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BILDERBERG MEETINGS

WOODSTOCK
CONFERENCE

23 - 25 April 1971

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IN ATTENDANCE:

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INTRODUCTION

The twentieth Bilderberg Meeting was held at the Woodstock Inn, Woodstock, Vermont (United States) on 23, 24 and 25 April 1971 under the Chairmanship of H.R.H. The Prince of the Netherlands.

There were 92 participants from the United States, Canada and twelve Western European countries as well as from various international organizations. They consisted of members of governments, politicians, prominent industrialists and bankers, lawyers, journalists, national and international civil servants and outstanding representatives of the academic world and other groups.

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

The Agenda was as follows:

- I. The Contribution of Business in Dealing with Current Problems of Social Instability
- II. The Possibility of a Change of the American Role in the World, and its Consequences

The Meeting was opened by H.R.H. The Prince of the Netherlands, who expressed the gratitude of all the participants to their American hosts. His Royal Highness read telegrams which he proposed to send to President Nixon and to Governor Davis of Vermont.

The Prince read a letter which he had just received from Professor John Pasmazoglou, expressing regret at not being able to attend the Conference, his request for a passport not having been granted by the Greek authorities.

His Royal Highness was pleased to announce that Mr. Joseph Johnson, although retiring this year as President of the Carnegie Endowment, had agreed to continue as Honorary Secretary General for the United States of the Bilderberg Meetings.

After recalling the rules of procedure, The Prince turned to the first item on the Agenda.

ITEM I

THE CONTRIBUTION OF BUSINESS IN DEALING WITH CURRENT PROBLEMS OF SOCIAL INSTABILITY

The background for the discussion on this subject was provided by two working papers, prepared by an American and an Italian participant, which had been distributed prior to the Conference.

INTRODUCTION TO AND SUMMARY OF THE AMERICAN WORKING PAPER

In introducing his working paper, the author remarked that the manifestations of social instability varied from country to country. In the us today, they would include problems relating to the Vietnam war, poverty, the plight of the blacks and other minorities, crime in the streets, drug abuse, college unrest, "consumerism", the women's liberation movement, and environmental pollution. These manifestations were indeed so diffuse that they certainly pointed toward some common underlying causes.

One group of these causes, in the author's view, could be categorized as the "fallout" of the extraordinary economic advance enjoyed by many countries during the last generation; the solution of previous problems had generated new ones. At the same time, there was a growing emphasis on what was summed up in the phrase "the quality of life". Affluence was increasingly regarded, not as an end in itself, but as an instrument for realizing non-material values. This new mood had brought a hazardous challenge to the work ethic which had been so strong in American society.

In considering the potential of business to contribute to the resolution of social instability, it was fair to begin by saying that the credentials of business were in good standing. In the us, this was due to the performance of the post-war economy and to the fact that business had shown a greater capacity for change than had some other institutions, notably the universities, the churches, and government itself. But the price of a congenial business climate kept rising. The prodigious discharge of social responsibilities involved in the extraordinary production of the variety of goods and services demanded by the market had come to be taken for granted. It was a back-handed compliment from its critics to assume that business would continue this production, but henceforth with "job enrichment" and without impairing the environment, and that it could go on to tackle many other social problems which had not previously been on its agenda.

In confronting these challenges, business had to defend itself on several fronts at once. While safeguarding its cost-effective approach, or "profit mo-

tive", it had to contend with the durable myth that "making money" was somehow incompatible with the exercise of social responsibility. It also had to deal with increasingly activist consumers and shareholders, whose concern with its policies was being expressed in novel ways. These new challenges to business were matched by a growing disenchantment with the capabilities of the public sector, which had led the sociologist Kenneth Clark to conclude that "business and industry are our last hope in America because they are the most realistic elements of our society."

The author suggested a number of questions which might be dealt with in the discussion of this subject:

1. How seriously was one prepared to take the problem? How much time were individuals prepared to devote to correcting the deficiencies of the present system? This was a fundamental question, since developing new devices and institutions would be a waste of time if there was no general resolve to make them work.
2. How far could one go in the dilution of cost-effectiveness, or the profit motive, without undermining incentives for good management?
3. In what situations was it unreasonable to expect business to provide the whole solution to a given problem?
4. To what extent could business be relied on to cooperate voluntarily, without the threat of coercion? Was there not a need for precise rules and guidelines, within the framework of which competitive forces would be free to operate?
5. Should the business community feel a sense of responsibility beyond the requirements of the law, or was this an area to be left to the judgment of each individual or company?

* * *

The author began by saying that the roots of social instability in the us were many and complex, but that he would deal with two in particular: a new awareness of the side effects of unprecedented economic growth of the last generation; and the awakening to a new emphasis on the quality of life, as a result of the affluence that had been achieved for most, although not yet by any means for all.

American society was both beneficiary and victim of a unique growth in quantity. Per capita income had increased eight-fold during the past century, while population had grown five-fold and in cities over one million by seventy-fold. It was no accident that urbanization and population growth had accom-

panied the gain in productivity. Since 1950 real GNP in the us had doubled, the median education of the adult population had risen one-third, and the proportion of the labor force in professional and technical jobs had nearly doubled. Meanwhile, the stock of automobiles, for example, had more than doubled. Congestion and pollution had increased at least as fast, while life expectancy had remained virtually unchanged. And so the question was increasingly debated as to how much the sum of human happiness had risen, and whether economic growth was not creating problems faster than it was solving them.

Awareness of the quality of life and emphasis on protecting the environment constituted unfinished business carried over from the material surge ahead in recent decades, as did the elimination of residual poverty and lack of opportunity, the rural lag and urban blight. Consumerism, another aspect of this unfinished business, was the gospel of productive efficiency from the perspective of buyer and user instead of producer and seller.

There was another, more forward-looking side to social instability. The long struggle against want was well on the way to being won, and many people were floundering, not only because their choices were so much wider, but also because widespread material prosperity was regarded as no more than an instrumental value. After having oriented our economy and society for so long, it was so near achievement that it could no longer serve as a guide in any simple way. From the search for new priorities and instrumental values derived much of the social instability of the day.

High levels of output and continued growth nowadays were usually taken as given, and even the elimination of congestion and pollution as accomplished, because these were not values or goals of life, but only conditions for their fulfillment. We knew that racial discrimination was wrong, and we were working on the moral equivalent of a heart transplant. We knew what a city should not be, and were proceeding to eliminate its flaws. But we had yet to learn what a city should be. We knew what a corporation should not do: discriminate, pollute, exploit. But what should it accomplish, besides efficiently producing a product or service the public wanted?

BUSINESS TODAY

Many business leaders had for generations carried their social responsibility into practice. They were once damned as paternalistic for their trouble, but attitudes had changed, and what some businessmen had always done by personal choice was now increasingly accepted as a civic duty. The concept of the public interest had been transformed, while belief in the power of organized society to set and reach goals had escalated expectations, propelling many

formerly passive citizens to raise their voices and sometimes their fists. They saw business as a major influence on the course of events, and sought to take a hand in its direction. The clear separation of roles as worker, as citizen, as consumer, that once characterized Americans, had become blurred.

At the same time, the family firm had been largely replaced by the corporation whose products and markets were constantly changing, as were its technologies, plant locations, employees and stockholders. The owner-founder had usually been succeeded by professional managers who were responsive to several publics, sharing a broad perspective as to the place of their corporation, and of business at large, in society. Multiple objective management was the pride of the modern corporation, and the fact that some objectives were social rather than financial did not seem to overawe the well-schooled business administration graduate. Large modern corporations, run by such managers, supervised by directors chosen by stockholders, and constrained by creditors, governments, employees and customers, were as complex as many governments and typically more dynamic. They provided most of the research and technological progress that on one hand complicated the environment, human health and social welfare, and on the other hand provided the resources to counter these threats, with affluence and security to spare.

EVOLVING ROLE OF BUSINESS

Because of their overall performance, corporations were increasingly being asked to extend their activities beyond the core function of efficient production and marketing of goods and services. There were even some demands that they become political supermarkets, establishing and enforcing a full line of foreign and domestic policies.

The emergence of the corporation as the change-agent of society reflected a questioning judgment on government. When the self-regulatory functioning of the economy broke down in the 1930's, government had stepped in. Now, after a generation of nearly uninterrupted economic growth, business had reestablished its credentials. In fact, what had caught public attention in recent times was the inefficiency of government programs in such diverse areas as education, welfare, postal service, medical care, poverty and malnutrition. Although some still believed that the public establishment was omniscient and that business did not care, many had begun to doubt that government could carry out the great remaining domestic missions, and were turning hopefully to business as the only feasible alternative.

Business, of course, was already discharging enormous social responsibilities in performing its accustomed tasks. Without its income and wealth-creating power, we could not afford the tomorrow that our people aspired to. The dilem-

ma was that by expanding the agenda of business into unprofitable areas, we tended to undermine incentives to efficient performance or to checkmate management with takeover efforts and stockholder suits.

REDEFINING THE SOCIAL RESPONSIBILITIES OF BUSINESS

In redefining its social responsibilities today, business faced two main challenges: to broaden its system of accounting to include the full social and economic costs of production and growth, so as to better harmonize its incentives and the welfare of society; and to utilize its special competence to deal with priority problems of the day.

Social Costs of Production. Some social costs not incorporated in economic decisions, such as the cost of untreated waste discharged into the air or water or upon the land, were borne by the community and society, not by the producer responsible or by consumers of his product. Other social costs, such as litter, could be laid at the door of consumers, as costs of consumption not paid by the user, but by those who shared his environment. Some social costs, however, were joint costs which no system of accounting could sort out but which also had to be reflected in economic choices. For example, the worst congestion and pollution in our large cities was a combination of industrial location, concentration of urban population, commuting by car, labor migration from farming, federal subsidies for suburbanization, population growth, and failure of planning by urban governments. These were the social costs of our freedoms and our institutions—nobody's and everybody's fault.

Environmental issues had commanded little attention until recently because few people had been aware of some problems until they hit the headlines, such as oil spills; or because their full consequences went unrealized, like the automobile; or for lack of an appropriate authority, as was still the case with international waters. Public opinion was now in the process of veering from one extreme, with social costs of economic activity largely ignored and falling on society as a whole, to another, with exaggeration of these unmeasured costs and a disposition to charge them to the producer. Apathy was giving way to overkill.

It was widely agreed now that business was accountable for the social costs of its production. But it did not follow that business could include among such costs those which it did not create, or could not control. The voracious national appetite for electric power to operate household appliances, quite as much as for industrial plants, spewed pollutants into the air. And our love affair with the automobile, rather than any machinations of Detroit, was really what congested and befouled our cities. Americans—who consumed 40 percent of world

resources produced—junked seven million cars, 48 billion cans and 20 million tons of paper annually, but the limitations of the environment now challenged their personal freedom in this regard. Who in the end was to be accountable for a “buy, use and throw away” economy? Ultimately this question had to be answered by a political decision which business could help implement but could hardly make.

Costs of Growth. There were special costs of economic growth, such as declining industries, distressed communities, displaced people and obsolete skills. The innovative firm that often contributed to these problems did not pay for most of these costs, and it was not suggested that it should, lest economic progress be discouraged. Only recently had society begun to accept responsibility for distressed communities and retraining of workers, and the allocation of this responsibility between government and business was still open.

Society had yet to face the full implications of metropolitan growth, whose social costs were the consequence of a dynamic technology and a free society. A regimented society could of course cope with congestion, pollution, slums and urban unemployment by restricting the mobility of its people. Freedom, on the other hand, came at a cost, not a profit, and it was the responsibility of society to keep the price as low as possible. Business was the instrument that would build and rebuild, and possibly share in the running of cities, but citizens through government had to make the decisions, including the vital compromise between freedom and order.

Social Accounting. The accounting practices of government, like those of business, had failed to take account of many of the social costs of production and growth. We had no measure of net social product. Yet in assuming new responsibilities, business, no less than government, had to specify its goals, and to establish yardsticks for measuring goal achievement, however crudely. In its own interest it had to let all affected parties know just what it was doing and how well.

In the narrower area of corporate philanthropy, most companies prepared an annual contributions budget, and a growing number had established company foundations to separate philanthropy from dependence on the fluctuating fortunes of business activity. Corporations in the us were now contributing an average of almost one percent of their pre-tax earnings to charitable, educational and related purposes, a sum approaching a billion dollars a year, which was many times the amount and twice the percentage prevailing before 1952. Beyond these sums, devotion of corporate executive time to community service doubtless would also continue to grow, and this tithe of time was a valuable contribution.

Institution Building. New institutions were frequently needed for new responsibilities, and business had to find ways of reconciling productive efficiency with new concepts of the public interest. New forms of business-government partnership would develop, but the burden of innovation and reform could not fall wholly on business. Governments too were subject to the new social audit.

The first priority in institutional reform might well be that of local governments in metropolitan areas, since the major problems of cities required the combined efforts of all levels of government involved. This might take various forms, including government consolidation, the Council of Governments approach, and the special-function agency. None of this precluded a key role for business in urban rebuilding and investment, or even in the operation of the vital organs of cities, but a business-government partnership was not very productive where government did not govern. Many other variations of institutional reform had been devised in the us in reaction to new responsibilities, including the federal-state Appalachian Regional Commission; various interstate compacts; state and local hybrids of government and business; and completely private institutions. The federal government had created several “for-profit” corporations to carry out business activities fraught with public interest whose conduct required government-like powers. Examples were the Communications Satellite Corporation, the National Corporation for Housing Partnerships, and the National Railroad Passenger Corporation.

In this process the dividing line between the private and public sectors became more obscure. Governments had been making wider use of business methods, as shown by the tendency toward more realistic pricing of services to identifiable beneficiaries, such as users of local utilities or students at state universities; the efforts on behalf of cost-effectiveness analysis in public budgeting; and the Lakewood (California) Plan, whereby smaller local governments saved by buying services from larger ones. Public corporations such as the Tennessee Valley Authority and the new u.s. Postal Service offered another example of business-type operations which financed themselves through the sale of services and recourse to the capital market and were ultimately responsive to the consuming public rather than to governmental bodies.

Much, of course, could be accomplished with minimal institutional innovation. The taxing power of government could be linked with the productive energies of business by contracts for services which business had not been in the habit of selling, nor government of buying, as was being tried with some educational projects. Business had often organized on a wider scale for special social goals, such as the training of hard-core unemployed, the financing of minority-owned businesses, and mortgage lending in central city areas. Business

groups in most cities were providing the leadership for community improvement in all its aspects, and had been doing so for many years. That was how downtown Pittsburgh had been rebuilt and air pollution there reduced, long before urban decay and air pollution had become national issues. The paper and packaging industries had pioneered similar initiatives years ago. These efforts, to be sure, were piecemeal and had not kept pace with the growth of the problems, but they provided the background against which more concerted efforts were taking shape.

Beyond Legality. A difficult aspect remained: business management had to make value judgments concerning its activities beyond the criterion of legality. Should a company sell to South Africa? Lend to a pornographer who was operating within the law? Buy from a supplier who was polluting the atmosphere? Deal with a union which discriminated against blacks? The direct answer was that corporations were legal entities free to exercise their judgment within the law. Usually legality, morality and the economic advantage of the firm coincided. In some cases, there might be no economic advantage, no matter how broadly construed, and there might be a penalty. Here a management would make its judgment on grounds that were important to it and to its constituencies. For instance, certain us mutual funds would not invest in liquor or tobacco shares, or in companies making munitions. Others as a matter of policy sought investments which would assist racially integrated housing or the solution of urban and population problems.

These and similar judgments a business might make, and the tools of public persuasion were always at hand to seek an increase in the number doing so. But a view that could not muster enough support to become the official policy of a representative government should not be imposed on a company or any other organization. Coercion should be a public monopoly, sparingly used. In our pluralistic society, nothing was unanimous, which is why we made do with majority rule. Judgments or programs that were uncongenial to the majority might, and often did, find a haven in some city, county, corporation, or charitable fund. As part of this tradition, a business should be free to make its own way within the limits of the law and its own power.

AMENDING THE SOCIAL CONTRACT

There were many approaches to enforcing the new Social Contract: incentives and subsidies for desirable behavior; penalties or taxes for undesirable performance; regulations setting standards and forbidding certain actions; and encouragement of new technology. No single approach was best, since conditions varied, but a pair of rules should guide the choice of methods.

First, whatever approach government selected should fit the framework of incentives for productive efficiency. We had not yet discovered a substitute for the factors of risk and return and competitive pressure, and these same incentives could be directed toward alleviating our social problems. The role of government was to modify the choice among alternatives, but to leave business free to arrange its own affairs, subject to a revised set of standards, recognizing that business needed a considerable measure of freedom if it was to function at its best.

