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UNITED STATES FOREIGN POLICY

WESTERN EUROPE

A STUDY

PREPARED AT THE REQUEST OF THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

BY

FOREIGN POLICY RESEARCH INSTITUTE
UNIVERSITY OF PENNSYLVANIA
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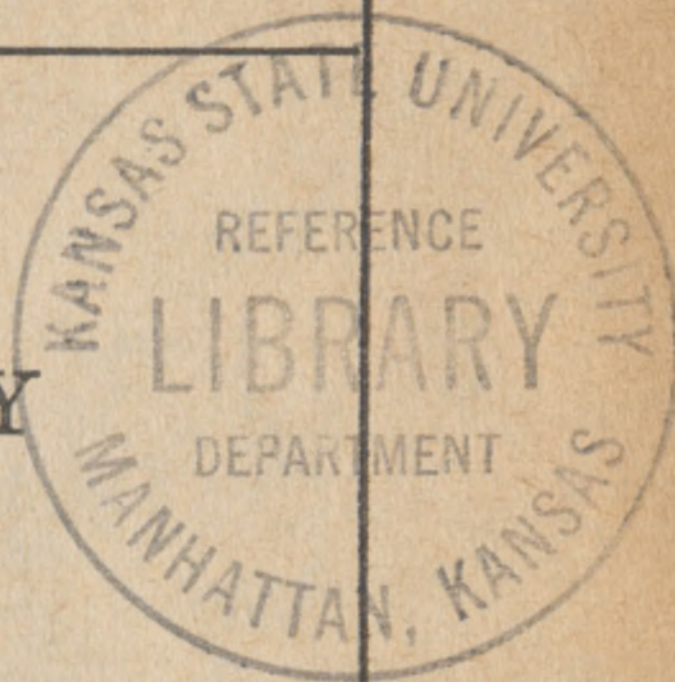


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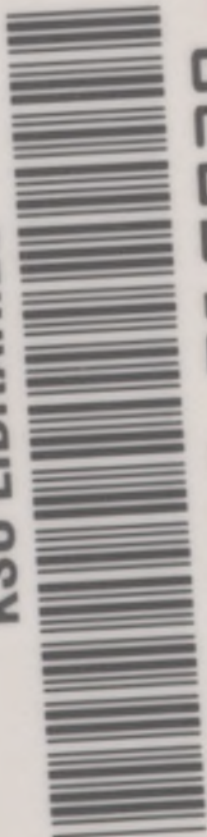
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PREFACE

By Senator J. W. Fulbright, Chairman,
Committee on Foreign Relations

In January of 1958 the Committee on Foreign Relations decided to undertake a review of conditions and trends in the world and of the policies and programs of the United States with respect thereto. That review grew, in part at least, out of the concern of the committee over the impact which Soviet scientific achievements might have upon our relations with the rest of the world.

From time to time throughout the spring of 1958, the committee held public hearings on U.S. policies respecting the Far East, the Near East, south Asia, Africa, Europe, Latin America, and Canada. Those hearings were limited in nature and served primarily to focus attention on the principal policies and problems of the United States in its relations with the rest of the world. For the most part, the hearings were limited to receiving testimony from the principal officers of the Department of State concerned with various geographic parts of the world. The committee also sought the testimony of selected nongovernmental witnesses with special knowledge of the areas under examination.

The hearings during the spring of 1958, the focus given to our relations with Latin America as a result of Vice President Nixon's visit there, and, lastly, the then critical situation in the Middle East, all contributed to the committee's belief that the time had come for an exploration in depth of U.S. foreign policies throughout the world.

As a consequence of these factors, the Committee on Foreign Relations, in an executive session on May 20, 1958, authorized its Subcommittee on American Republics Affairs to undertake a study of United States-Latin American relations. At the same time, the committee established a special subcommittee, consisting of Senators Green, Fulbright, Wiley, and Hickenlooper, and directed it to explore the feasibility and desirability of a broad study of U.S. foreign policy throughout the world.

Subsequently, this subcommittee reported to the full Committee on Foreign Relations that it was feasible and desirable that the committee undertake such a study of foreign policy. It was felt a study of this nature might serve to develop fresh ideas and approaches to the foreign policy of the Nation and lead to a better national understanding of international problems and to more efficient and effective administration of our international operations.

