chaired by H.R.H. the Prince of the Netherlands.

The principal questions discussed in the course of the meeting which came to an end to-day, were the political implications for the Western Community of Nations arising from their policies in the United Nations, and the expansion of the European Common Market, with special reference to its relations with the countries of EFTA and North America.

This was the eleventh Bilderberg Conference and followed the original Bilderberg concept of not attempting to reach conclusions.

The original meeting took place in May, 1954, in the Bilderberg Hotel (from which the Conference was named) in Oosterbeek, Netherlands. Subsequent meetings have been held in many countries throughout the world. The 1962 meeting was the first in Sweden.