The *second* rule was that government should not penalize compliers nor allow a competitive advantage to violators; only here was government intervention really needed at all. Most firms would be willing to abide by the new Social Contract if they were assured that their competitors would do likewise. But a sort of Gresham's Law of pollution came into play: dirty plants and dirty cities drove out clean ones by underpricing them. In setting new standards or changing old ones, enough time had to be allowed to avoid unequal treatment of existing capacity and new investment, of plant and equipment of different ages. Where a burden could not be distributed equitably, and within a reasonable period of time, it was better to resort to incentives rather than to general regulation. This principle would also apply to the extra cost of hiring and training disadvantaged workers.

Standards. The mobility of the population and of business itself, as well as the extensive area over which goods were transported and marketed, called for national standards, supplemented by local action. No one community had the power adequately to protect its people, and it would be penalized for enforcing standards within its limited area of jurisdiction which were much higher, and therefore more costly, than standards prevailing in competing jurisdictions. A series of air and water quality acts had been building up the power of the federal government to set and enforce standards, and it was proposed that the Environmental Protection Agency be given regulatory authority in a number of areas, including automobile engine emissions, intra-state navigable streams, ocean dumping, excessive noise, and pesticides and new chemicals. State and local governments also had a full legislative hopper on environmental regulation.

The recent surge of interest that had produced these environmental standards should not blind us to the longer history of progress in other areas, such as labor standards: wages, hours, and working conditions, unemployment compensation and social insurance. The Nixon Administration was seeking from the Congress major revisions in the programs of public assistance and medical insurance, and the difficulties of enforcing standards of nondiscrimination in hiring had not precluded progress in fact and in legislation.

Underwriter of Last Resort. Businessmen were used to taking risk; every new venture in research or marketing entailed the limited risk of losing their investment. What management could not do, though, was assume open-end commitments, such as to employ the entire disadvantaged group or to renew central cities. The continued economic viability of businesses depended on their costs and their revenues in a competitive market. Only governments had revenue sources sufficiently independent of immediate consumer satisfaction or cost-effectiveness for such undertakings. As the underwriter of last resort, government had to bear the open-ended risks which were not a necessary condition of doing business but a social obligation of all. This was the case with most insurance for central city slum areas, housing and medical care for the poor, and financing for marginal minority business. The banking and insurance industries had pooled their responsibilities and resources for these ends to a degree, but there was a limit to their employment of other people's money when the problem was not simply a wider sharing of risk, but in fact much higher risks and costs.

International Dimension. The jurisdiction of the new Social Contract had to reach around the world. Swordfish and tuna caught on the high seas could be contaminated by industrial wastes. Health hazards could cross international boundaries through trade: farm products containing dangerous pesticides, TV sets emitting unshielded X-rays. Some nations obviously could impose social costs on others, as well as their own citizens. On certain health problems there was already a measure of broad cooperation, through the World Health Organization. On industrial pollution, the US State Department had established an Office of Environmental Affairs, which was examining international aspects of problems in such fields as automobiles, pulp and paper and power plants. The OECD had established a Committee on Environment. The UN Economic Commission for Europe had scheduled a conference to coordinate national environmental policies. The NATO Committee on the Challenges of Modern Society had activated a three-year study of methods of controlling pollution of inland waterways. In 1972 the UN would hold a World Conference on Pollution in Sweden at which the US might propose the creation of a World Environmental Institute.

It was clear that trade could be seriously affected. The nation whose food products were contaminated, or whose manufactures were unsafe, might find its exports barred. On the other hand, the nation that took the most comprehensive measures to protect its environment and its citizens might find its products priced out of international markets, or even threatened by imports. Investment could be redirected to countries with lower standards and lower costs.

Common standards was the ideal, but until that was achieved, domestic standards had to be protected, at least by applying them also to imports. But exporters concerned about their social costs would still be at a disadvantage, whenever their higher standards were reflected not in the intrinsic value of the product but solely in meeting the costs of various domestic social objectives. It was probably not too sweeping to say that achievement of environmental equality called for international cooperation as far reaching as that required for the atom.

EVOLVING SOCIAL GOALS AND PRIORITIES

Between nations there was no consent of the governed, only common interests of sovereign states. Within the nation, the Social Contract had been undergoing revision because of a change of circumstances and a related change of heart. Along with other parts of society, the role of business was changing because the goals of society were being re-examined. Although business could be relied on to aid in rebuilding cities in conformity with new technology and population needs, it was not for it to make the vital choices between diffuse suburbs and skyscrapers, or between subways and expressways, or to devise land use plans and zoning codes. Business provided the tools and the alternatives and therefore should have a voice. It was the whole citizenry, however, that had to choose and govern.

As most people became affluent by past standards, each generation would be free to define its own concept of the good life. Goals and priorities, once hemmed in by universal scarcity, now shaped by industrialism, urbanization, and the population explosion, would in time become freer of these constraints. We could not predict the future, but we could do our best to hand on a strong, productive economy and a mechanism of social choice in good working order, so that succeeding generations might fulfill "... man's responsibility to bring the world, that ought to be, into being".

INTRODUCTION TO AND SUMMARY OF THE ITALIAN WORKING PAPER

The author of the Italian working paper was unfortunately prevented at the last moment from attending the Conference, and his paper was therefore introduced by a compatriot.

After summarizing briefly the principal conclusions of the paper, the speaker noted that in many respects they were parallel to the conclusions contained in the American paper, although the authors had not had an opportunity to consult each other during the preparation of their texts.

SOCIAL INSTABILITY: UNREST AND VIOLENCE

Marked social instability was the main trait of the period we lived in, as was shown by the widespread tendency toward "unrest" from which no Western country seemed to be spared, and the increasing resort to violence as a political weapon.

In its extreme form, unrest often had nihilistic targets, aiming simply at destruction, either as an end in itself, or as a means of tearing down the social structure, which the forces of unrest optimistically hoped to replace with another, more preferable system. In another common form, unrest often appeared to fasten on no particular objective, but moved fitfully from one target to another in an erratic display of dissatisfaction. Still another, more subtle, form of unrest, although non-violent, managed to slow down the operation of the system and pave the way for the explosions to come. This was the "malaise" experienced by so many individuals and groups, whose feelings toward society ranged from scepticism to distrust, from fear to repressed hate. This "malaise" resulted in a sort of depressed, idle detachment, from which individuals might emerge destructively at the first opportunity.

Since 1969, additional manifestations of unrest had appeared, including worrisome symptoms of social instability within individual industrial firms. In Europe, the traditional demands and actions of workers, led by the labor unions, had recently given way to a more fundamental challenging of the very institutions, procedures and criteria on which the contemporary business system was based. This was accompanied in some cases by uncontrolled unrest for the sake of unrest, but was more generally marked by the subtle malaise which hindered production through absenteeism or the support of agitators.

At the same time, the use of violence had become increasingly widespread and intense. We had been accustomed to thinking of violence in the context of power struggles—to be used either by those trying to usurp power or by those striving to maintain it at any cost in the face of opposition. What was surprising today was the use of violence within basically pacifist frameworks, not to take over, but to confront legal power in an attempt to demonstrate the insufficiency, weakness and illegitimacy of authority. It was in this context that the author would refer to violence.

According to Sorel and Pareto, the attraction exerted by violence was directly proportional to the amount of bureaucratization and centralization of public life. In almost every part of the world, young people had turned to violence as a form of political protest against what they considered to be inefficient, abusive, and arbitrary systems, which no longer served the needs and wishes of the citizens.

SOCIAL INSTABILITY AND THE ROLE OF THE COMMUNIST PARTIES

These symptoms were the signs of deep social unrest, whose roots had to be analyzed if it was to be treated. Before proceeding, though, the author wanted to emphasize that in some European nations, including his own, unrest was marked by particular traits resulting from the existence in those countries of powerful communist parties, whose avowed aim was a radical change of the present economic and social system. Yet it would be a mistake to attribute instability solely to the activities of those parties. In France and Italy, for example, it seemed as if the success of the communists with the electorate was more the result of a vague dissatisfaction, channeled by those parties, than of a conscious adherence to the objectives of communism. Moreover, a number of violent, extraparliamentary political groups in these countries opposed the communist party as an oligarchic and bureaucratic movement.

THE UNEXPLAINED SOCIAL MALAISE

What was "social instability"? It had traditionally been defined as a disturbance of relations between society at large and certain groups of individuals. Beyond a given threshold of tolerance, which might vary from one society to another, this disturbance caused conflicts which menaced the orderly operation of the social system, entailed a waste of resources, and challenged the welfare of society by jeopardizing its economic expansion. But this definition was inadequate to explain the widespread and serious social phenomena of the last few years. It might have served to describe the "deviant" attitudes of individuals and small heretic groups of the past, but it could not be applied to the recent manifestations of protest which were often shared by large segments of important social groups (students, workers, farmers, tradespeople, etc.) in an extended geographic area. Nor was this traditional definition applicable to the recent intensification of the political use of violence to assault the limitations of legal power.

Perhaps the very concept of "social instability" was no longer useful in interpreting these events, because of this problem of definition. Only the traditional rural societies and some of the underdeveloped societies could be defined as "stable" by contemporary sociological criteria. The principles generally referred to in Europe to characterize an expanding society unhindered by serious internal conflicts, are those of "integration", of "pluralistic democracy", of "balanced" and "harmonious" development. But even without the aid of clear-cut definitions, one could try to reconstruct the foundations of this troublesome unrest, and the author proposed to do this from the viewpoint of business.

For too long we had overlooked the intimate relationship between our economy and the social order, assuming mistakenly that we could accelerate the rhythm and dynamism of the economic process while maintaining the social and institutional structures of a static society. In Europe, this had meant intensifying industrialization and mass production in the midst of a society whose people were still attuned to a rural way of life. In hindsight, it was evident that the objective of economic progress without social disturbance was unattainable. The old way of life had been completely disrupted by the massive transfer of manpower from agriculture to industry, the exodus from the countryside and the formation of sprawling urban agglomerations. Unfortunately, the countries where industrial growth was later in coming did not utilize the experience of their precursors to avoid the causes and consequences of this disruption.

On the other hand, the behavior of business had tended to propound material prosperity as an intrinsically desirable social objective, whereas its value was really as an instrument. In time, this had opened the way to a painful reappraisal of the whole system of values upon which the social order had rested for centuries. While business had taken an active part in the economic transformation of society, its role as an agent of social change had been played in a passive way, because it was either unaware of or unconcerned with the social problems of an accelerating economy.

Today's business world of mass industry and services relied on productive innovation and continuously expanding markets. However, it faced a social environment guided by institutions devised to manage rural societies, and a culture oriented toward history and the hereafter rather than the medium-range future. Business had furthermore to cope with value systems providing at best a sort of catechism suited to repetitive behavior, rather than a few fundamental moral criteria adaptable to new experiences. All in all, in many European countries business was finding itself in conflict with the culture and institutions of society. And if businessmen felt beset by difficulties, what of the plight of others who were much less able to take the initiative to change things? What about the quandary of all the people who, without being protagonists either of change or of resistance to change, had to suffer their consequences, pulled asunder by the contrasting forces of economic dynamism and cultural and institutional stagnation?

The Western world, and particularly Europe, were thus seen to be passing from an economically static society, having a basically rural character and a culture oriented toward the past, to a dynamic society based on mass production and the industrialization of services, with a forward-looking culture. But the full implications of this transformation were insufficiently understood, with the result that changes in the social sector were being pushed through haphazardly, without the benefit of informed cultural and political leadership.

If business had done little to renovate our culture and institutions, cultural and political leaders were also at fault. Many of the social problems of the industrial age, such as urban congestion and pollution, were not unavoidable consequences of economic growth itself, but were the result of a disorderly process of development.

Our culture and our institutions were not equal to the task of guiding and governing a developing industrial society; in the author's opinion, this was our most serious deficiency. We needed scholars who could restore a proper sense of values, identify new priorities and suggest new ways in which social groups and institutions (family, community, nation) might better fulfill their functions. We also needed statesmen who could propose general objectives acceptable to individuals and groups alike.

PSYCHOSOCIOLOGICAL INTERPRETATION

Contemporary sociologists and psychologists had concluded that the accelerated change from an essentially rural society to an industrial society was at the roots of social instability. To begin with, change in itself was a factor of instability. To have to change one's habits and way of thinking; to find that knowledge or skills acquired with great effort had become obsolete or insufficient: all this was hard on the individual, sometimes leading him to reject the society that had inflicted such changes upon him without explanation or preparation.

This "shock of the future", to borrow the title of a bestseller, was an especially dramatic experience for those past their prime, who no longer had the intellectual flexibility or the energy required to adapt. But it also caused anguish in the younger people, who could not rely as much as the preceding generations on the help of their elders. In the ancient rural tradition, for example, the father based part of his moral authority on his educational function, as it was from him that his son learned his craft. Today, the father was often out of touch with reality, supplanted by progress, so that one of his own seats of authority was seriously impaired. Thus, the swiftness of change was a

centrifugal force, isolating individuals from the groups, such as the family, that used to be the repository of tradition and hurling them toward new groups, which were disoriented and held together only by fear and negation.

Another factor of instability was society's inability to master the precipitous evolution of science and technology. A classic example of this was nuclear energy, an inexhaustible, promising treasure, but at the same time a direct and immediate threat to the future of mankind. Fortunately, the citizens of the more industrialized countries were increasingly aware that the improvement in their standard of living brought about by technological innovation was counterbalanced by deadly effects on the ecological balance of the environment.

According to social scientists, the present crisis of authority, coupled with the acceleration of history and the ambivalence of progress, gave man the feeling of being hurtled along the road on some contraption lacking control and direction. Undoubtedly images of this sort, simplified as they might be, were present in the collective unconscious, and underlay the most disorderly manifestations of the revolt of the individual.

While giving the impression of not knowing where it was going, society increased its anonymous, collectivistic pressure upon the individual, relegating him more and more to his little niche and taking away his traditional supports. As Jung wrote in his last work, "as a social unit, the individual of today is governed, fed, dressed, educated, lodged in standard dwellings . . . , but he finds himself increasingly deprived of the direction and responsibility of his own life". The state or the organization had taken the place of God, and man had lost the tie with his Creator which had enabled him to endure the physical and moral pressures of the secular world. It was through political action that the individual now sought to communicate with his fellowmen and to act within the framework of society. Power and its negation, violence, seemed in turn to have become the only indispensable means of political expression. The individual tried to recover through violence the freedom of action of which he felt deprived. Ghetto strife and campus rebellion gave frustrated people a rare sense of being able to act together.

In analyzing these motivations, social scientists appeared unsure whether this rebelliousness marked the appearance of something new, or whether it was instead the last gasp of a human prerogative that mankind was about to lose for good.

THE GOALS OF BUSINESS AND THE FUTURE

The accelerated social change brought about by unprecedented economic

progress was at the bottom of much present unrest. What could business do to alleviate this?

First, before they were obliged to do so by law, businessmen should try to resolve the problems that were closely connected with the productive activity and which contributed directly to social unrest: air and water pollution; destruction of the natural environment by mining, industrial centers and transportation networks; and improvident consumption of scarce raw materials. The first task here was to distinguish the important from the accessory. For example, if industrial progress was menacing our oxygen reserves, through the rarefaction of marine plankton, the intensive exploitation of forests, and the rapid increase in oxygen consumption, the problem was of a much higher order than that posed by localized pollution. And industry should not simply participate in solving such problems; it should help lead the way, especially where an international solution was called for, since a proliferation of different national standards could have disastrous consequences on world commerce.

Second, business could improve its administration of human resources in many ways: by emphasizing the social aspect of work and its value as a personal contribution to the solution of problems; by increasing the use of computers to automate menial tasks and to evaluate proposals for the improvement of working conditions; by increasing the responsibility of individuals wherever possible through decentralization; by reviewing the social consequences of working schedules on family and group life, the problem of working women, and the age limits in relation to the period of training and reeducation; and by doing more in the area of specialized training.

Social unrest also stemmed from our ambivalent attitude toward technical and industrial progress; it might bring a better life, but it could cause catastrophe as well. This anguish, which was the price of man's liberation from the tyranny of natural forces, could be assuaged once he recognized that technology was his creation and that it could be controlled and socially oriented. To achieve this control and orientation, society would need to make some responsible and adequate choices, which in turn presupposed the availability of suitable political instruments. Business could make a unique contribution here in helping to adapt a great number of European political institutions to the new data, dimensions and rhythms of industrial society. Its cooperation in this area should be completely open, though, so as not to be considered the unwarranted interference of a pressure group. Besides political institutions, society's natural groups and associations were important as means to mediate between tradition and innovation, and to facilitate the recognition of new values.

The problem of making the appropriate choices was essentially a cultural one. In spite of the enormous quantitative expansion of knowledge, western

culture did not seem equal to the task of facing the problems posed by industrial society. Business could contribute to the definition of alternative choices by acting as a sort of management consultant to society: to advise on the technical feasibility of programs, as well as on their costs and the means to be employed. It could also suggest how to modify programs to avoid the waste of resources.