On July 15, 1958, the Committee on Foreign Relations voted to report to the Senate a resolution authorizing the study. The Senate adopted this resolution (S. Res. 336, 85th Cong., 2d sess.) on July 31, 1958. The resolution authorized the Committee on Foreign Relations to "make a full and complete study of U.S. foreign policy." Without

limiting the scope of the study authorized, the committee was instructed to direct its attention to the following subjects:

1. The concepts which govern the relations of the United States with the principal nations and geographic areas of the world, and the policies by which these concepts are pursued;

2. The present state of the relations of the United States with the principal nations and geographic areas of the world;

3. The administration and coordination of policies and programs by the Department of State and such other departments and agencies of the executive branch which engage in substantial activities abroad; and

4. The relationship of other policies and activities of the Government and private activity which exert a significant influence on the relations of the United States with the rest of the world.

In the conduct of its study, the committee was authorized to "use the experience, knowledge, and advice of private organizations, schools, institutions, and individuals * * *" and to "enter into contracts for this purpose." It was directed to complete its study by June 1960, and not to exceed \$300,000 was made available to meet the expenses of the committee. The committee was authorized to continue this study by the terms of Senate Resolution 31 (86th Cong., 1st sess.).

Shortly after Senate Resolution 336 was adopted by the Senate, Senator Green, then chairman of the Committee on Foreign Relations, designated me to serve as chairman of an executive committee, consisting of Senators Sparkman, Hickenlooper, and Aiken, which was given the responsibility for directing and coordinating the study.

On September 16 and 17, 1958, the executive committee discussed with a group of distinguished private citizens the general problems involved and the most advantageous approaches to them. Taking part in these discussions, besides the members of the executive committee, were Robert Bowie of Harvard University, former Ambassador William G. Bullitt, Robert Calkins of the Brookings Institution, John Cowles of the Minneapolis Star & Tribune, William Diebold of the Council on Foreign Relations, Henry Luce of Time-Life, Inc., Walter Millis of the Fund for the Republic, and Dean Rusk of the Rockefeller Foundation.

Following these meetings the executive committee developed its plans and announced on October 15 that it was prepared to invite private research organizations and institutions to submit proposals on a series of 15 studies which the committee expected to have undertaken in connection with its examination of foreign policy. As a result of this announcement, the committee received over 50 proposals from organizations and institutions interested in undertaking one or more of these studies.

On January 5, 1959, the executive committee met again to consider the proposals which had been received and decided which organizations and institutions should be asked to undertake studies for the committee. Set forth below are the titles of the studies being undertaken and the names of the organizations and institutions responsible for these studies.

STUDIES

The Nature of Foreign Policy and the Role of the United States in the World. Council on Foreign Relations, Inc., 58 East 68th Street, New York, N.Y.

The Operational Aspects of U.S. Foreign Policy. Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University, Syracuse, N.Y.

The Principal Ideological Conflicts, Variations Thereon, Their Manifestations, and Their Present and Potential Impact on the Foreign Policy of the United States. Center for International Affairs, Harvard University, 6 Divinity Avenue, Cambridge, Mass.

Worldwide and Domestic Economic Problems and Their Impact on the Foreign Policy of the United States. Corporation for Economic and Industrial Research, Inc., 1200 Jefferson Davis Highway, Arlington, Va.

Foreign Policy Implications for the United States of Economic and Social Conditions in Lesser Developed and Uncommitted Countries. Center for International Studies, Massachusetts Institute of Technology, Cambridge, Mass.

Possible Developments in Military Technology, Their Influence on Strategic Doctrine, and the Impact of Such Developments on U.S. Foreign Policy. Washington Center of Foreign Policy Research, the Johns Hopkins University, 1906 Florida Avenue NW., Washington, D.C.

Possible Nonmilitary Scientific Developments and Their Potential Impact on Foreign Policy Problems of the United States. Stanford Research Institute, Menlo Park, Calif.

The Role of Multilateral Organizations in the Formulation and Conduct of U.S. Foreign Policy. The Brookings Institution, 722 Jackson Place NW., Washington, D.C.

Formulation and Administration of U.S. Foreign Policy. The Brookings Institution, 722 Jackson Place NW., Washington, D.C.

U.S. Foreign Policy in Western Europe. Foreign Policy Research Institute, University of Pennsylvania, Philadelphia, Pa.

U.S. Foreign Policy in the U.S.S.R. and Eastern Europe. The Russian Institute, Columbia University, New York, N.Y.

U.S. Foreign Policy in the Near East. Institute for Mediterranean Affairs, Inc., 27 East 62d Street, New York, N.Y.