Another source of unrest, which was often manifested in the form of agitation or violence, was the individual's increasing dependence on society, and his feeling of having no control over his own destiny. Business could do much to overcome this through recognition of a man's dignity in his place of work, which would tend to give him a fuller sense of being a citizen of a free and democratic society.

Industry could no longer consider its only job to be that of producing goods demanded by the market at the lowest possible cost. This was still its primary task, but it now had other obligations to its employees and to society at large. It was up to society to choose its overall objectives, but business should fulfill the role of allocating the financial, human and natural resources of society so that these targets could be attained efficiently.

Business had to cooperate with the political and cultural worlds in trying to alleviate the causes of social unrest as soon as possible. If social unrest were to increase, it would not only hinder cultural development, bringing about violence and undermining authority, but it would prevent industry from continuing to develop its productive capacities. In the short term, business had to be ready to perform its social role in a flexible and open fashion. To accomplish this, it had to insure that both its industrial plant and the machinery of the market place were kept in good running order.

Finally, business had a special task to perform in the international field. The growth of multinational corporations served to unite citizens of several nationalities in a common effort; but until a suitable institutional framework had been developed for these enterprises, business bore a great responsibility in the political and social realm.

The psychological resources of the individual manager would be immensely important in enabling business to carry out its responsibilities in the difficult years ahead. Self-confidence and a sense of teamwork were essential, but they would not be enough. He would need as well a strong commitment to a set of philosophical values. This implied a heavy future investment in social research, in the same way that business had invested in technology and the applied sciences in the past twenty years.

In many ways, the development of science no longer appeared to coincide with the progress of mankind. "Knowledge", the never-ending race toward specialization, toward knowing more and more about less and less, seemed to

be leading man further and further away from his purpose. Cultural values alone could bridge the widening gap between man's technological prowess and his understanding of what he really wanted to achieve on earth.

Only culture could guard us against the fate which Paul Valery feared when he wrote fifty years ago: "Can we say that all that we know—all that we are able to do—has ended by working against us?"

* * *

DISCUSSION

CURRENT SOCIAL INSTABILITY: SOURCES AND SYMPTOMS

The discussion of this Agenda item was opened by a German speaker, who found that the two working papers evidenced a striking contrast as to the degree of adaptation to conditions of the industrial world by Europe and America. The Italian author seemed more pessimistic than his American counterpart, reflecting perhaps the preoccupation of the Old World with the lessons of history. Speaking as a European living near the demarcation line between two radically different political systems, this participant viewed social instability as a permanent and fairly normal condition, the interplay of conservative and progressive elements being necessary for the survival of mankind. Within the past decade, however, social instability had taken on a dangerously explosive character, the causes of which would have to be accurately diagnosed before a cure could be prescribed. Sociologists were no longer reliable as diagnosticians, since their political orientation often warped their analysis.

A major cause suggested by the Italian working paper—the massive transfer of rural workers to industrial regions—had taken place too long ago in Germany and elsewhere to explain the current social instability. Neither could it be traced to a decline in the "quality of life", which had in fact improved during the age of industrialization, in the speaker's view. He was more inclined to blame the general affluence and economic instability produced by over-investment and over-employment, which might have been avoided with a better industrial policy and more careful business forecasting. Although the speaker was an advocate of higher wages, it had to be admitted that, above a certain level, increased earnings were not correlated to human happiness.

A similar viewpoint was expressed by a Turkish participant, who argued that a certain amount of instability was a necessary ingredient of a healthy society. The dynamics of development were accelerated by the continuing pressure of unstable social groups, and the doctrine of full employment was

in this sense inimical to growth. Without satisfactory economic growth, society would not have the resources to improve the education of the mass of its people, which was essential to long-run stability. But, asked a Canadian speaker, did we really want to continue with the untrammelled growth which our system had demanded in the past?

An American participant pointed out that the very freedom of open societies rendered them particularly susceptible to instability; social problems were less manageable because it was "difficult to discover who is in charge of anything". In contrast, a Danish speaker was of the opinion that the welfare state, while it did not prevent instability, provided a "safety net" for individuals, and took the edge off many social conflicts, creating an atmosphere in which problems could be approached in a reasonable frame of mind. It was disturbing to many that one man should have power to decide another's destiny. This situation could never be avoided, but in the welfare state its psychological effect was mitigated somewhat. A Belgian participant said he would have preferred the term "imbalance" to "instability", to reflect the social aim of balancing facts and expectations. He suggested that the experience of Latin America tended to disprove the assertion in the Italian working paper that stability today was to be found only in the underdeveloped world.

A number of speakers referred to the fact that progress in science and technology had far outstripped the advance of human knowledge and experience in the social and political fields, leaving individuals frustrated and bewildered in the face of gigantic industrial and governmental bureaucracies. A British participant observed that the old disciplines which had held society together, such as mass unemployment and grinding poverty, were disappearing and that no new disciplines had been devised to replace them.

Several commentators alluded to the special problems and attitudes of young people. An American speaker said that this generation of youth in his country, having had the luxury of time to reflect, was turning away from the goal of material upgrading. Seeing that worldly success had not saved their parents from unhappiness, they were "looking for things more spiritually nourishing". The business system had lost the power to inspire them, and they were disappointed as well with the failure of the public sector to solve problems within its domain. A Canadian participant thought that young people had grown bewildered and violent out of a sense of their own obsolescence; modern technology had made them feel socially irrelevant and personally insignificant. Comments from a British and an American speaker lent support to this assessment.

Another American participant discussed the growing scepticism in the us—especially among young, middle-class whites—about prevailing values in the

market place. Their mood had been anticipated by Thomas Huxley a century ago, when he said during a visit to America: "I cannot say that I am at all impressed with your size or your wealth. Size is not grandeur, and territory does not make a nation. The overhanging question is What are you doing to do with all these things?"

Many young blacks today, on the other hand, were still striving to acquire their share of the consumer goods which were being scorned by many of their white contemporaries. As one young black leader had told the speaker: "It seems we're crashing in the front door just about the time the middle class is going out the back door".

The contradictory nature of these attitudes complicated the search for solutions, as was pointed out by an International participant. The "revolt against economic man", in the name of individual self-fulfillment, which was born of the discontent of the affluent, implied less productivity and more unemployment. This might satisfy the talented and creative people who were able to take an expansionist view, but it would only reinforce a feeling of frustration and isolation among the less fortunate. The result might well be an increase in social instability, as was suggested by a Canadian speaker.

The "communications revolution" was partly to blame, according to a us participant. The average American school child had undergone thousands of hours of television watching. Its whole notion of the social context often came from tv, which was displacing the parent as the preceptor of morality and thought. A Danish speaker joined in this criticism of the mass media, which he said created many problems by imbuing the public with utopian ideas.

A British participant felt that insufficient emphasis had been put on the population explosion as a contributing cause to many social problems, including violence, environmental pollution, poor housing, and inadequate schools.

A Canadian speaker, referring to the fact that 60% of the manufacturing industry in his country was controlled by foreigners, expressed concern that the erosion of a national business class because of absentee ownership could produce instability which would spill over into other sectors of society.

An American participant residing in Western Europe had detected a widespread feeling among both intellectuals and businessmen there that their whole social and industrial system was under attack. Even those who strongly believed that the present system had performed more effectively for more people than had any other system were uneasy about the concentration of industrial and political power. They foresaw that a more socialistic orientation was inevitable, and were concerned to preserve the best values and institutions of the present system. The speaker wondered whether the European participants

shared this impression that profound social changes lay ahead.

This question was touched upon by many speakers during the discussion. One comprehensive answer was given by a French participant, who said that the old "social contract" was being challenged by four different groups:

1. The "sub-intelligentsia", who received a smattering of higher education but whose capacities did not equal their pretensions. This group was often supported by literary elements of the traditional intelligentsia with an anti-industrial bias. Together they were responsible for many of the negative manifestations of the social confrontation: regression toward primitive Christian and oriental values, Rousseau-ism, and espousal of the obsolete aspects of Marxism.
 2. A growing layer of technicians which threatened to engulf the working class and which was insisting on a share in decision-making, especially in technologically advanced industries.
 3. The increasing ranks of rural workers moving into industrial labor, who did not have the experience and outlook of the traditional urban working class, but who were quite sensitive in their own way to the balance of power in industry.
 4. Groups within certain religious institutions, notably the Catholic Church in France and Italy, who were questioning the established order and the property system.
- Contemporary European political analysis turned, in the speaker's view, on an assessment of the impact of these groups.

DEFINING THE ROLE OF BUSINESS

The term "business" being broad and inclusive, several speakers cautioned against imprecise formulations in thinking about this subject. An American participant remarked that one had to distinguish not only between businesses of varying size, but also between manufacturing firms and those in the financial, service and communications fields, whose scope was quite different. A Danish speaker also warned against putting too much emphasis on industry as the expression of business, to the neglect of such sectors as agriculture and construction, whose activities touched the lives of most citizens. A French speaker suggested that "business", in the sense under discussion, could be thought of simply as that part of life in which people worked, a concept broad enough to cover public as well as private ownership. (During the discussion, however, the participants seemed to take "business" to mean non-governmental enterprises of a reasonable size.)

According to a British participant, business in most western countries had been compelled almost from the beginning of the industrial age, either by employees, consumers or shareholders, to accept social responsibilities not directly related to the maximization of profit. This fact did not conform to the common assumption of a model corporation acting exclusively to increase shareholders' earnings. An interesting contrast was provided by Japan, where the dynamic free enterprise industry took excellent care of its own employees, but did not assume responsibilities toward the rest of society, with the result that environmental pollution, for example, was worse there than in the us.

While concurring with an American opinion that business generally had taken on broader social responsibilities and had improved its sense of priorities, a Swiss participant felt that the private economy in Europe had been derelict in failing to anticipate the future effects of its decisions, and should therefore share the blame for pollution, housing shortages, and other urban problems.

An American speaker claimed that us business had not effectively discharged its social obligations in the past. He cited the flight of companies from inner cities to the suburbs; discriminatory practices against blacks and women in hiring and promotion; and the failure of the business community to exert any significant leadership in implementing the recommendations of the Kerner Commission on us racial conflict. In the speaker's view, white racism had permeated the American business community. The fact that the upper echelons of management itself were virtually all white refuted the frequent charge that labor unions were primarily responsible for discrimination in industry. Although key business decisions were confirmed in board meetings, they were in truth fashioned within the private social club structure, to which blacks were still denied admittance.

Another American expressed serious reservations about the credentials of business in his country. The stability of every free society had to depend, not upon a coerced respect for public institutions, but upon a deserved respect. Yet people were losing confidence in the ability of both government and business to respond voluntarily to their needs. Many felt particularly that business had "had its chance many times", but had always placed its profits above any conflicting interest. The social awareness of a few firms merely served to underscore the unconcern of many others.

A parallel European attitude was described by an Italian participant, who said that the reaction from industrial management in his country was essentially negative to any reforms sponsored by the trade unions, even those aimed at achieving goals which had been advocated by the business community and conservative politicians. In the speaker's view, this reflected management's

resistance to a redistribution of power within Italian society, more than a concern about profits.

A compatriot said that the Italian experience illustrated the general European framework, which was very different from that in the us. Whereas all major groups in American society supported the economic system, differing among themselves only as to the means of improving it, in Europe the opposition to the capitalistic system had been well entrenched at the heart of the enterprise since the beginnings of industrialization. This opposition rejected incentives for greater efficiency or productivity, which it regarded as devices to strengthen the corporation, the very nerve cell of the system it sought to abolish. Against such a background, management was naturally suspicious of trade union initiatives, since the yielding of any concessions might alter the balance of industrial power. More was at issue than simply the adaptability of business to change; the fundamental values of the capitalist system had been called into question. The task of modern business was to confront this problem squarely and to identify and try to reinforce those values which it deemed were appropriate to our times.

The assumption that business as a community should try to solve social problems was contested by another Italian speaker, who referred to events in his country in the immediate post-war period. As the political authorities were then too weak to function adequately, several large Italian companies had undertaken to provide such things as housing and schools for their employees. Although this seemed at the time like an enlightened approach, it produced a sort of nightmare for many workers, who had no life outside the world of their industrial employer, to whom they looked for everything. For corporations to take on new social responsibilities today, when they were being questioned increasingly on their economic and ideological position, would only be to enlarge the area of their vulnerability. But individual businessmen, acting as citizens, could contribute to the solution of social problems through the exercise of political pressure, as the trade unions themselves were already successfully doing in Italy.

A British participant endorsed this view that a wide role should be played by businessmen, not business corporations. It was up to individual business leaders to create the new challenges needed to bring out the best in human nature. It was doubtful if the spirit of idealism could survive the "comfortable society". An American speaker agreed that the emphasis should be on the role of individual businessmen, but he was pessimistic about their capacity for effective social leadership. Many businessmen were "prisoners of their success," isolated from the travail and anguish of ordinary life. They were not heartless or lazy, but were unable to feel and to come to grips with concrete social prob-

lems. A fellow-countryman added his opinion that business leaders deliberately chose their isolation to avoid unpleasant involvement.

Another American speaker reminded the meeting that this Agenda item might have been worded to deal, not with business, but with some other segment of our society—labor unions, religious organizations, universities. His point was that, in all of these groups, there were those who sought to divert the group from that which it was most competent to do. Within the us labor movement, for instance, the auto workers' union had been led onto broad social ground, whereas the teamsters' union had concentrated on rather narrow and specific economic goals. The lesson, according to the speaker, was that the teamsters' union seemed to have a brighter future. Likewise, the comparative advantage of universities lay in placing their resources directly at the disposal of promising young men, not in seeking to maximize social welfare through the manipulation of their investment portfolios. And, he said, "our churches' inroads into these questions have not done very much for the spiritual life of our time."

By the same token, large business organizations had to make a realistic assessment of the contribution they could bring to the solution of social problems. In the speaker's judgment, their strength here was two-fold: they had talented people, and they were experts in the development of organizations. As the dividing line between the public and private sectors of our society grew increasingly blurred, new forms of organization would have to be devised, and business could transmit to society useful administrative expertise.

It was important to remember also that the reconciliation of private and public interests always had a time dimension; accommodation might be more difficult in the short run than in the long run. By pursuing its own long-run private interests, the business community was likely to come closest to serving the long-run public interest.

BUSINESS AND HUMAN NEEDS: EDUCATION; JOB ENRICHMENT; PARTICIPATION

Turning to the subject of human relations in the business world, a French participant regretted that "paternalism" had acquired a perjorative meaning. Employers used to feel responsible toward their employees in the same way that parents did toward their children, which was a valid social concept. Neither blue nor white collar workers were adequately trained now to take pride in their jobs or to understand the social importance of their work. Education was still too often geared to classical subjects unrelated to modern life. An English commentator agreed that much remained to be done in this field, even if one did not aim to achieve Japanese-style paternalism.

An American speaker said that training was one of the missing links in the transition from rural to industrial society. In the US there was a surplus of unemployed liberal arts graduates, but a shortage of people trained to repair automobiles and household appliances. A German participant remarked that the training problem in his country was aggravated by the fact that 25-30% of the students in highly populated areas were dropping out of school before receiving their certificates. Since they were consequently unable to get jobs in first-class companies, they gravitated to secondary firms which were not equipped to train them properly. Although leftist propagandists sought to blame this problem on industry, the fault lay with the schools and their weak links with professional training. This situation was creating unrest among the young adolescents who would soon be of voting age.

Several speakers agreed that ways had to be found to enrich jobs so as to give workers a stronger sense of accomplishment and satisfaction. Employees needed to feel a personal relationship to the enterprise, and the enterprise in turn had to improve its identification with its surroundings, according to a Swiss participant. A British speaker said that the questions of job content and the organization of work were intimately tied up with the "style" of business and its management function. These were not responsibilities which could be assumed by the state; as a practical matter, business "governed" in this area, since it had charge of the working force for most of the working day.

A Canadian participant approved of the suggestion in the Italian working paper that the responsibilities of individuals in business be increased through decentralization of the organization, but he sensed that the author was reluctant to pursue the full implications of his analysis. The same point had been hinted at by the author of the American working paper in his phrase "corporate democracy". In short, to what extent could the malaise of social instability be reduced by a general redistribution of power within the corporation? A Belgian spokesman observed that the notion of "participation" by employees, which was mentioned so often nowadays, would entail just such a sharing of power and authority, and he wondered whether management was really prepared for this.

An Italian participant agreed that this dilemma was not easy for management, but he asked, on the other hand, whether it made sense for trade unions to insist on more participation if they themselves were still organized on authoritarian or "Stalinist" lines. On this point, a Swiss speaker acknowledged the need for democratization within the unions, as well as in industry as a whole from national to plant level. At the same time, international labor councils

were required to deal with multi-national companies on a world-wide basis. The freedom to shift productive activities from one country to another should entail a corollary measure of social responsibility to workers and host communities, he said.

Another Belgian speaker stressed that more was required than the injection of a "feeling of participation". The participation had to be genuine—evidenced by such things as management by objectives and increased delegation of authority. In addition to these internal reforms, this speaker advocated improving the relations between corporations and those in the outside community who were in contact with their products or by-products. All too often, as in the matter of pollution, the corporate bureaucracy neglected to communicate with the public about its problems and the details of proposed solutions (alternative costs, time required for accomplishment, etc.)

A Netherlands participant, who worked a good deal with young people, had noted an encouraging change in their attitude during the past few years. The atmosphere in the universities today was healthier, more democratic, less hierarchical, than previously. As these students moved into their professional careers, they could be expected to bring to their work a heightened awareness of its social implications, which would help transform many aspects of the business world during the next decade. In view of this prospect, the speaker found the tone of the Italian working paper unduly pessimistic.

An American participant summed up by saying that the world society's best chance of emerging intact from this difficult period, with a philosophy acceptable to youth, lay in concentrating on the protection and development of the individual as the ultimate social criteria.

BUSINESS AND ENVIRONMENTAL PROBLEMS

A British participant said that a certain amount of confusion surrounded the current fashionable emphasis on the problems of environmental pollution, which were only indirectly related to social instability. One had to distinguish between (a) pollution resulting from industrial processes, which industry itself would have to rectify in its own style but under appropriate governmental standards, and (b) pollution resulting from the impact of a multitude of individual decisions, such as the general use of the motor car. In the latter case, only the state was equipped to intervene, since a wholly new collective problem was involved.

A German speaker observed that pollution, which was not itself a new problem, was being exploited today by many groups in his country, including radical political parties who sought to lay all the blame for it at the door of

industry. Admittedly, it was frequently impossible to recognize the possible adverse environmental consequences of new technological advances, and business had a responsibility to improve its forecasting techniques, as well as to promote more international cooperation in this field. At the same time, it should also try to cool down this rather overheated issue.

A Canadian participant likened the current world economy to a spaceship voyage, requiring rigorous planning and control. Production in the private sector had greatly outrun the public facilities for the disposal of wastes, and the disposal problem was now being passed back to the private sector. Industry was capable of meeting this challenge, but probably not without some alterations in the traditional market economy, with its maximization of production and profits. The sum of human happiness might be better served by producing a few million less automobiles a year. This philosophy was shared by a Swiss speaker, who thought that we should move from a quantitative to a more qualitative growth in our economies. Since the present level of pollution reflected industrial development without any regard for human consideration, the remedy lay not alone in anti-pollution measures, but in an overall concept of social policy as suggested in the American working paper.

The question of international controls was the subject of several interventions. A German and two American speakers joined in calling for the establishment of reasonably universal standards to avoid chaotic conditions in world trade. Some countries placed a much lower priority than others on this problem, but standards should logically be applied to both advanced and underdeveloped economies, so as to avoid the emergence of "pollution havens". A contrasting view was expressed by a US participant who felt that conditions and desires varied so much from country to country that true international controls were impractical. Each nation should be left to do the best it could with certain agreed global "criteria". The disruption in patterns of world trade would be minimal, as pollution control expenses would be small in relation to total costs.

Another American speaker questioned the good faith of many businessmen, suggesting that they would not be lending their support to the notion of rules and guidelines if they believed that government was ready and able to impose them. This presumption was contested by another US participant, who explained that industry had a distaste for regulation because it ran counter to its fundamental tenets. This speaker mentioned incidentally that the biggest offender in marine pollution was not the oil industry but the US Navy; the government indeed was the worst polluter in nearly every area.

It was hard to envisage a "total solution" to the environmental problem, in the view of a British participant. As in all cases involving the confrontation of government and the governed, progress would be made unevenly on various

fronts. A German speaker cautioned against "ecological laissez-faire"; business had an important part to play, but there were some choices which had to be made by the political process and could not be shaped by the price mechanism of the market.

A Canadian speaker suggested that the comprehensive control of environmental pollution implied a deceleration of economic growth, which might lead to intensified social conflict. When it became apparent to the public that a static GNP meant the end of an ever "larger pie", the pressures for a permanent redistribution of income and reallocation of resources could make the present instability "look like child's play". An American participant pointed out that environmental/ecological issues did not command a top priority among many of the poor and the blacks, to which another US speaker replied that this was all the more reason to know the costs of proposed solutions, so that one would appreciate the economic value of the things people were being asked to give up.

INCENTIVES AND DETERRENTS: THE COST-EFFECTIVE PRINCIPLE

With a proper regard for the environment in its broadest sense—both physical and social—how could society insure continuing economic growth and a spreading of the national product, while still adhering to the concept of cost efficiency? This was the fundamental question, as expressed by an American participant. In his opinion, it was pointless to talk of a compromise between cost-effectiveness and other principles. Within the private sphere, there was no alternative to the producer and consumer between them paying for everything. Since the corporation was simply a mechanism for getting things done, and depended on the consumer for its resources, it was the consumer in the end who bore all the expense. There was thus no room for a dual standard whereby industry would look to one kind of return for the manufacture of its own products and to another kind for doing something described as "social". In the public sphere, the consumer and taxpayer were the same person, so again the consumer paid for everything. It did not follow, however, that a corporation's exercise of its social responsibility meant a dilution in the shareholder's return on his investment. He was interested in future as well as present dividends, and there might be none if the company failed to conduct itself in a responsible, far-sighted way.

A British speaker approached the cost problem with the observation that in some countries, such as the US, where environmental problems were recognized to be acute, somehow no concerted effort had been made to deal with them. It was, therefore, up to political leaders to produce programs which gave hope of being effective within a reasonable time. Once government had devised

such programs, did it really matter whether business paid and passed the price along to the consumer, or whether government taxed the consumer and did the job itself? This question was answered by an American participant, who preferred the first alternative, since it would bring competitive forces into play. He mentioned as well another concept which was being studied in the us: that of charging industry for its use of resources which had previously been considered free, such as air and water. Such an assessment, coupled with minimum uniform standards, would not impede the functioning of normal economic forces.

Another us speaker objected to the introduction of the cost-effectiveness concept into the discussion. Even if the means of production were in the hands of the state, all the costs of doing business would have to be covered. Authority and responsibility were handmaidens, and undertaking to meet a responsibility without authority would result in failure. Business had the obligation to deal with the subjects of its impact, and it was accustomed to investing in non-yielding assets in order to survive. Under our system, though, it could only recover its costs in the marketplace; for government to subsidize them would be to aid weak and inefficient companies. The elimination of pollution caused by industry had to be paid for by consumers in their prices; and government had to deal with its own pollution with taxes.

A us participant recommended a third alternative to increasing prices or taxes: reducing marketing costs. He claimed that the large detergent manufacturers might have solved the phosphate and enzyme pollution problem by shifting a part of their huge budgets from the "foolishness" of advertising to research on bio-degradable products.

A Belgian speaker alluded to the difficulty of adapting the mechanics of the enterprise, at the production and distribution level, to a new scale of values in which efficiency, profitability, and the development of the company did not occupy a major place.

BUSINESS AND GOVERNMENT AS PARTNERS IN SOLVING SOCIAL PROBLEMS

Various participants emphasized the need for some sort of partnership between business and government to deal with the causes of social instability. A British speaker said that there was a whole range of problems which were simply too big for the private sector, and an American speaker pointed out that business was unable to assume the open-end commitments that were often required. According to a Swiss participant, a dialogue between the private sector and the public authorities, leading to joint planning and working alliances, was unavoidable, partly in order to still political unrest. An American

speaker advocated a revolution in the working relationships between business, government and the academic world in order to bring our full resources to bear on problems in such areas as the cities, transportation, health care and education. To enable experienced people to move about as needed during their careers, there would have to be a restructuring of compensation and pension plans, as well as of many institutional arrangements.

On the basis of the working papers and the discussion, a German participant concluded that American businessmen were more prepared to work with the state on these problems than were the Europeans, who were perhaps disillusioned with governmental institutions. Most of the participants seemed to agree, though, that business could play an important role in solving certain problems, such as environmental pollution. With "academic irreverence", the speaker suggested that this might be an erroneous assumption, based on an underestimation of the scope of the problems. Expenditures in the range of 10% of a nation's GNP were envisaged, which would require a qualitative jump to quite a different system—synthesizing science, industry and government—to which the only analogy was war. This would necessitate changes in the habits and attitudes of consumers, as well as in the institutional framework, and would result in profound changes in our capitalistic system, since a limited technocratic approach would not suffice.

A British speaker feared that the foregoing analysis risked creating a false antithesis of the respective roles of business and government, which were after all not so different. He was also concerned about the specter it conjured up of the "corporate state", with industry working collectively in tandem with government, "as a separate estate of the realm". This would entail serious risks to democratic processes and controls. Another British participant said that perhaps one did not need to make a choice between two widely conflicting views about the possible contribution of business. Government was bound in any event to play the major role, not merely because it was the only agency in society which could underwrite some risks and costs, but because the political process alone could decide on priorities. But new instruments were needed to transmit to politicians on a continuing basis the public's sense of these priorities, and private initiatives in this sphere were to be welcomed.

In this connection, a Belgian speaker noted that European business leaders were hesitant to speak out on public issues for a number of reasons—lack of a forum, fear that their motives would be suspected, or simply a feeling that an airing of their views was inappropriate. They needed to find ways to bring their weight to bear on the political level, as the labor unions had learned to do. Another Belgian thought that the business world could assist the political and intellectual classes in devising new institutions and channeling new sets of

values to respond to the needs of an anguished industrial society which had lost confidence in itself. On a similar theme, an American speaker said that public problem-solving in his country could benefit from the skills of more businessmen with experience in such fields as systems analysis and data processing, to counterbalance the excessive number of lawyers in government.

A Turkish and a Belgian participant recommended consideration of "mixed enterprises" in which both the public and private sectors had a stake. General value systems were no longer acceptable, and one had to search for pluralistic approaches.

THE CONTRIBUTION OF BUSINESS: SOME CASES IN POINT

During the course of the discussion, reference was made to various programs and projects illustrating the sort of contribution which could be made by members of the business community.

A British participant, who attributed many social problems to the decline of the "Protestant ethic", felt that Christian culture, being a mass movement organized on the ground to obtain assent, embodied many values which could aid in the resolution of these problems. This concept had been put into practice in the UK in St. George's House, Windsor Castle, where British businessmen met with churchmen of all denominations to discuss the moral aspects of industrial questions.

Two American speakers discussed the operations of the Allegheny Conference on Community Development, founded in the 1940's to work on the rebuilding problems of Pittsburgh, Pennsylvania. Over the years, this organization had been successful in several fields, including housing, pollution control, mass transportation, and the training and hiring of inner city blacks. Two operating principles had emerged from its work: (1) only the chief executives of the sponsoring companies participated, meeting regularly without substitutes and with the assistance of a small staff; and (2) the Conference had accepted the need to work with local government at all levels, regardless of their competence or political coloration. By pooling their interest, efforts and money, the business corporations involved had demonstrated the dramatic cost effectiveness that could be achieved by a private problem-solving organization working alongside government.

In the field of employee relations, a British participant praised the role of the German works councils, which were established by law to keep employees fully informed about such matters as company sales, exports and profits. The effects were impossible to quantify, but they were certainly of great psychological importance. This speaker had been particularly impressed by the evi-

dence of good labor relations he had observed in a large German automobile manufacturing firm.

A French commentator in turn spoke highly of the employee relations program of a major British retail merchandising company. The expenditure of a great deal of time and effort to establish a feeling of identity between management and staff had resulted in an annual personnel turnover rate of only 3%, compared with the usual figure of 20-25%.

Another French speaker described an experiment called the European Business University, which had been designed as a forum for a continuing dialogue between senior corporate management and executive candidates. The young men, who were at first diffident and suspicious, usually ended up with a better appreciation, not only of the technical problems of management, but also of the basic human qualities necessary for business leadership.

An American participant reported that a US group was studying the feasibility of establishing an independent organization, respected by both the business community and the public at large, to conduct a "social audit" of the operations of a corporation, in much the same sense as accounting firms conducted financial audits. It was felt that such an organization could furnish a more balanced and useful judgment than could a special interest group, which might tend to look at things from its own viewpoint.

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ITEM II

THE POSSIBILITY OF A CHANGE OF THE AMERICAN ROLE IN THE WORLD, AND ITS CONSEQUENCES

The background for discussion of this item of the Agenda consisted of a paper prepared by British participant which was distributed before the meeting.

INTRODUCTION TO AND SUMMARY OF THE BRITISH WORKING PAPER

In introducing his paper, the author expressed surprise that, during the discussion of the first Agenda item, none of the participants had mentioned the undoubted fact that the Vietnam war was an important cause (or at least a major multiplying factor) of social instability in the us today, and that many people, particularly the young, felt that resources which should have been devoted to solving important domestic problems had been diverted for too long to support an unrealistic foreign policy.

The present Agenda item dealt with the attempt of the Nixon administration to correct this misallocation of resources and to bring us policy into line with current realities and with America's true interests. As the stability of us society was essential to the strength of the whole Western community, Europeans should welcome this new American effort, and should be prepared to modify some of their own policies if necessary to ease America's adjustment to her new role.

The author found President Nixon's two reports to the Congress on Foreign Policy, in 1970 and 1971, most impressive as comprehensive statements by a government of its approach to major world problems. The analysis underlying these reports was based on two key conclusions:

1. that the power of the us and the ussr to control events outside their own borders was now limited, even if their ambitions were not; this was especially so with respect to the Third World, where neither of the super-powers had made any lasting gains over the past quarter-century.
2. that the "Communist Camp" no longer existed as an effective force in world politics, as there were now as many varieties of communism as there were of capitalism.

It followed that the West could afford to take a more relaxed attitude toward political change, particularly in the Third World, where its intervention might in fact be counter-productive. us commitments for military assistance could thus be reduced, and defense expenditures cut accordingly. This was the core of the Nixon Doctrine.

Although the author of the working paper fully agreed with that analysis, he wondered whether all its implications had been understood and accepted by those responsible for us policy, and by America's allies as well. He was concerned in particular with four problem areas:

1. The us had already made large cuts in her military capability, without corresponding reductions in her commitments abroad. If called upon to intervene in the future, it seemed she would have either to interpret her commitments differently or to lower the nuclear threshold and attempt to achieve with nuclear weapons what she was no longer capable of doing with conventional forces.

2. President Nixon apparently intended to keep some 50,000 men in Vietnam after 1972 as part of a defensive air strike force. While this decision was honorably motivated, it might lead America to some appallingly difficult choices. If the South Vietnamese government could not in time perfect its own defenses, would the us force be kept there indefinitely? And if air power proved inadequate, would the us add ground reinforcements, or resort to nuclear weapons? Or would she elect instead to withdraw completely, in South Vietnam's darkest hour?

3. While the us had in recent years reduced substantially the proportion of her national wealth spent on defense, so far no program had apparently been devised to redirect these resources toward the solution of domestic social problems.

4. Would the sound intellectual analysis and comprehension of world changes, as embodied in the Nixon Doctrine, prevail even in the face of new foreign crises, or would it give way to a renewed American "gut reaction" in favor of intervention, particularly if there were to be a lessening of the domestic political and psychological pressures alluded to in the President's 1971 report?

Although the Nixon Doctrine covered almost every aspect of world affairs, the author had chosen to focus his working paper on the implications for Europe. In this connection, he noted that some Americans—outside the administration—seemed apprehensive about their European allies' undertaking (with the Ostpolitik, for instance), the same kind of "differentiated approach" to negotiations with the communists that the us was taking in SALT, the Middle East, Vietnam, Chile and China.

In his view, this nervousness about initiatives toward an Ostpolitik was unwarranted for several reasons:

1. The Ostpolitik had been fully discussed and endorsed in NATO.
2. Every member of NATO had steadfastly refused to take any further steps in this matter until the Berlin question had been settled.
3. At the same time, NATO itself was demonstrating greater strength and unity.
4. There was no confirmation of the fear that the Ostpolitik would weaken Western Europe by turning Germany's attention to the east. On the contrary, the Germans saw their Ostpolitik and Westpolitik as two sides of the same coin, with priority to be given to the latter if a choice were ever necessary.
5. Soviet enthusiasm for the Ostpolitik had been tempered, so there was no need to worry about precipitous progress.

The author felt that the main potential threat to peace in Europe was the demand of the East Europeans for greater freedom and national independence. One could not rule out the possibility of a conflict erupting there and spilling across the Iron Curtain, provoking a confrontation between NATO and the Warsaw Pact powers. The Ostpolitik sought to reduce this risk by persuading Russia that she could come to terms safely with the political changes resulting from East Europe's "de-colonialization" without the West's taking military advantage of her.