U.S. Foreign Policy in South Asia. Conlon Associates, Ltd., 310 Clay Street, San Francisco, Calif.

U.S. Foreign Policy in Africa. African Studies Program, Northwestern University, Evanston, Ill.

U.S. Foreign Policy in the Far East and Southeast Asia. Conlon Associates, Ltd., 310 Clay Street, San Francisco, Calif.

Each of these organizations and institutions will submit a study to the committee.

Broadly speaking, I hope these studies will supply essential background to enable the Committee on Foreign Relations to accomplish the following basic purposes:

1. Provide the Senate and the American people with a simple, understandable, and forthright statement of the basic foreign policy aims of the United States which reflects the motivations and aspirations of the American people.

2. Identify those forces, domestic as well as foreign, which now or in the future may tend to frustrate or to promote the basic foreign policy aims of the United States.

3. Suggest and, if possible, determine feasible ways to deal with such forces so that they may promote the basic foreign policy aims of the United States.

4. Examine the impact of those forces and trends, foreign and domestic, upon the conduct of American foreign policy in the various geographic areas of the world.

5. Examine the foreign policy decisionmaking machinery to determine whether it is of the maximum efficiency consistent with our democratic processes.

At the January 5 meeting the executive committee also decided to send a letter to some 50 retired Foreign Service officers "to endeavor to obtain for the use of the committee the personal views of men of practical experience with respect to the foreign policy of the United States." Each of these retired Foreign Service officers was asked to give the committee his "general commentary on what is right with our policies, what is wrong with our policies, and what action (or inaction) might in your opinion best serve our interest in the future."

On June 15, 1959, the committee made public, in a summarized form and without personal attribution, the substance of the views of former members of the Foreign Service who responded to the letter. The views and attitudes expressed in that committee publication deserve the most careful consideration by officials in the executive branch of the Government, by my colleagues in the Senate, and by all citizens interested in the conduct of our foreign policy.

The study printed in this volume, "United States Foreign Policy in Western Europe," is the third of the 15 principal studies the committee expects to publish.¹ It was designed to help the committee find answers to subjects covered in an outline developed in consultation between representatives of the committee and representatives of the Foreign Policy Research Institute of the University of Pennsylvania. A copy of the outline appears in appendix F (see p. 89).

I take this occasion to emphasize that the studies which are received will supply the committee with background material for consideration in preparing a final report to the Senate. The committee is, of course, free to accept or to reject the findings and recommendations of the organizations and institutions submitting studies. It is the function of the committee to evaluate the studies which are submitted. Prior to the preparation of a final report, the committee will hold public hearings to receive testimony from all interested parties. In that way it will be possible for the committee to test the soundness of the findings and recommendations in these studies before reaching its own conclusions and submitting its final report to the Senate.

In addition, I wish to emphasize that the committee is approaching this assignment in a nonpartisan manner, endeavoring to avoid transitory issues and to concentrate on the fundamental forces at work within and without the United States which must be understood if our foreign policy is to serve the Nation.

¹ Study No. 1, "Worldwide and Domestic Economic Problems and Their Impact on the Foreign Policy of the United States," was published as a committee print in August 1959. Study No. 2, "Possible Non-military Scientific Developments and Their Potential Impact on Foreign Policy Problems of the United States," was published as a committee print in September 1959.

LETTER OF TRANSMITTAL

UNIVERSITY OF PENNSYLVANIA,
FOREIGN POLICY RESEARCH INSTITUTE,
Philadelphia, Pa., August 19, 1959.

Hon. J. W. FULBRIGHT,
Chairman, Foreign Relations Committee,
U.S. Senate, Washington, D.C.

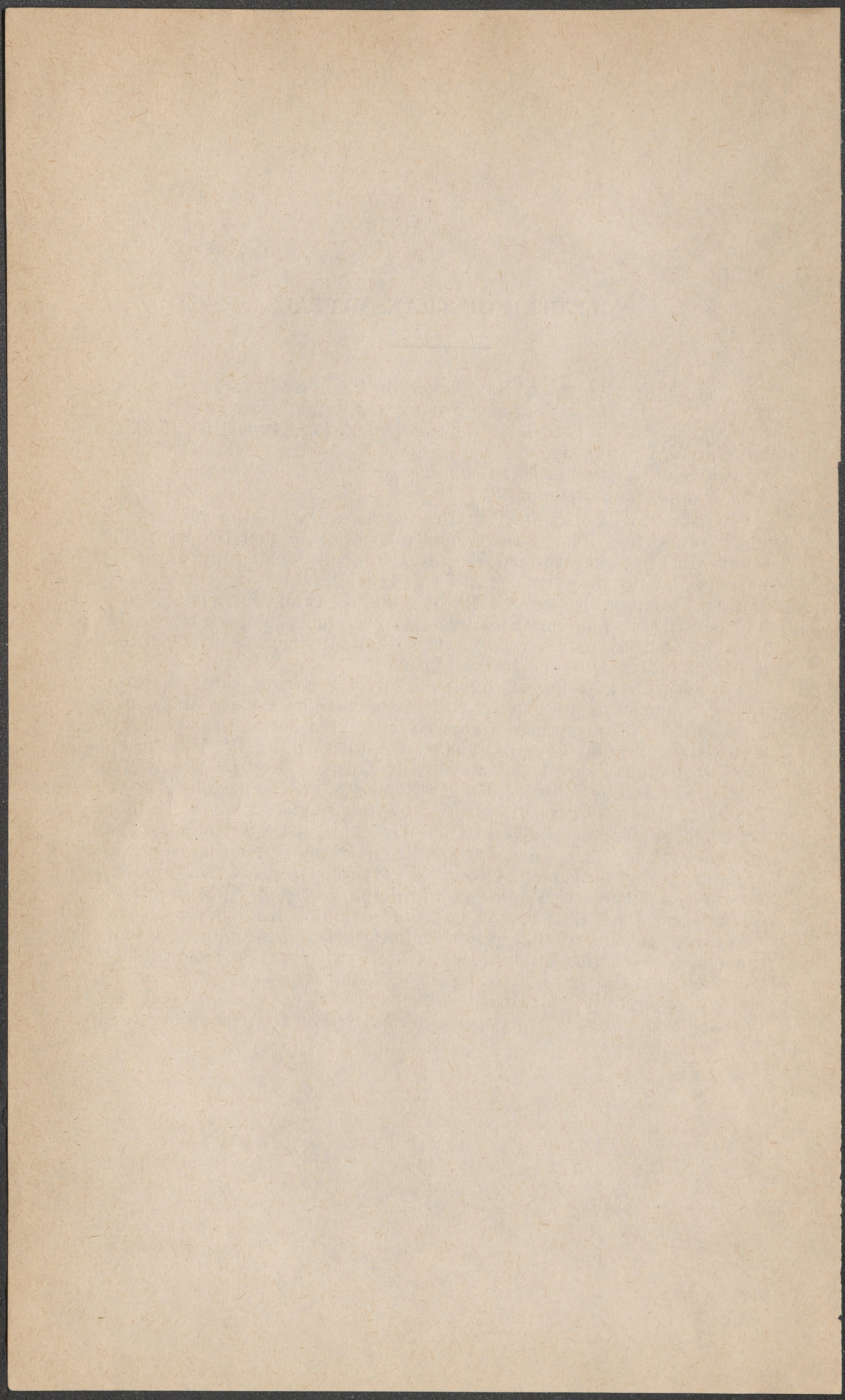
DEAR SENATOR FULBRIGHT: In compliance with the request of your committee, I have the honor to submit to you herewith the study of U.S. policy toward Western Europe. This study was prepared under my direction by Alvin J. Cottrell, James E. Dougherty, Walter F. Hahn, Robert C. Herber, and Erasmus H. Kloman, Jr. The contributions of Institute associates were most helpful, especially those made by Hans Kohn and Arthur P. Whitaker, the author of the appendix on the United States and Spain.

I would like to acknowledge gratefully the assistance of those in various agencies of the Federal Government whom my associates and I consulted. Among those whom we consulted outside the Government, the following have been most helpful: William Y. Elliott, H. Field Haviland, Paul M. A. Linebarger, Norman D. Palmer, Froelich G. Rainey, Arthur Smithies, Robert R. Bowie, the Honorable Alastair Buchan, Glenn Campbell, Brutus Costa, Louis Delwart, Arthur Gaitskell, Peter Geyelin, Gottfried Haberler, Jentry Holmes, Joel Judovich, Henry A. Kissinger, Dean Koch, Irving B. Kravis, Irene W. Meister, Norbert Muhlen, George W. Oakes, George C. Reinhardt, Amaury de Riencourt, Virgil Salera, Adolph W. Schmidt, Max Silver-schmidt, Sir John Slessor, Arthur Wauters, and J. Roffe Wike.