This initiative might produce a satisfactory Berlin settlement, which in turn could lead to a European Security Conference with discussions of mutual and balanced force reductions. Such a conference, in the author's view, would seek to substitute cooperation for competition to achieve security in Europe, just as the SALT negotiations were trying to do globally at the strategic nuclear level. The conference should not be expected to produce rapid progress toward concrete agreements. It would constitute rather a learning process aimed at producing a slow change in the climate in which decisions were taken in the various national capitals, and eventually to some modification of national and collective policies.

While the resultant adjustment in thinking might at times be painful, one did not need to fear its consequences, so long as the nations of the West continued to discuss the process and to harmonize their approaches, as they had in the past.

* * *

In presenting "A New Strategy for Peace" in his first Report on United States Foreign Policy for the 1970s, President Nixon had based his new posture

primarily on the radical transformation in world politics since President Truman first committed the us to an active role overseas. He had pointed out that the Cold War was no longer the decisive factor in international relations. Western Europe and Japan had recovered from the ravages of World War II. The Third World had proved unexpectedly immune to Communist penetration and the Marxist dream of international Communist unity had disintegrated. America and Russia had recognised a vital mutual interest in halting the dangerous momentum of the nuclear arms race. The 1970s were to be an era of negotiation.

The President's second report, "Building for Peace", in 1971, reaffirmed this analysis of the outside world but was more candid about the internal factors which had made inevitable some revision in America's foreign and defense policies. "To continue our predominant contribution might not have been beyond our physical resources", he explained, "—though our own domestic problems summoned them. But it would certainly have exceeded our psychological resources." So "we will look to others for a greater share in the definition of policy as well as in bearing the costs of programs. This psychological reorientation is more fundamental than the material redistribution; when countries feel responsible for the formulation of plans they are more apt to furnish the assets needed to make them work." On the other hand, "we only compound insecurity if we modify our protective or development responsibilities without giving our friends the time and the means to adjust, materially and psychologically, to a new form of American participation in the world."

None of America's allies could complain about the redistribution of material and psychological burdens which the President proposed in such balanced terms. None could contest the validity of the arguments he adduced. Indeed the domestic pressures for change were much more powerful than he admitted. At a time when America's internal problems, particularly in the cities, risked becoming insoluble for lack of resources and the absence of policies devoted to them, the pressure of military expenditure on the economy had become intolerable. It was not wholly an accident that in the last decade economic growth in the developed non-Communist world was in inverse proportion to the percentage of GNP devoted to defense.

Meanwhile public support for American military action overseas had shown a startling decline. Although the steep drop in American military casualties had reduced the temperature of the opposition to the Vietnam war there was little evidence that it had reduced its size. The postwar commercial and political entanglements of the us with the outside world might forbid a return to the isolationism of the Thirties, but the role of world policeman was no longer acceptable and the domestic retreat to the suburbs had its counterpart in a

revulsion against foreign responsibilities. Yet, whatever the immediate risks to their own security, America's allies could only welcome this shift in American priorities if it led to a greater concentration of effort on social and environmental problems, which had been dangerously neglected since the New Deal. The stability of American society itself was the precondition of any useful American role in the world.

The Nixon Doctrine had already had a dramatic effect on American military spending and deployment overseas. The defense budget had declined from 9% of the GNP to under 7%. 400,000 men had been brought home, nearly all from Vietnam and other Asian countries. It was the President's intention to cut the armed forces from the 3.5 million of 1968 to 2.5 million by 1973, and if possible to dispense with the draft altogether. So long as America retained the capacity for assured destruction of an aggressor after absorbing a surprise attack, she no longer demanded a superiority in strategic nuclear weapons; in SALT she was seeking agreement with the Soviet Union to maintain the balance of mutual deterrence at a lower level of forces on both sides, and if possible to control the development of new strategic systems.

It had been clear ever since the seminal speech in Guam that Asia would bear the brunt of this planned reduction in American capabilities, and President Nixon had in fact promised to make no cuts in America's combat strength in Europe during his present term of office. The national review of NATO strategy he commissioned seemed to have confirmed the desirability of maintaining the so-called strategy of flexible response as agreed by NATO in 1967 and developed through the Nuclear Planning Group in later years. This strategy rejected alike the "tripwire" concept of immediate and automatic nuclear response which had become unacceptable to the us, and the alternative of a wholly conventional response even to an all-out Soviet attack, which had never been acceptable to the Europeans. Instead, NATO aimed to hold anything but a major deliberate invasion without recourse to nuclear weapons, and in the case of a major attack to introduce nuclear weapons into the battlefield in such a way as to enable and encourage the enemy to stop the fighting if he did not want to risk an all-out strategic exchange.

It was not certain that the present strategy of flexible response would remain acceptable to both America and Europe if there were a unilateral reduction in NATO's overall conventional capability. America's agreement to maintain existing force levels for the present followed on Europe's agreement to make a slightly greater conventional contribution to NATO and to spend a billion dollars on new infrastructure—the first concrete example of a European defense identity in practice. But America's longer term intentions were unknown, and there was significant Congressional pressure for cuts in her NATO forces. None

of the European countries was finding it easy either to maintain existing levels of defense expenditure or to provide adequately trained soldiers in sufficient numbers.

If a fall in NATO force levels made the present strategy appear invalid, a dangerous and divisive argument might open between America and Europe; Europe would try to commit America to a more automatic nuclear response, and if rebuffed would probably be torn between the desire for an independent strategic nuclear deterrent of its own, despite the risk of provoking the Russians and the difficulty of accommodating the Germans, and the desire for a reconciliation with Russia at any cost. Such a prospect was of course a powerful incentive for maintaining existing force levels—but it should also focus attention on the prospects of negotiating mutual and balanced force reductions with the Warsaw powers, as the foundation for a new European security system based on cooperation rather than confrontation between the blocs.

It was at this point that the Nixon Doctrine would under go its most severe test so far as Europe was concerned. If its fundamental analysis of the new world situation was not just rhetoric devised to cover a retreat from responsibility imposed by domestic pressures, if the era of negotiation was to be taken seriously, and the European partners were to play their promised share in the formulation of allied policy, then America must be prepared to see Europe take the initiative in some areas of discussion with the Communist states, just as America had already taken the initiative in others, notably SALT and the Arab-Israel conflict.

So far President Nixon's style had been immensely welcome to Europeans who had been irritated by the tendency of the previous Administration to present them with unilateral decisions on major issues of allied policy and then to reverse those decisions with the same indifference to their views—witness the tragicomedy of the MLF and the somersaults on NATO strategy and on ABMS. None would contest the wisdom of the President's general approach towards multilateral negotiations with the Soviet Union as presented in the European chapter of "Building for Peace".

The confrontation with the Warsaw powers was now passing from static trench warfare to a war of movement; the problem was to exploit the need for independent initiatives by individual countries on both sides without losing control of the campaign as a whole. Yet this analogy was imperfect; for the aim of the battle was not victory but reconciliation, and the construction of a new security system which would permit Russia to come to terms with the colonial revolution in Eastern Europe without fears for her defense. It was not easy for individuals weaned on a vision of the Cold War as a zero-sum game, in which one side could gain only if the other lost, to readjust their thinking to the

new world situation as President Nixon described it; for an alliance like NATO, the readjustment was more difficult still.

At present the problem was best illustrated by the differing attitudes to Chancellor Brandt's Ostpolitik; given an agreement on Berlin, the preparation of a European Security Conference would raise similar issues even more acutely. Opposition to the Ostpolitik was confined so far to individuals and groups who did not hold Government power in their own countries—notably a large part of the CDU/CSU in Germany (though not Dr. Schroeder, at present its most popular leader) and certain retired officials in the US.

Some distinguished Americans from the "Occupation Age" clearly found it difficult to come to terms with a world so different from that in which they had been able to determine the policies not only of the US but of Germany as well. More significant was the attitude of those whose doubts about the Ostpolitik stemmed primarily from fears that it might prevent closer unity in Western Europe. According to this view, the Ostpolitik was engendering complacency and wishful thinking about the prospects of restoring the unity of Germany and Europe as a whole; this was distracting the West Germans from the urgent need to enlarge the European Economic Community by including Britain and the other applicants, and to strengthen it by giving its central organs supranational powers.

Of course it would be idle to deny that such dangers do exist. But no one with a real concern for Europe's future could afford to ignore the popular demand for reconciliation between Eastern and Western Europe and the explosive pressures inside the Communist states for greater individual freedom and national independence.

The postwar division of Europe was seen increasingly, on both sides of the Iron Curtain, as an unnatural mutilation and impoverishment. No one now believed that Russia could be rolled back by military force, as many pretended they did twenty years ago. If the necessary climate of mutual trust was to be created for a voluntary loosening of Russia's grip, it must start with the exorcising of the German demon in Eastern Europe and continue with a mutual exploration of the security problem. A growing number of Germans seemed unable to renounce the ideal, however distant, of reunification, and the evidence now seemed clearly against the thesis—held by many during the Fifties—that the West Germans would be prepared to lose their national identity in a West European federation.

Whether it was President de Gaulle who had killed this possibility, or whether it had always been too ambitious a dream, it was clear that the European Economic Community would not assume significant supranational powers in the near future whether Britain joined or not. The idea that economic co-oper-

ation would in itself force political unity was now seen to be mistaken. If political unity was to be achieved on any major issue of foreign policy, it would be around the general approach to Eastern Europe which was embodied in the Ostpolitik. Unless the concept of West European unity was open to the East, it would be unacceptable to most West Europeans.

It was equally true, as Chancellor Brandt had so often insisted, that the Ostpolitik was less likely to attain its long-term objectives unless the Community was enlarged so as to achieve a better internal balance and greater overall strength. In fact his Ostpolitik and his Westpolitik were two sides of the same coin. As he often pointed out, his first important diplomatic initiative had been directed not Eastward but Westward—to develop Common Market unity on Britain.

In Germany itself, however, the onslaught against the Ostpolitik from opposition politicians was based primarily on national rather than European grounds. Herr Birrenbach, for example, argued in the Bundestag foreign affairs debate: "The interests of quite a few other countries are not identical with those of the Germans. If the nation itself does not pursue its own interests with the necessary vigour, we cannot expect foreign governments to protect them on our behalf."

Yet the view that the Ostpolitik was selling West German interests down the river did not stand up to examination. Chancellor Brandt's strongest opponent among the Communists was Herr Ulbricht; in general he aroused misgivings even more among the "hawks" of the Warsaw Pact than among the "hawks" of NATO, and in the immediate aftermath of the Polish riots Soviet diplomatists had tried to undermine him by leaks in Washington and Bonn.

Western criticism of the Ostpolitik was coming from men who were out of power, and who in the case of Germany might have party political motives for their attacks. The nearest thing to criticism which the Ostpolitik had encountered from governments in the West was the reference in "Building for Peace" to the dangers of what was described with uncharacteristic opacity as "a differentiated detente". Yet oddly enough the same document took exactly the opposite view on the same issue when it said: "In the era of Communist solidarity we pursued an undifferentiated negotiating approach towards Communist countries. In the new era we see a multipolar Communism marked by a variety of attitudes toward the rest of the world. Failure to respond to this diversity would have ignored new opportunities for improving relations. Negotiation with different Communist countries on specific issues carries more promise."

These were wise words. But if a differentiated negotiating approach were successful, it could only lead to a differentiated detente. Of course the Western

countries should conduct their policies in harmony and with mutual consultation—as they did. But a failure to make progress in one area could not be treated as a reason for not making what progress was possible in others. Deadlock in the Paris talks on Vietnam was not regarded by the us as an argument against America's trying to get agreement in SALT or in the Middle East talks. It should not be allowed to obstruct her allies' efforts either.

If the Nixon Doctrine meant what it said, it should not only permit but even encourage America's allies to make progress in negotiations with Communist powers where progress was possible without damage to the Western community as a whole. The Russians had often in the past used negotiations with the West not in order to reach agreement but solely to divide and confuse their adversaries. They might often seek to do so again. But the author believed that the West was now sufficiently mature to resist this type of deception, while the new tensions between Russia and her allies exposed the Communist camp to greater risks in multilateral negotiation. The outstanding success of the December 1970 meeting of the NATO Council compared with the confusion at recent meetings of the Warsaw Pact illustrated this point. But the NATO Council could not have displayed such unity and strength except in the context of its prior agreement to press toward a European Security Conference on sensible terms.

The critical test of the prospects for the new wave of Western policy represented by the Nixon Doctrine, the Ostpolitik and the movement for a European Security Conference would be, as so often in the past, Berlin. If a satisfactory improvement in the Berlin situation were reached through the Four Power talks and the simultaneous contacts between Bonn and Pankow, confidence in seeking further progress would be immensely strengthened. We were of course entering unfamiliar territory. The us would remain uneasy about losing that central control of Western policy which had been the first commandment of its postwar theology. Some of the allies would find it painful to have to think for themselves. As the old landmarks crumbled away, many on both sides of the Atlantic would long for the comfortable pseudocertainties of the Cold War. But the real test of the achievement of those remarkable men who shaped American policy in the heroic decade after the defeat of Hitler would be the ability of Europe and America to live on equal terms in a world in which external pressures no longer shaped and guaranteed their unity.

A GENERAL REACTION BY AN AMERICAN PARTICIPANT TO THE WORKING PAPER

A general reaction to the working paper was offered by an American participant. He began by saying that, while the picture of emerging events in Europe

as painted by the author was an attractive one, he did not believe that the process described would work in the way suggested. In the speaker's view, the author misassessed Soviet objectives and ignored the hard realities of power politics. The central postulate of his position was that the Soviets maintained a frantic hold on Eastern Europe primarily out of fear of a *revanchist* Germany, the implication being that Soviet expansionist objectives were matters of the past. The author apparently believed that the discontents and stifled aspirations in the satellite states were generating such pressures that, if only we could create what he called a "climate of mutual trust" with Moscow, the Kremlin would voluntarily "loosen its grip" on its empire in apparent imitation of Britain's benign policy toward its own empire over the past half century. At the same time, he seemed to brush aside any serious prospects for progress toward political unity in Western Europe, asserting that "if political unity is to be achieved on any major issue of foreign policy, it will be round the general approach to Eastern Europe which is embodied in the Ostpolitik".

In the judgment of the speaker, this represented an attempt to return to a status quo ante-bellum—but this time with the major difference that, while Western Europe remained a congeries of small and medium-sized nation states, the Soviet Union loomed at the other end of Europe as a military and industrial giant of overwhelming dimensions armed with all the weapons of nuclear death. To assume that the Soviet Union would go to hazardous lengths to enforce the Brezhnev Doctrine—as it did less than three years ago in Prague—purely for the purpose of maintaining a buffer against a Western threat, but that it would willingly see its empire dismantled once that threat were neutralized by a series of non-aggression pacts seemed quite fanciful. There was in fact no serious evidence that the Soviet Union had discarded its expansionist ambitions or that it would not take advantage of any available opportunity to extend its power and influence. Perhaps it was now driven more by nationalistic than ideological motives—that was a matter for argument—but twentieth century European history had proved that nations could have expansionist ambitions with no ideology whatever.

What was the position of the Soviet Union today? the American participant asked. Within the past few years it had taken giant strides toward making its weight felt around the world. It was now far more powerful than ever before in history. It had realized the ancient Czarist dream of becoming a Mediterranean power. It had established a firm beachhead in Egypt to which it had deployed large quantities of trained manpower and the most highly sophisticated weapons. It was strengthening its presence and influence at the mouth of the Red Sea as a staging platform for political subversion in the developing vacuum of the Persian Gulf and in East Africa. For the first time in history it

was on its way to becoming a major naval power, with the prospect of fleets in all the oceans of the world—including the Indian.

Nor was its Eastern European empire in any foreseeable danger of blowing apart. Again and again (East Germany in 1953, Poland and Hungary in 1956, and Czechoslovakia in 1968), individual member states of the empire had made heartbreaking efforts to loosen the bonds that held them. Each time the Soviets had ruthlessly intervened. Could anyone sensitive to the hopeless despair in Prague today seriously believe that Czechoslovakia was again on the verge of breaking out? Instead it seemed that the Kremlin was never more determined to enforce the Brezhnev Doctrine—its own special version of the colonialist concept of limited sovereignty—with all that implies.

The speaker was inclined to agree with the forecast that, no matter what pressures might build up in the satellite countries, the Soviet Union would never relax its hold on its empire until there had been a complete change of direction in Moscow, a change of direction possible only with a fundamental alteration in the system and structure of the Soviet regime. Yet what were the chances of that? Today the Kremlin housed a government of old men facing a succession problem that, in a dictatorship, could be resolved only by a crisis. With great good luck such a crisis might possibly bring in a somewhat more liberal leadership but, given the brutal politics of the Soviet system, it was quite as apt to bring to the fore a new Stalin.