We are grateful to them for their advice. The responsibility for the contents of this study rests entirely with the Foreign Policy Research Institute.

Respectfully,

ROBERT STRAUSZ-HUPÉ, *Director.*



UNITED STATES FOREIGN POLICY IN WESTERN EUROPE

I. SUMMARY OF FINDINGS AND CONCLUSIONS

A. GENERAL

1. The future of the free world depends upon the strength and unity of the North Atlantic community of nations. The Atlantic peoples have developed strength and unity through diverse organizations. Among these the most important is the North Atlantic Treaty Organization.

2. NATO's primary objectives are twofold: (1) the security of the member nations through adequate military power for deterrence and defense; and (2) the long-term development of a true Atlantic community based on political and economic cooperation and cultural interchange.

3. The North Atlantic peoples cannot pursue these objectives separately; they reinforce, and are essential to, each other. The enduring military security of the North Atlantic area can be assured only by close political cooperation and expanding production.

4. The idea of North Atlantic unity draws its strength from forces more fundamental than the immediate dangers of the Communist threat. In the present age of technological and political revolution, the nation-state relying chiefly on its own power is incapable of guaranteeing the security and welfare of its people. The growth of supranational institutions, although it has proceeded haphazardly and tardily, reflects the interdependence of the North Atlantic peoples.

5. The world is passing through a systemic revolution. The 19th century empires are dissolving. Millions of peoples are emerging from colonial rule into freedom and nationhood. This process poses problems which challenge all Atlantic countries, colonial and non-colonial powers alike. Their closest collaboration is essential if they are to assure the gradual and peaceful integration of the emergent nations into the free world and to secure to them the benefits of freedom and the better life which only the North Atlantic peoples can help them to obtain.

B. POLITICAL

1. Thus far, the realization of European unity has been functional and partial rather than political and universal. The European Coal and Steel Community, Euratom, and the Common Market are functional arrangements concerned with the integration of various aspects of the continental economy. On the other hand, a number of influential private groups in Europe, some closely linked to American groups, are working for various forms of European, Atlantic, or regional political unity and eventual integration. The European, as well as

the Atlantic, unity movement, however, lacks centralized leadership, coherent doctrine and, most important, mass support.

2. Among the many forces working for European unity, one of the most significant is the growth of new elite groups in government, business, and labor who stand committed to the expansion of a mass-production economy and inter-European commerce. These trends are reinforced by increased inter-European mobility and communications as well as by a new awareness of a common intellectual and cultural tradition. Persistent as are certain countervailing forces of nationalism, the European idea conforms to economic and strategic necessity.

3. The fluctuations of European attitudes toward unity reflect to a considerable degree the ebb and flow of Soviet aggressiveness. The current manipulations of Soviet strategy—a combination of peace offensive and nuclear blackmail—play ingeniously into the hands of those European factions which, for a variety of reasons, seek to maintain the fragmented status quo.

4. The emergence of an exclusive continentalism can stunt the growth of the West European movement. This development could transform the present institutions of European unity into instruments of discrimination against other members of the Atlantic Community.

5. As the movement toward economic integration and political unity progresses on the Continent, it creates a new sense of self-reliance and enhances the appeal of a policy of independence from both the United Kingdom and the United States. There are many influential statesmen and intellectual leaders on both sides of the Atlantic, however, who believe that the present continental movement can realize its full potential only if it is part of a broader unifying process encompassing not only all of Western Europe but, in some form, the entire Atlantic Community.

6. American policy has been guided by the assumption that the movement toward West European integration is consistent with not only U.S. interests but also the objectives of NATO and the movement toward Atlantic unity. The trend toward a narrower version of West European unity, however, calls this assumption into doubt. If, during the next decade, this trend toward exclusive groupings of European nations is to be reversed and if the movement toward wider West European political as well as economic integration is to be accelerated, the United States will need to exert more dynamic leadership and skillful diplomacy. Moreover, it is in the long-range interests of the United States that parallel efforts be made to achieve greater unity among all the North Atlantic nations.

7. During the next decade, the United States will face problems more complex than those of the first postwar decade. The nations of Western Europe have become less dependent upon the United States and more assertive of their own interests. This development has fundamentally altered the relationship between the nations on either side of the Atlantic. The West Europeans, particularly the major powers, demand a more influential voice in the councils of the alliance.

8. The growing strength and self-reliance of West European nations has expressed itself in some instances, most notably in France, in a resurgence of nationalism. This nationalism is not necessarily detrimental to the goal of Atlantic unity. It has thus far confined

itself to a revival of national prestige and a demand for equality within the North Atlantic alliance.

9. The United States, in charting a new approach to Atlantic unity, is hindered by the mistakes of the past. In the postwar decade, American support favored certain European governments and parties in the belief that they would best serve U.S. policy objectives. American policy is, in part, responsible for one of the most disturbing political developments in Europe today—the growing Franco-British estrangement. In the early postwar period, the United States assigned to Great Britain a preferred position within the alliance. This policy was continued long after the continental powers had staged their remarkable economic recovery. Gradually, France, Germany, and Italy came to resent this Anglo-American alinement. The result has been to open dangerous breaches in the Atlantic alliance into which the Soviet Union is directing its divisive strategy with considerable success.

10. Neutralism in Western Europe has become a more pervasive force in recent years. To a large degree, the best answer to neutralism is forthright and skillful American leadership. Farsighted American policies can reduce the threat which neutralism—the search for accommodation with the Soviet Union at almost any price—holds for the free world.

11. A serious obstacle to the unity of the North Atlantic nations is the persistence of fears among West European governments that the United States may grow weary of the cold war and agree to some form of *modus vivendi* with the Soviet Union. These fears fluctuate in accordance with the statements and policies of the United States toward those issues which directly affect the security of Western Europe. Particularly during the present period of the exchange of visits by the heads of government and other major political leaders of the United States and the Soviet Union, some of our West European allies may fear that important issues affecting their interests may be dealt with in their absence. These fears can be diminished by periodic assurances that, before any decisions are taken on important matters of vital interest to the Atlantic Community, the U.S. Government will consult with its allies.

12. The Christian Democratic parties, who thus far have been the standard bearers of the European idea, are now subject to great internal and external pressures. With the exception of the German Christian Democratic Union, they have lost ground in European politics. The diminishment of their influence results in a corresponding loss of articulate and effective support of the European idea.

13. The Socialists, whose ranks include some of the principal supporters of the European idea, have suffered a diminishment of mass and middle-class support. The party organizations have recently turned to more exclusively nationalist interests and, with the exception of the French party, have appealed especially to those groups desiring a rapprochement with the Soviet Union.

14. The Communist parties in France and Italy, the strongest of Western Europe, endeavor to establish a "popular front" coalition with other left and center parties and to appear more "national" and less Soviet-oriented in order to capture a segment of the middle-class vote.

C. MILITARY

1. NATO may not be the most perfect organization for the defense of Western Europe. It is, however, the only such organization in existence. It may require some adaptation, but no viable alternative is in sight.

2. In the context of the global struggle, Europe remains a key prize of the cold war. The United States cannot alone stem the Communist tide: Western Europe is vital to the success of this objective. The combined economies of the United States and Western Europe are strong enough to allow for a buildup of forces which hold not only a threat value but which can, in fact, counter operationally the full spectrum of challenges which the Soviets are likely to pose in the next decade.

3. During the past half decade, the defense of Europe has been geared to deterrence of all-out war. The global deterrent, as it is presently constituted, will become less credible as the Soviets increase their nuclear arsenal.

4. The "balance of terror" is not a stable balance. In order to maintain a viable deterrent in an age of incessant change, weapons systems must be constantly brought abreast of latest technological development.

5. The West cannot continue much longer to build its strategy in Western Europe on weapons systems which cannot deal with the full spectrum of conflict possibilities. Nuclear weapons in any European conflict may not necessarily lead to all-out nuclear war, provided that the enemy can be persuaded that it is in his, as well as our, ultimate interest to keep such a conflict "limited." It will be difficult, however, because of the proximity of military to civilian targets in Western Europe and because of the potential spiraling effect of nuclear weapons, to implement a strategy of limited nuclear war. Nevertheless, such a strategy must be projected if NATO is to be prepared for all eventualities.

6. None of the "disengagement" proposals which envisage a demilitarized zone in central Europe or call for a reunified, or neutralized, armed or unarmed Germany provides an acceptable "threshold" of Western security. Nor will they ease international tension, given the conflict strategy of the Soviet Union. Historical experience indicates that "vacuum areas" beckon conquest by dynamic force.