The speaker's central point was that the might and purpose of the Soviet Union could be realistically dealt with *either* by a continuance of the present system of American power on the continent *or* by effective progress toward the building of an indigenous structure of power in Western Europe—or, preferably, for some time to come—by both. But it could not be safely countered by individual national diplomacy on the part of Western European states which, acting alone, necessarily dealt from weakness. So long as Western Europe remained divided into separate states with a long history of rivalry, such national initiatives were more likely to fragment the West than to liberate the East from the relentless discipline of its tyrannical master.

In pressing for a European Security Conference, the Soviet Union had sought to encourage exactly that process—to halt progress toward European unity and to attempt to pry America out of Europe. In the end, it quite clearly hoped to hasten the dissolution of NATO on the seductive contention that such a free alliance is an appropriate trade-off for that shoddy and factitious sham, the Warsaw Pact. Up to the time of this meeting, the Soviet Union had made quite clear that it did not see the mutual and balanced reduction of forces as an appropriate subject for the agenda of such a conference.

The speaker emphasized that his doubts about Chancellor Brandt's initia-

tive toward an Ostpolitik did not relate either to the motivation or good intentions of the Chancellor or his government. On the contrary, the speaker was convinced that Chancellor Brandt was irrevocably committed to Western ideas and indeed to Western European unity, and one could only sympathize with his desire to do whatever could be usefully accomplished to ameliorate the personal hardships flowing from the brutal division of his country.

The speaker's concern was rather with the political and psychological effects of the treaties with Moscow and Warsaw. He feared that they might tend to engender a deceptive euphoria—the public impression that a major breakthrough had been achieved with the East, when, in fact, the substantive content of the treaties was *de minimis*. Was there not, he asked, danger that such euphoria could, if continued for any length of time, lead a new generation of Germans, unconditioned by the war and its aftermath, to reject the exertions necessary for a protracted holding of the line against the elemental, though presently frustrated, objective of the Soviet Union to push the boundaries of its empire farther to the West? Would they be prepared to exercise the necessary patience, particularly when European complacency would inevitably build pressures in America for some phasing out of her own overseas deployments?

Instead of depending uncritically on one's confidence—no matter how well justified—in the government now in power in Bonn, one should squarely face the possibility that present initiatives shrewdly exploited by the Kremlin might set in motion forces that could in time lead to dubious results. The present was after all only a brief moment in history, and one dared not either ignore the future or neglect the past. Europe had for centuries been an area of fluid alignments and shifting alliances, and if one sought to look beyond tomorrow he would do well to observe what happened before yesterday. One should not, therefore, wholly forget the fact that German politics had from the beginning been marked by two distinct schools of thought: one emphasizing Eastern ties and the other Western. These intramural debates had generally been won by the "Easterners", favoring a German foreign policy facing eastward for security and "compensation". Many tend to forget that Adenauer's commitment to "the Western link" was thus a radical break in the continuity of German policy, that it was not the norm but something quite new in the world.

Yet the speaker did not wish to overstate his anxieties—merely to note them as a useful *caveat*. He conceded that the treaties with Moscow and Warsaw might well have some limited usefulness. If the conditions for ratification were not achieved, that development might help demonstrate to German youth that détente was not just around the corner, as they tended to believe. If the treaties were ratified, it would presumably be because they had served as a lever to secure some improvement in the Berlin arrangements.

What he principally regretted, though, was that the Federal Republic's initiative appeared to be premature. What had been lacking was a well thought-out sense of sequence and priorities; for, once Western Europe were to concentrate on building a solid structure of power, it could create a base from which truly effective negotiations with the East might be conducted. If Britain adhered to the Rome Treaty, the way would be open to bring the diverse peoples of Western Europe together in a great common enterprise enabling them to speak to the East on a solid basis of equality. But, if the counterweight of British power were not available to secure a stable balance, centrifugal forces could become dangerously operative. Then, and under those conditions, continued Western German initiatives with the East could seriously strain the fabric of Europe, inducing in France a defensive introspective mood and contributing to the worrisome psychological and political problems of Italy, a Mediterranean power no longer washed by an exclusively Western sea.

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DISCUSSION

The discussion which followed dealt with the background and formulation of the Nixon Doctrine, as well as with a number of subjects related closely to the change of America's role in the world.

THE NIXON DOCTRINE: ITS ORIGINS AND OBJECTIVES

An American speaker explained that the objectives of the Nixon Doctrine were essentially two-fold:

1. To elicit a broader sense of participation from other nations in the shaping of international policies. For too many countries, the conduct of foreign policy in the post-war years had come to consist mainly of lobbying in the Washington decision-making process, with the hard choices left to the us. A more creative part in building the world order ought to engender a greater interest in maintaining it.
2. To reallocate responsibilities so that the us in some areas of the world would cease to play the principal role of confrontation. There was no "cook-book" with recipes for every conceivable situation, but it was clear at least that America did not propose to engage herself with ground forces in future civil wars. There was necessarily more ambiguity about what the us role might be in externally-organized civil wars which faded into conventional wars.

The speaker referred to two questions raised in the introduction to the working paper. First, he considered it extraordinarily unlikely that the present administration would order a new us military intervention without having first attempted thoughtfully and systematically to relate it to overall national and world interests. Thus the recurrence of a Dominican-type involvement could be excluded.

Second, he said that substantial cuts in us forces abroad did not need to entail a choice between reinterpreting commitments and lowering the nuclear threshold. Most of the troops brought home so far had come from Vietnam; many others had been withdrawn from areas where their presence was largely symbolic, such as Korea. The new us analysis sought to relate the sufficiency of forces—American or indigenous—in a given area to particular tasks to be performed there in the face of foreseeable dangers.

The speaker went on to observe that America's interests generated her commitments, not the other way round. It was her perception of these interests, and of related dangers, that got her involved abroad; formal commitments were the result, not the cause of her involvement. The us was involved in Europe, for example, not because of treaty obligations, but because of a network of relationships which had evolved and which she believed should be strengthened. It would be useful one day for America to conduct a national debate about how she perceived her interests with relation to other countries. As the world changed, America's relationship to other countries naturally changed. Consequently, it might be envisaged that, for the first time in history, all commitments would remain uninterpreted for an indefinite period of time.

Turning to the domestic background against which the Nixon Doctrine had been formulated, this participant said that the psychological factors emphasized in the President's 1971 report, to which the working paper had alluded, should not be understood as referring to the current stresses exemplified by protest demonstrations. The reference was rather to the serious strains which were bound to be felt in the longer run if the us tried to carry indefinitely the burden which only she had had the resources to assume in the aftermath of World War II—that of being concerned simultaneously with every important security and development problem everywhere in the world. This task could now be shared with many other nations.

Another American speaker regretted that the Nixon Doctrine did not embody a clearer distinction between "conventional wars", which should have an early claim on the forces of the us and other nations under the UN Charter, and civil wars growing out of ideological differences, where outside intervention should be discouraged. Furthermore the us, while promising now to look "primarily" to an embattled ally to provide the manpower for its own defense,

seemed to reserve the option of intervening with American troops whenever necessary. Viewed in the light of such ambiguities, did the Nixon Doctrine really represent a new departure, or did it instead fit exactly the pattern of us involvement in Vietnam? A fellow countryman was similarly sceptical, wondering if the us would not again "sneak in and escalate until something works."

A German participant conceded that developments had justified some modification of America's role in the world, but he cautioned the us against the illusion that she could be relieved of the obligations and burdens of a superpower. The Nixon Doctrine would not alter elementary facts and circumstances, and there was no substitute for the guarantees the us had given. But there were no signs that America intended to reduce her commitments, and the new us role might turn out to be simply the old one at a somewhat lower cost.

A Norwegian speaker, while recognizing the political burden us leadership had to bear in the face of isolationist tendencies at home, could still not see how America would be able to change substantially her world role on her own initiative, without conciliatory actions on the part of other world powers.

An International participant also found it difficult to foresee a fundamental change in the us role. The world had need of a "measurable policy", which America had sought to supply up to now by acting as a policeman, ready to step in to correct imbalances of power. If she abandoned this job for too long, it would certainly be taken up by another power, which would leave the us little alternative but to retreat into isolation.

An American participant, who said he spoke for many young intellectuals and politicians, wished to emphasize the depth of their instinct against intervention abroad. This was due in part to the fact that, not having experienced invasion or seen communism at first hand, they—perhaps wrongly—did not fear the Russians in the way many Europeans did. But it also stemmed from a sense of social unrest and a feeling of the need for a profound moral renewal in the us. To this generation, diplomacy was not an art, or a chess game, or a delicate balancing of power; it was a human enterprise which should be governed by a moral understanding of the links between peoples.

This younger group was strongly anti-militaristic, and was not concerned with problems of image or credibility. It did not believe in the political continuum, that what had been must be. The New Hampshire presidential primary of 1968 had demonstrated that morally-based action could reverse historic trends. Although this attitude might result in certain inconsistencies, and even in a withdrawal from some foreign obligations, it should be recognized as a hard emerging fact of American political life, and not be dismissed as romantic rhetoric.

This forecast was endorsed by two fellow Americans. One said that, unless us actions abroad were moral and appropriate, a revulsion would build up among young people against all foreign intervention. The other speaker felt it would be difficult to exaggerate the change in Americans' attitudes—young and old—about foreign policy and the us role in the world. Today there was very little willingness to pay the price of blood and treasure for the maintenance of international order.

This outlook made a number of European participants uneasy. A Netherlands speaker characterized it as "a fervent plea for isolationism, wrapped in somewhat different clothes", and a Norwegian participant hoped that it was shared by only a limited number of young Americans. A Dane professed to be "simply horrified" at the prospect of an increasingly moralistic us foreign policy; what was needed was more rationalism and less moralism.

PROSPECTS FOR DETENTE WITH THE COMMUNIST WORLD

As was pointed out by an American speaker, one's viewpoint about most of the questions raised by this Agenda item depended largely on one's assessment of the Soviet Union's likely intentions and actions during the next decade. There was a wide divergence of views on this subject.

In the opinion of a Turkish participant, the basic imperialistic aims of the Russians had not changed. There had been some modification of tactics, but the cold war was not over. It had merely become unilateral, with the Soviets still resorting to it whenever they deemed it convenient. The West could try to achieve détente on a piecemeal basis, by taking advantage of Russia's need to change her methods, but "we must know to whom we are talking". It was especially important that Western public opinion be on guard against wishful thinking, lest support be lost for the defense expenditures that were still necessary.

A Norwegian speaker, who said he had always been a strong advocate of realistic negotiations with the Soviet Union, could find no recent cause for optimism about Russian designs. He cited the Brezhnev Doctrine, the Prague intervention, ICBM developments and increased military expenditures, from which he concluded that we were far from an era of mutual understanding.

This cautious approach was endorsed by a British participant, who saw the Soviet military presence in new areas of the world as the vanguard of increased political penetration. Transitory disunity among the communist nations did not mean an end to the dangers of recent decades. If relations with the East had eased somewhat, it was in fact thanks to Western strength and unity. While one could hope for a true détente, policy planning had to be based on

the worst contingencies. The West should therefore be prepared to seize opportunities for accommodation as they appeared, without letting down its guard.

A French speaker remarked that, while there was less anxiety now about a direct military confrontation in Europe, the fundamental antagonism between the Soviet system and the West was the same as it had been twenty years ago. The Russians had shown with their tanks in Prague how quickly and brutally they could resort to the use of armed force. And the Czech and Hungarian interventions were mild compared with what nearly happened last year in Poland. One could only conclude that the Russians would never loosen their grip on the strategic, economic and ideological empire which had fallen to them in 1945. They would use all the force necessary to prevent a satellite from escaping their orbit. In the eyes of free men, this in itself amounted to aggression. The threat to European security might have been damped, but it could not be extinguished, since it sprang from an irreconcilable conflict.

A British commentator warned that domestic revulsion from the role of world policeman could push Western governments into a rationalized estimate that détente was in view. "The wish becomes father to the thought." He also took issue with the assertion by the author of the working paper that neither the us nor the ussr had made any appreciable gains in the Third World in the last quarter-century. Russia could boast of successes in Cuba, Egypt, Tanzania, Guinea, Congo-Brazzaville, Ceylon, and the Mediterranean and Indian Oceans, whereas the West had only developments in Indonesia and Cambodia on the credit side of the balance sheet. In the speaker's estimate, there had been a constant nibbling-away of the us peace-keeping role, and an erosion of the Western position in general.

An American participant listed some of the pressures moving the Soviet Union toward negotiation: the emergence of China as a geopolitical and ideological rival; an appraisal of the risks of thermonuclear war; and an assortment of domestic social and economic problems. At the same time, she was inhibited by certain countervailing forces, such as the rigidity of her bureaucratic structure and the uncertainty as to what the reactions would be in East Europe to any change in the status quo.

Most troublesome for the ussr was her dilemma as a great communist power. Détente with the West, although it would leave her freer to concentrate on her difficulties in the East, entailed risking her claim to ideological leadership, especially if she appeared to go too far in accommodating the principal capitalist country. The Soviet Union might be relieved of this dilemma by settling partially with some Western countries while retaining undiminished hostility toward others. Such a "differentiated détente" would be antithetical to Western

solidarity, and the best insurance against it, in the speaker's view, was for each nation undertaking individual negotiations with the USSR to consult fully with its allies, as indeed the US was being careful to do in the SALT talks.

Along the same lines, an International speaker warned that strongly emphasizing East-West conciliation over Western integration could weaken confidence between allies or between social groups within the alliance.

A British speaker was encouraged by the possibility that the US and the USSR might share a peace-keeping role in the Middle East, but a French participant feared that a multi-power peace-keeping force there would only produce "another Berlin . . . a disaster".

Leading the discussion onto a more philosophical ground, a Netherlands speaker disputed the assumption that an era of mutual trust and cooperation was to be desired as a return to "normalcy". International tensions were produced not so much by wicked or stupid leaders as by conflicts of interest, which were the norm of dynamic societies. Well-defined negotiations could help to keep these tensions from exploding, but in many areas confrontation would go on. As an American participant put it, "the world is still a dangerous place", and force in its deterrent form or in its actual employment on occasion, was still useful in holding together, or building, a better world, given the state of the human material.

WEST GERMAN INITIATIVES TOWARD AN OSTPOLITIK

A French speaker said that he would have no misgivings about a "normalization" of Germany's relations with her eastern neighbors if that meant simply an improvement in border procedures, an easing of travel restrictions, and an increase in cultural exchanges. To expect to go further than this, though, would be to court disappointment and even danger.

He sketched in the historical background as he saw it. Adenauer had been resigned to the division of Germany; he may even have welcomed it in a way. European integration and the Western alliance meant more to him than German reunification, and his successors had followed much the same line. Chancellor Brandt was taking a different approach, for two main reasons. The first was simply the politician's inclination to depart from the path of his predecessors. New initiatives were regarded as ends in themselves, even though true political wisdom often called for inaction. The second reason had to do with Brandt's Social Democratic affiliation. This highly unitary party had been revived after the war by Ernst Schumacher, a man obsessed with reunification. As much as he hated and scorned communism, he probably would have accepted it in exchange for German unity. Although Brandt was not governed

by the same passion, the history of his party went far in explaining his position.

But the division of Germany had become a fact of life, accepted by the Russians as well as the Germans. The Soviets would welcome neither rapprochement nor reunification of the two Germanies, even under a communist flag, as this might present them with a major European schism. On the other hand, the speaker thought that, as long as the Federal Republic remained a faithful member of the Atlantic alliance, its Ostpolitik was doomed to insignificance or failure. Germany had been exemplary since the war in her democratic practices and in her attachment to the West. "It would be a very great mistake to awaken in her now other aspirations."

A German participant was convinced that Russia could not be dislodged from her position in East Europe by a conciliatory Ostpolitik any more than she could be by military means. She looked to the Ostpolitik in fact to reinforce her presence there.

A Netherlands speaker claimed that the aims of the Ostpolitik were really rather modest: improved relations with Poland and Czechoslovakia and a re-affirmation of West Germany's rights in Berlin. He did not agree that the Russians had lost interest in the Ostpolitik; it was simply that they had not been prepared for the enormous nuisance value which Ulbricht was exploiting to the full.

Arguing in support of the Ostpolitik, a German speaker challenged three assertions made by the American participant who had led off the discussion. *First*, that Germany's history suggested that her basic orientation might again turn eastward. This notion underestimated the extent of the integration of the two Germanies within their respective systems. The economy and society of the Federal Republic were now profoundly western, and the flexibility of Germany's "national option" as a middle state open in both directions had been lost forever.