7. We cannot rely for the defense of Western Europe entirely on long-range nuclear weapons systems nor on a local defense capability deprived of modern weapons and divorced from the American presence. At this time, Europe's strategic problems can be solved only if the Europeans will continue to receive sizable American help.

8. NATO forces need nuclear weapons desperately if only because the Soviets have them. But, more importantly, NATO will be able to meet the military-technological problems of the future only if nuclear weapons are developed and integrated into overall strategy and if much of the existing European arsenal and especially its delivery and support systems are drastically revamped. This does not mean, however, that Europe should be equipped predominantly with "strategic" systems designed for delivery of high-yield weapons or committed to the employment of tactical nuclear weapons in every contingency.

9. The possibility of limited war in Western Europe cannot be discounted. It could be caused by: (a) a Soviet "pinprick" probe (the Soviets may attempt to "feel their way" into war through "tests of strength"); (b) accidents (e.g., an uprising in East Germany); (c) provocative offensive actions by Soviet satellites (e.g., an East German effort to block access to Berlin); (d) a miscalculation on the part of the Soviets as to Western capabilities and intentions (e.g., Berlin). In the immediate future, the Soviets probably will continue to rely on sophisticated psychopolitical methods, including missile threats and widely touted technological accomplishments, to attempt to bring about the demoralization and disintegration of NATO by means short of open warfare.

10. Two different timetables of maximum danger must be considered: (a) The Soviets may be planning for all-out war. If so, it is unlikely that their preparations for so risky a course will be completed before a lapse of some years. They hardly would launch a full-fledged attack before they believe themselves to be fully ready. If the Soviets are to be deterred, the development of European capabilities, given the leadtime problems of modern arms and particularly nuclear weapons, must begin forthwith; (b) on the other hand, limited conflict in Europe may occur at any time. Under each of these two timetables, the redesigning of European defenses and the development of a more flexible NATO strategy are urgent requirements.

11. In order to prepare for the contingency of local conventional war, NATO need not match the Soviet ground strength division for division. What is needed is a force sizable enough to compel the Soviets to opt between a massive, all-out assault and complete abstention. Under this strategic concept, NATO shield forces are not an alternative but an integral part of the overall strategic deterrent and the overall global posture of the free world. The morale of Western European nations and their determination to stand firm in the face of Soviet blandishment and blackmail will largely be a measure of the credibility of NATO's strategy.

12. Whatever form a total war may take, Europe will be a primary territorial target of the Soviet Union. The creation of a military posture which will make it practically impossible for the Soviets to conquer Europe, or to occupy and exploit it, may be the most effective way of depriving the Communists of their motive to go to war.

13. An effective NATO defense calls for tactical forces capable of defeating the enemy, or, at least, achieving a stalemate in any local conflict in Western Europe. The primary function of such forces is to deter, by actually having the capability to fight, those Communist challenges which fall below the threshold of an obvious issue of U.S. survival and thus cannot be deterred solely by the threat of strategic retaliation.

14. To be as secure as well as a confident partner in the alliance, Europe also needs some strategic nuclear capability.

15. The foregoing makes it clear that reasonable security for Western Europe can be achieved only through a return to the original concept of a comprehensive NATO defense against the variegated Communist challenge. Such a defense would rest on a realistic assessment of (a) the almost insuperable psychological burden which initiation of a nuclear war—even one fought only with tactical weapons—would impose upon NATO; and (b) the possibility that, at some future time,

nuclear armament, or its equivalent in the form of an inhibitive "balance of terror," may invalidate a strategy based almost exclusively on possession of nuclear weapons.

D. ECONOMIC

1. The rapid economic growth and technological progress of Western Europe has been one of the most remarkable phenomena of the post-war era. During the last decade, Europe's overall rate of economic expansion has been greater than that of either the United States or the Soviet Union, and its rate of growth in the next decade will probably compare favorably with those of the latter.

2. The development of Western Europe's economic strength is potentially of decisive importance to the free world in its global struggle with the Communist bloc. Henceforth, Europe should be able to make a greater contribution to the West's efforts to strengthen its security, meet Soviet technological and economic competition, and reinforce its ties with the underdeveloped areas of the world.

3. Conversely, the free nations of Europe and their far-flung network of economic relationships, especially in Asia and Africa, are likely to become increasingly attractive targets for Communist economic and political warfare. The anticipated expansion of European industry is likely to produce surpluses which will enhance the attraction of Soviet trade offers. As the Soviet pull on the European economy grows stronger, it will be necessary for the NATO allies to coordinate their economic policies more closely. A Communist economic invasion of one implies an attack on all. To maintain unity in the face of the mounting Soviet trade challenge, the Western alliance will need an agreed system of practicable economic ground rules. But the effort to insulate the free economies of Europe against the dangerous effects of Communist state trading monopolies will ultimately depend upon a sizable increase in the absorptive capacity of free world markets.