Second, that the timing of the German initiative was premature. The speaker recalled that Herr Schröder had opened debate on these issues in 1966, and that the signature of the Moscow treaty had been preceded by over a hundred hours of top-level discussions. Complaints about timing could therefore not refer to lack of preparation. If the critics meant instead that a settlement about Berlin should have come first, they should realize that the process would have lost all its momentum. The preceding four-power negotiations on Berlin had in fact become stalemated and were adjourned in favor of the German-Soviet talks.

Third, the implication that the Ostpolitik would tend to undermine security by, for example, complicating the case for continued US involvement in Europe.

The speaker rejected this argument, saying that one should have greater confidence in the sophistication of us legislators and policy-makers.

The American participant replied that his fundamental concern about the treaties with Poland and the Soviet Union was their lack of any real substance. Meaningless as they were, though, they could still become a sort of hostage. The political investment in obtaining them and in presenting them to the German people could be exploited by the USSR by way of threats to modify or revoke the treaties.

In the judgment of an Italian observer, Chancellor Brandt's initiatives toward an Ostpolitik had performed the great service of putting to rest the old alibi about German *revanchisme*. For years this had been a cement of the Eastern bloc, providing both Ulbricht and Moscow with an ideological and political justification, however mythical, of the unity of Eastern Europe. But the Ostpolitik made sense only within a European framework. Chancellor Brandt could not have waited indefinitely for greater Western European integration before proceeding, but if such integration were not eventually achieved, the Ostpolitik would be simply another passing episode. An American intervention lent support to this view.

A German speaker emphasized that the Ostpolitik represented Germany's special contribution, *within the Western alliance*, to the effort to achieve a peaceful transformation of the East-West conflict, which could not be resolved by doctrine or force. A contrasting view was expressed by an American participant, who found the source of the Ostpolitik in the will and aspirations of the German people. This was related to an increasing world-wide assertion of human needs and feelings, which would serve to diminish the interventionist role of the super-powers.

Another American pointed out that the us had been saying for a decade or more that negotiations with the East could begin only when Germany was ready. Americans should therefore welcome the Ostpolitik instead of criticising it, and should hope that it would lead to a Berlin settlement and a united approach to a European security arrangement. This sentiment was echoed by an International speaker, who also predicted that both European integration and East-West cooperation would develop at such a slow pace that there would never be a time when utterly incompatible decisions would have to be faced.

An Italian participant expressed sympathy with the aims of the Ostpolitik, but compared the philosophy of some of its advocates with that of the Cliveden set of the Thirties. This was, in his words, the "typical English attitude of treating foreign dictators as if they were mixed-up kids" who just needed "to be treated nicely".

THE PROPOSED EUROPEAN SECURITY CONFERENCE

Scepticism about the value of a European Security Conference was voiced by two participants for opposing reasons. A Netherlands speaker felt that the West was not really enthusiastic about it, and had expressed an interest only as a matter of courtesy to the East Europeans, rather than the other way around. The issues which the West wanted to discuss, such as disarmament and cultural exchange, could not be dealt with authoritatively by the "minority governments" of East Europe.

On the other side, a Turkish participant doubted that the Soviet Union sincerely sought disarmament. She would merely use such a conference to achieve a tactical gain by weakening the defensive solidarity of the West while preserving her own position. The Russians had already gained three advantages over the West in connection with the proposed conference: (1) they had managed to associate the conference with the general idea of *détente*, so that those who had any reservations about the former could be accused of opposing the latter; (2) they had implanted in Western public opinion a kind of "conference complex", which made it difficult for Western governments to propose substantive agenda items without appearing to be sabotaging the conference; and (3) they had achieved an implicit acceptance of the Brezhnev Doctrine, since the "conference complex" inhibited the West from bluntly rejecting it.

A Finnish speaker, taking a more positive view, said that the term "European Security Conference" was perhaps misleading. For one thing, it would not be exclusively "European", although it would have to deal with matters affecting conditions in Europe, and specifically with East-West divisions. For another, it was wrong to convey the impression that such a conference would deal with the main problems connected with security; the name was too ambitious. (It was worth noting that the Russians had of late omitted the word "security" when mentioning the conference at home and in communications to Western governments.)

Despite these limitations, such a conference could be useful if it were thoroughly prepared and well attended. One had already heard of a good many hopes, preconceptions and prejudices about the conference. What was needed now for planning purposes was a survey of the topics and procedures which the Western governments would be likely to find acceptable, and the speaker was in fact exploring this matter.

In any negotiations which might develop with the East, the West should not yield any basic positions without obtaining equal concessions from the other side, according to a German participant. And he would not categorize an improved climate as a sufficient concession, since the political climate was as changeable as the weather.

IMPLICATIONS FOR NORTH ATLANTIC DEFENSE ARRANGEMENTS

A number of European participants were concerned that a change in the us role in the world might have important repercussions on North Atlantic defense arrangements.

A Norwegian speaker said that the possibility of us withdrawal was "a nightmare for some of us, brought about by some well-known American politicians". He was particularly worried about the strategic implications of a reduced American naval commitment in the North Atlantic, which would enable the Soviets to outflank the allies with their northern fleet and to exert serious political pressure on North European governments. He was encouraged, however, by President Nixon's estimate that a coherent strategy of European defense would continue to require mutual transatlantic support. A Belgian commentator added that a diminished us presence in Europe could only be contemplated "with a tremor".

A German participant remarked that, so long as America continued to recognize that she and Europe had common interests vis-à-vis the Soviet Union, there was little cause for concern about Europe's defense. But the gap between European and American military strength was getting wider, not narrower, so that the credibility of the us commitment was essential in deterring Soviet expansion. The Federal Republic was pleased to note in this connection that the present strength of American forces in Germany was to remain unchanged until the end of 1972, and the speaker hoped that "what is sensible until 1972 will not be considered senseless or stupid afterwards". To reduce defense expenditures, one could also hope for eventual multi-lateral force reductions—"to raise the Iron Curtain, without risk, an inch or two"—but the more one aimed at that, the more energetically one should oppose any unilateral force reduction.

Another German speaker expressed confidence that the Americans, as well as the British and the French, would stand by their treaty commitments concerning the Federal Republic. On this subject, a Netherlands speaker pointed out that the Germans would continue to be dependent on the us for their defense unless they were to increase their military expenditures six-fold, which was a political impossibility. Only so long as she had this American shield would Germany be free to maneuver with the USSR.

In the eyes of an International participant, the shift in the us role in Europe would consist essentially of a change in style. There had been no official declaration of a change in attitude, but the Americans now seemed to feel that Europe must shoulder additional burdens and responsibilities as a result of its unification. At the same time, the us appeared indifferent to the problem of where European power would be centered, and one feared that this might

conceal a preference for a big-power vacuum. An American speaker saw this us indifference about Europe as part of a popular international trend leading to less and less coherence of attitudes within national boundaries.

Another American participant favored maintaining us forces in Europe if their withdrawal might have adverse political consequences which could threaten the continued existence of democratic, open societies. But he feared that American domestic support for NATO could be jeopardized by events in Greece, where the destruction of freedom had been combined with a full measure of military aid to the government. Were we sufficiently aware, asked the speaker, that the principal requirement of mutual security was the political health of the nations with whom we were allied?

The withdrawal of most us troops from Europe after 1972, or at the outside after 1976, was foreseen by another American participant who said that "most Americans find it very difficult to understand why—26 years after World War II—Europe must continue to be a security ward of the us". His rhetorical question was answered by a French speaker, who attributed this anomaly to the failure of NATO. Not that it had failed to keep the peace in Europe, but that Europe had failed during the long respite provided by NATO to build adequate defenses of its own. The blackest day of that period, in the eyes of the speaker, was the 28th August, 1954, when the French Chamber killed the European Defense Community.

It had been the presence of us forces in Europe, not NATO, which had checked the Russians. And now President Nixon, despite contrary domestic pressures, was promising to maintain existing troop levels in Europe until mid-1972. In the long run, though, the defense of Europe was the business of Europeans, not Americans, and it required the creation of a federal power with supra-national authority. The only force which could insure for Europeans their defense and their future was a united Europe. And if this real unity failed for one reason or another to come into being, then the best hope was that the expedient of NATO—with the abnormal but indispensable presence of American soldiers on the continent—would last as long as possible, to permit Europeans to die free, and of a natural death.

A Netherlands participant took exception to the above allegation that Europe was living as a sort of protectorate of America. European governments had complete liberty of action, and it was only as another partner in the alliance that the us made its position felt. Even if one accepted the notion that American troops should and would depart one day, it would be unwise of Europeans to hasten the process. This speaker also took issue with a Canadian participant who had played down the recent NATO budget increases by claiming that the European states would have spent that money anyway during the five-year

period. The Netherlands speaker could assure him that these increases were a substantial burden for several countries, and were only enacted in the last instance in recognition of the straitened us position.

On the same topic, a Danish participant warned that the "unilateral reduction in NATO's overall conventional capacity" posited in the working paper might not be the result of a us withdrawal, but of the refusal of European governments to underwrite the necessary future defense costs. The speaker was all for "continentalism", and even for Europe's ultimately developing the nuclear capacity existing in Britain and France, as a basis for sustaining and expanding its self-reliance. But many who advocated such a course, especially the European and Scandinavian left, were paradoxically unwilling to underwrite the required political and military costs of true independence. A French intervention lent support to this idea of a European nuclear deterrent—within ten years, if not five—as the price of equal partnership with the us.

In the view of two British participants, Europe would not in the foreseeable future be able to stand on its own in a nuclear conflict with the Soviet Union. Therefore, it would be a prodigious waste of human resources for it to try to build up an apparatus of nuclear power on a scale with that of the us, even if this were possible.

The American participant whose general reply to the working paper had raised some of the questions covered in this part of the discussion said that he had not meant to be understood as proposing a substitute West European nuclear force, which he agreed would be wasteful. He had simply intended to point out that the maintenance of us forces on the continent had a special meaning during the period in which Europe moved toward a better coordination of her own defense efforts. Once the Europeans were able to speak in political circles with more unanimity, America could contemplate the redeployment of some of her forces with less severe consequences. Domestic pressures in favor of such redeployment were likely to mount, and the speaker therefore cautioned against the presumption that the us would, for its own self-interest, maintain existing force levels on the continent regardless of the actions of its European allies. And if it became increasingly difficult to focus American attention on European problems, the Soviet Union might be encouraged in some political adventures which could in time result in military involvement as well.

ENLARGEMENT AND STRENGTHENING OF THE EUROPEAN ECONOMIC COMMUNITY

A great many participants alluded to the prospects for enlarging and strengthening the European Economic Community. While that subject was only indirectly related to this Agenda item, it touched on it from a number of differ-

ent angles, and was therefore frequently mentioned. There was a consensus that the weeks and months ahead were crucial ones for Europe and the entire Atlantic community, and this gave a particular sense of urgency to the discussion. As it turned out, many of the questions raised were subsequently answered in the Luxembourg negotiations the following month.

A German speaker remarked that the central issue today was the application of the UK, Norway, Denmark and Ireland for membership in the EEC. This was of the utmost importance for Europe and the us, and he hoped that all those present would do everything in their power to insure the success of this endeavor. These views were echoed by several other speakers, some of whom pointed out that even the enlarged community would still have a long way to go to reach political unity and a common foreign policy.

An American participant said that the economic, political and security reasons for an enlarged and strengthened EEC were as compelling today as ever. British contributions from within a united Europe could be especially valuable in cases where a regional approach was to be used as a building block in tackling problems which required a trans- or supranational solution. For example, international control of the exploitation of the seas was an area in which Britain's experience would be extremely useful. Other subjects calling for a global approach included communications, population, energy, the environment, and inadvertent weather modification. In addition, an expanded EEC would be effective in seeking common approaches to common problems, such as the rebuilding of cities, the restructuring of education, and the pooling of expensive new research.

A British commentator observed that those of his compatriots who were in favor of joining the Common Market, especially the young, had been persuaded by political and defense considerations as much as by long-term economic advantages. This view was endorsed by another British speaker, who said that what was being discussed was not really the price of butter, but the price that Britain and Western Europe were willing to pay to achieve a more equal partnership with the us and to be able to play a more effective role in world affairs generally.

The peculiar difficulties of enlisting public interest and enthusiasm for enlargement of the European Community, despite the undoubted advantages it offered, were discussed by three British speakers. One of them felt that the national mood in his country had been unable to absorb within one generation two such momentous developments as the dismantling of the British Empire and the building up of Europe. Gifted politicians were sometimes able slowly to change these national moods, but the transformation of inertia about Europe into enthusiasm would have to be aided by extraordinary economic and politi-

cal pressures. The second speaker noted that the long delays associated with the previous unsuccessful negotiations between Britain and the EEC had inevitably produced considerable boredom on both sides of the Channel.

The third speaker, while conceding that successive British governments had been too rigid in their approach to those negotiations, found fault with the Europeans as well for not having evinced a will to get on with the construction of Europe. The EEC had not really evolved beyond "a customs union with a highly protectionistic, highly complicated, and not terribly intelligent common agricultural policy". It had failed to tackle such relatively simple problems as a common policy about company law, capital movements, and relations with the underdeveloped world, not to mention more difficult matters such as a common currency. All this could prove disheartening to those who had to persuade their people to join in the European enterprise.

A Belgian participant said that "the only way to get the European citizen to look beyond his daily chores is to get him to believe that Europe still has a role to play on the world stage". He was seconded in this by a Netherlands speaker, who admitted that the Common Market had not made as much progress as had been expected by now, but said that the political aspects of enlarging the Community were still paramount. On this point, a British participant said that, if the negotiations on the transitional arrangements were used by the EEC to weaken the UK's competitive power, the British people would wonder where the idealism was that was needed to make a political community work.

An Italian speaker looked to the non-communist left to restore the impulse toward European unity that had once been provided by strong US advocacy and by European business interests. New political institutions were needed to enable the working classes to check the predominance of the technocratic and the commercial elements within Western Europe. This process would also accelerate the emancipation of Europe from American and Soviet influences, with resultant reverberations in Eastern Europe.

A French participant agreed that the socialist parties bore a great responsibility in the construction of Europe. Even if one were pessimistic about the prospects for the left, it was only from that direction that one could expect leadership in shaping the political and social content of the European edifice. Linking the idea of historical change with that of social progress could be appealing to the Eastern European countries as well as to the Western free enterprise system, and it was not coincidental that the Ostpolitik was being pursued by a socialist chancellor. But, to capture and hold the attention of the other camp, the West would have to be seen to be the bearer of new ideas and solutions, and the speaker did not expect this from the Americans, who seemed to him to be bent on defending the status quo.

VIETNAM AND ITS LESSONS

Referring to the military aspects of Vietnam, an American participant said that it was a mistake to think of it still as a guerrilla war, which it had been in 1965. Since then, it had become a war between well-equipped main line forces on both sides. Regular units now accounted for well over 50% of North Vietnamese forces, up from less than 15%, and these troops were equipped with the sort of sophisticated weapons that would be used by any units anywhere. This deliberate transformation of the nature of the war by the North Vietnamese had made them heavily dependent on their supply lines from the north. The recent campaign in Laos and Cambodia was an attempt to seriously disrupt those supply lines, and time would show it to have been successful.

The speaker, who had been associated with the American military effort in Vietnam, said that had it not been for US air power the enemy would have long since won the war. At the same time, the US had bent over backward to avoid hitting civilian population areas, and charges of indiscriminate bombing were unfounded. Each administration had adhered strictly to this policy of self-restraint, which in the speaker's view had made the war longer and more difficult to wage, as the enemy had not hesitated to terrorize civilians and burn villages.

Another American speaker said the fact remained that more bombs had fallen in the course of this war than in all previous wars combined and "cluster" bombs and fire bombs were still killing civilians, in Laos and Cambodia as well as in North and South Vietnam. Continued bombing was not the answer. In its details, the war in Southeast Asia was "as savage and inhuman as anything the communists have ever produced", and the speaker wondered if America could live with these precedents if one day they were to be directed at her own people by the Third World or the Eastern powers.

Looking to the future, this speaker argued that maintaining a residual American force in Vietnam was without moral or strategic justification, and would leave the US exposed to various threats in Southeast Asia. There would be domestic consequences as well, since a recent poll showed that 73% of Americans were in favor of ending US involvement during 1971. This was tantamount to a national mandate, and the speaker predicted that President Nixon would be defeated in 1972 if he kept a residual force in Vietnam.

Two other American speakers expressed reservations about such a residual force. One could not perceive that any substantial US interest would be served by remaining, and the other felt sure the Congress would respond negatively if asked to approve any such plan.

To a Canadian participant, the issue now was whether the US was prepared to be involved in a political settlement in connection with its withdrawal.

If so, the danger to the remaining force might be greatly reduced. In the experience of an American speaker, however, protecting an outpost of 50,000 men would not be easy, either militarily—since the native Vietcong would have access to better intelligence—or diplomatically—since any guarantee agreement would be subject to endless bickering and misinterpretation. It was hard to predict and adhere to an exact withdrawal schedule, but the speaker was convinced that the President was making every effort to disengage the us honorably, and that a majority of the American people would support him if the matter were explained carefully and candidly to them. In view of China's influence in Indochina, it would be difficult, even with us help, to establish a durable regime in South Vietnam. It was worth trying, though, for otherwise a large part of Southeast Asia might eventually be deprived of free trade and free access.

An American participant commented at some length on various aspects of the Vietnam situation. He believed that the war as a moral and practical issue was finished. No sensible person could imagine that it was not being wound up; the only question was at what rate, and why some favored a slower rate than others.

Despite demands from many people for an immediate and total withdrawal from Vietnam, there could be no question of the us simply abandoning millions of people, of whom a significant percentage had thrown in their lot with the us on the basis of arguments that they had no reason to disbelieve. Their suffering had to be measured against other casualties of the war. The speaker asked what the international impact would be if an American administration permitted some domestic demonstrations to drive it off a course it believed to be right, especially when that course was tending in the direction advocated by most people.

Although many claimed that the Vietnam war was at the bottom of nearly all of America's domestic troubles, the speaker felt that even more serious problems would emerge when the war was over, and it turned out that much of the unrest which had fastened on Vietnam stemmed in fact from deeper causes in modern society, including non-economic problems. Many Americans would then be disappointed to find at the end of the road, not utopia, but only themselves.

Ending the war as an act of governmental decision was important for the long-range health of American society. The young people who could not be reached today would eventually judge their government, not only by their anguish of 1971 or 1972, but also by their anguish of 1974 or 1975. Then perhaps some measure of confidence in authority could be restored, and magnanimity offered on both sides.

At the present rate of withdrawal from Vietnam, the speaker thought it was evident that a mistake in assumptions would produce a debacle. In that case, the administration would obviously have failed. If on the other hand the plan succeeded, it should not be regarded as a victory, but as the securing of a base from which to address the longer-range problems in a more united way. The us was already at work on these important issues of the next decade, in the SALT talks, in detailed NATO studies, and in the new China policy. However the Vietnam war ended, we were moving into a new international era, in which one's position in the world had to be redefined.

What lessons were to be drawn from the Vietnam experience? A British speaker was joined by an American in concluding that the application of Western military power was inappropriate in the Third World, but another British participant hoped that the us would not in the end be pressured out of all Southeast Asia.

A Danish speaker identified himself as an early foe of us involvement in Vietnam but said he was refraining from criticizing the us because it was sincerely trying to extricate itself. To him, though, the lesson of Vietnam was "the absurdity and practical impossibility of 'substitute nationalism' ". The Americans could never effectively substitute their idealism for the nationalism of the native Vietnamese. Trying to do so only earned them the enmity of all sides. The speaker cautioned against the fallacy of an over-all "Indochina view", and said it was tragic that the us, for domestic political reasons, was no longer able to support the truly representative governments of Laos and Cambodia. This view was endorsed by one American participant, but another one replied that foreign advocates of us assistance for Laos or Cambodia should try to enlist resources for that from their own constituencies. Another American speaker recalled that the us had not received any measurable degree of help from its allies when it had intervened in Vietnam in furtherance of the principles of the Western coalition. America had thus been obliged to wage a long "rv war" virtually alone, hobbled by self-imposed restraints, and had paid a very high price at home for this.

A Netherlands participant reminded the meeting that the fact that the Vietnam war had caused social instability in the us did not necessarily mean that it had not been in accord with us interests. But the main problem now was for the us to preserve its credibility as an ally, and it was thus essential that any Vietnam settlement not look too bad on paper. us actions and attitudes in the Far East would continue to be most important, as was demonstrated by the Cambodian incursion. There was evidence that Moscow believed that domestic dissent had paralyzed the us from taking any action unless she were directly

threatened. In disproving that, Cambodia had given the Russians sobering second thoughts about their Middle East tactics.

ECONOMIC AND SOCIAL ASPECTS

A British participant pointed out that the economic and social health of the us had immense significance for Europe and the rest of the world. It was important for America to keep its strength as a great consuming and investing power, and to not have to resort to a new series of restrictions on international trade to shore up its economy, which could entail serious international consequences. Furthermore, America was considered an exemplar of the free capitalist society, so that weaknesses in the us were taken as automatic and inevitable consequences of the capitalist system.

After providing a brief resumé of the evolution of the us economy during the past decade, an American speaker ventured some predictions. Although the economy was still sluggish, he felt that by the end of 1971 it would be well on the way to recovery. A number of favorable indicators were already pointing the way. Housing starts were up sharply in recent months, and department store and automobile sales had shown improvement. Expenditures by state and local governments were exerting a stimulating effect, and the stock market had recovered three-quarters of the decline suffered during the preceding two years.

There was some evidence that inflation was beginning to yield before the wise and balanced economic policy of the present administration; the consumer price index for the first quarter of the year was rising at an annual rate of 3%, down from 6% the year before. On the other hand, the unemployment rate of 6% was unsatisfactory and recent wage settlements in some industries, especially in construction, had been unhealthily high. However, wage increases in the non-organized working force, representing 75% of American labor, had been occurring at a less inflationary rate.

The speaker found the balance of payments picture less encouraging. There had been a large scale outflow of short-term capital in response to interest rates which were declining more rapidly in the us than in Europe. To halt this outflow, the Federal Reserve, in the month preceding the conference, had taken steps which had succeeded in halting the decline in us short-term interest rates. In the longer run, though, it was hard to see how America's chronic balance of payments problem could be corrected in a significant way within the next five years. According to some economists, future deficits could run at annual rate of \$2.5 billion. The task was to discover what level of us deficits would be accepted by other nations, and how these deficits could be absorbed. The

willingness of foreign central banks and private corporations to continue to hold dollars on a large scale was open to question. The speaker was hopeful, nonetheless, that an accommodation for another period of time would be found within the framework of the existing international monetary structure, so that major changes in that structure would not be required. In sum, he did not foresee that the us economy, within the next few years, would constitute a significantly disrupting or unstabilizing force in the world.

Another us participant said it had been shown that fiscal and monetary measures were not enough to solve America's economic problems. He endorsed the oecd's recommendation that modern industrial nations aiming at full employment without excessive inflation should adopt an incomes policy as well.

Several speakers alluded to the point raised by the author of the working paper about the need to reallocate the reductions in military spending to urgent domestic needs. An American participant said that, although there had been little progress in many areas, it would be an unfair misapprehension if Europeans were to believe that the us was doing nothing about these problems. Hundreds of programs had been devised and billions of dollars committed. In the words of the author of one of the working papers for the first Agenda item, what was being asked of Americans was "the moral equivalent of a national heart transplant." This was going to be accomplished, but the time scale was bound to be longer than anyone would wish.

A fellow countryman was less optimistic about the chances of significant sums being diverted from the military to the civilian budget. When and if the us withdrew from Vietnam, there would still be a continuing demand for military spending to prove that the balance of power would be maintained. Moreover, if the proposed volunteer army did not attract enough men, increased expenditures would be needed on the research and development of more sophisticated weaponry to maintain the "strategic sufficiency" referred to in President Nixon's report.

Another American speaker observed that the problem of relating defense priorities to domestic priorities—which had become a major political issue in many countries—could not be easily resolved, especially since the complexity of strategic questions rendered a sensible public debate virtually impossible. The concept of "strategic sufficiency" was an attempt to define a level of military force that responded to foreseeable dangers in a responsible way, based on the realization that items in the defense budget could not be traded for domestic priorities indefinitely. If the defense budget fell below a certain level, one might as well not have one at all. An inadequate defense, taken advantage of by the other side, could produce a political collapse, which would not enhance the achievement of domestic priorities. This was all the subject of a legitimate

debate, but the speaker felt that it would have to be conducted, not in abstractions, but in terms of a concrete analysis of the nature of the dangers and the adequacy of the response.

Concern was expressed by a us participant that unenlightened international economic policies might have serious repercussions on the security and strategic issues under discussion. He cited several problem areas which called for urgent attention if dangers of economic and trade deterioration were to be avoided:

1. Agriculture, which for example was costing the EEC countries 3% of their GNP in subsidies, compared with 4% for defense. Yet farmers were still rioting, which indicated that the price support system was a failure internally as well as being disruptive internationally.
2. Foreign investment and the activities of multi-national corporations. American labor, traditionally positive and constructive on international trade questions, was now becoming protectionist, especially with regard to foreign investment.
3. The role of the dollar in world trade.

Existing international machinery, such as GATT negotiations on non-tariff barriers, was too specialized to deal with these problems. A new initiative was needed for a broader approach, including Japanese participation. If economic "backsliding" were not averted, Western defense arrangements might easily suffer, as legislators responsible for military appropriations came under pressure from economically distressed constituents. Another us participant emphasized the key role of the Congress in determining—sometimes only in a negative way—national directions and priorities, especially in economic matters.

An American speaker advocated "new Kennedy Round legislation tailored to the problems of the next 20 years", aimed at diminishing both tariff and non-tariff barriers. The absence of such a trade initiative in recent years had created a vacuum into which us protectionists had moved. The speaker thought that the Mills negotiations with the Japanese had probably dampened protectionist sentiment somewhat, but he could not be enthusiastic himself about an arrangement which seemed to encourage the Japanese to expand further into sophisticated industries, such as electronics and optics, in return for which the us would be allowed to keep a large share of one of its most decadent and moribund industries, textiles.

The previous speaker intervened to say that another Kennedy Round along the lines of the last one would not suffice, since a number of subjects would have to be included now that were not covered then. He mentioned the growth of

multi-national companies; internal agricultural problems; exchange rate policy questions; and relations with the less-developed countries.

A Canadian speaker feared that the emergence of two very large, powerful and protectionist trading partners could spell the end of the multi-lateral trading world, carefully and painstakingly put into place over a period of 25 years under the GATT. As a representative of a smaller nation that might be caught in the middle, he did not look upon this prospect with equanimity. A compatriot added that many Canadians were apprehensive about the legitimacy of certain economic instruments which the us might use in response to its international financial problems.

These two participants also dwelt on the subject of the multi-national corporation, which so far was largely an American phenomenon. This had proved to be an effective instrument for expanding us influence abroad, but it had also been to a certain degree a political liability, especially in Latin America, where its economic role had been enormous. The wholly us-controlled company might be economically efficient, but it was often "a source of psychic dissatisfaction in the host country". One of the speakers suggested that a form of partnership should be devised in which the us company would contribute technology, capital, and in many sectors access to profitable markets, while yielding physical control of the investment to local partners. Unless such an adjustment were made voluntarily by us interests, American influence abroad would be faced with the same difficult kinds of questions which us policy in recent years had not very adequately dealt with in Latin America.

Trends in world food production and their implications for the existing balance of power were described by an American speaker. Unlike the Western nations, with their agricultural surpluses and subsidies, the USSR, China and the Third World were troubled with underproduction. While only 3% of the us population was engaged in agriculture, the comparable figure for the Soviet Union was 50% and for China 95%. This meant a greatly diminished effective labor force. Russia's inability to master her food needs accounted for many of her difficulties and for her failure to move ahead more strongly during the past decade.

This fundamental disequilibrium was likely to be complicated by the emergence of a phenomenon which the speaker, together with a group of meteorologists, had been studying for the past few years. This was inadvertent weather modification, or man's impact upon our climate. Increasing consumption of fossil fuels, to which the world was committed for its energy needs, was causing a fundamental change of the earth's upper atmosphere. The result would be to shorten the growing season in the northern hemisphere and to produce periods of sustained drought throughout the central latitudes. Conditions in the Third

World would be directly affected, with the USSR and China close behind. Detrimental effects could even be anticipated for Europe and North America.

The geopolitical implications of the resulting food shortages were difficult to predict. The USSR and China, preoccupied with this domestic problem, might adopt a lower profile; or they might instead feel pushed to bolder and more reckless action on the world scene. In any event, this was a situation requiring urgent study, especially as the effects of the phenomenon described were thought to be irreversible.

Turning to the broader socio-economic implications of the changes afoot in the world, an International speaker said it would be a mistake to assume a continuation of the same basic global context. The growth of a larger number of organic societies with a sense of their own identity would make intervention more difficult, and the pluralistic societies of the West would be less able to impose themselves on the developing nations. But the Soviet Union, China, and even Japan, might be "much less coy about the use of power" in trying to shape the world. A new international climate might thus develop, in which the "West would seem relatively neutral or passive. It would likewise be wrong to suppose that prosperity linked to international economic cooperation must continue indefinitely. Greater tensions between the major industrial societies might in fact be in store, which could in turn strain security relationships just at the time when they needed most to be reinforced.

A British participant was convinced that there was still an important role for the developed countries of the West to play in the Third World, particularly through trade and aid programs. However, a less interventionist stance was now appropriate, especially as the former colonies had shown their unwillingness to be converted either to the West or to communism. Of the 31 independent countries which were formerly members of the British Commonwealth, for example, not one had adopted a communist government, and Africa was said to have "broken the heart" of both Khrushchev and Kennedy. But the speaker was fearful that the agony of the Vietnam experience might bring the US to define its Third World posture under the Nixon Doctrine, not as a low profile, but as no profile at all. This would be an unfortunate mistake, as Russia or China would certainly move to fill any vacuum that was left. The US and other Western nations should instead do some hard thinking about what their wise role in the Third World should be.

According to the assessment of a French speaker, the bureaucratic systems of most communist countries were already in a state of crisis and were not destined to endure. Their place would not be taken, however, by a free enterprise system on the capitalist model, an eventuality which the main Western powers did not seem to recognize. This led the speaker to note the regrettable absence in

Western policy of adequate contingency planning. Both of the great power blocs sensed their inability to command events, and the need instead to adapt to them, but the East made a greater effort to develop its planned responses. By contrast, there was a curious discrepancy in the West, especially the US, between national power and the lack of aims as regards the adversary.

Commenting on the previous speaker's reference to half-way economic systems, somewhere between capitalism in its traditional sense and communism, a Danish participant wondered what the American reaction would be to a Europe of the future which might turn out to adhere to the structures and ideological aspects of the Swedish model.

SUMMARY

In summing up, the author of the working paper agreed with an American speaker who had pointed out that the discussion had uncovered differences of "attitudinal affinity"—concerning, for example, the relative importance of elements of continuity and change—more than differences based on geographical viewpoints. It was generally recognized that the threat of a monolithic communist camp had receded, but there was a wide divergence of views about the degree of change within the Soviet Union and the nature and intentions of the Russian leaders.

Some participants clearly believed that an attempt to achieve rapprochement with the communist countries would in itself weaken the will to maintain the solidarity of NATO and divert attention in Europe from the task of building a closer union. Another group believed, on the contrary, that it was possible to pursue both objectives simultaneously. Within that group were many, particularly the younger participants, who felt in fact that continued public support for NATO and the Common Market would depend on the leaders of the countries allied in those organizations being visibly sincere in seeking to exploit every opportunity for narrowing the gulf between East and West. In any case, there was general agreement, with possibly one or two exceptions, about the need to maintain and strengthen NATO—for which the health and stability of American society was essential—and the desirability of enlarging the EEC.

There was a new style in US foreign policy, due largely to a realization that the military commitment which had been so effective in post-war Europe had not succeeded in bringing stability to the Third World, and showed no sign of being able to do so. The Europeans, having achieved stability and prosperity as a result of American help, were now sharing America's burdens—intellectually, morally and materially. A question which might have been discussed more, the speaker suggested, was whether Europe should not be sharing more

of these burdens in the Atlantic area, particularly in defense, and if so, how this should be done. But the fact that this question could now be asked was a measure of the success of the American policy in Europe.

There was a consensus that the ritual incantation of worn-out slogans had all too often been a substitute for thought in discussions leading to the formulation of Western policy. A better hope for the future lay in the patient analysis of situations on the basis of information available; the attempt to identify possible alternative courses of action; and the cautious exploration of them to find out what progress was possible. Such an approach called inevitably for an acceptance of the fact that the world had changed enormously over the past quarter of a century.

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H.R.H. Princess Beatrix adjourned the meeting on behalf of her father, who had unfortunately been obliged to leave during the conference because of the serious illness of his mother. Her Royal Highness gave thanks to the authors of the working papers for laying the groundwork for the discussions, to the participants for their enthusiastic contributions, and to the Secretariat as well as the interpreters for their skillful assistance. The Princess also expressed everyone's deep appreciation to all of their American hosts, and especially to the members of the Rockefeller family who had arranged a reception the previous evening.

An American speaker responded for all the participants in thanking H.R.H. the Prince of the Netherlands and H.R.H. Princess Beatrix, as well as all those responsible for insuring the success of this very interesting and enjoyable meeting.