4. The Western alliance needs the continued friendship of the underdeveloped areas not only for strategic but also for economic reasons. Western Europe, as the world's largest importer of raw materials, holds an extremely important place in the foreign trade and internal development patterns of these regions. In the long run, the strengthening of the West's trade ties with Asia, Africa, and Latin America is likely to prove more decisive in the development of these areas than foreign assistance programs. Thus far, the task of promoting the economic development of Afro-Asia has been approached haphazardly. A successful attack on the problems of economic backwardness requires the concerted global effort of the North Atlantic nations.

5. The Common Market is already beginning to have a noticeable effect upon European industry. This venture bids fair to succeed because it is founded on a hardheaded assessment of the member states' self-interest. Most Europeans of the "Six" (those nations belonging to the Common Market) are confident that, in the long run, the Common Market will create rather than divert trade, and will secure the economic advantages commonly associated with freer trade and a larger market.

6. The search for new forms of regional cooperation is giving rise to controversies within the Western community. The British, for eco-

conomic and political reasons, have remained aloof from the movement toward integration. There is now a danger that Europe might be split into two rival economic groups. In the face of a mounting Soviet capability for waging economic warfare, such a conflict could endanger the continued solidarity of the Western alliance.

7. Europe and America together possess an expanding industrial base which can sustain increasingly complex programs of military and peaceful technology, social well-being within the industrial nations, and development of the emergent regions of the world. As partners, Europe and the United States can remain economically well ahead of the Sino-Soviet bloc for an indefinite period of time.

II. RECOMMENDATIONS

A. GENERAL

1. The United States, during the next decade, should have one overriding objective in its foreign policy—to strengthen the NATO military alliance and to unify the Atlantic Community in both the political and the economic field.

B. POLITICAL

1. The United States should support the movement toward European political and economic integration with one proviso: that there be a parallel movement toward greater North Atlantic unity.

2. The United States should encourage what now seems to be the only effective and promising process of European integration—the Europe of the “Six,” based primarily on Franco-German cooperation. The United States should, however, exercise forthright leadership to prevent the emergence of an exclusive continentalism which could become an instrument of discrimination against the other nations of the North Atlantic area and hinder parallel efforts toward the wider economic and political unity of Western Europe.

3. The United States should not favor one nation or a group of nations over any others within the North Atlantic Community. American leadership should attempt to reconcile the diverse and often divergent interests of our principal NATO partners within the framework of a strengthened Atlantic Community.

4. The United States should place greater stress on building up the economic and military strength of the West European nations rather than seeking their compliance with American policy.

5. The United States should reassure the NATO nations of its declared intention to consult with them on important policy issues. This policy would be consistent with our adherence to the following statement of the 1956 report of the “Three Wise Men”:

A member government (of NATO) should not, without adequate advance consultation, adopt firm policies or make major political pronouncements on matters which significantly affect the alliance or any of its members unless circumstances make such prior consultation obviously and demonstrably impossible.

6. The United States, in this present period of the exchange of visits between the highest political leaders of the United States and the Soviet Union, should regularly reassure its European allies by word and action that it will make no important commitments without prior consultation with its allies.

7. The United States should support the proposal of the Atlantic Congress in London (June 1959) calling for the convocation, by the spring of 1960, of a special conference of leading representative citizens directed to examine and recommend the means by which greater cooperation and unity may best be developed within the Atlantic Community.

8. The United States should take the lead in seeking to improve the methods and machinery of consultation and cooperation among

the nations of the North Atlantic area. Consultations should be held at stated periodic intervals. This machinery should be adequate to enable the Atlantic Community to deal with incipient crisis situations and other problems arising within or outside the North Atlantic area which vitally affect the unity and the interests of the North Atlantic nations.

9. The United States should support efforts to set up a standing tribunal for the friendly settlement of disputes and differences arising among the nations of the North Atlantic area.

10. The United States should propose the holding of periodic meetings of NATO heads of governments.

11. The United States should continue to support the progressive policies of metropolitan powers toward their dependent areas, and urge the modification of policies which bar qualified dependent peoples from self-government and eventual independence.

12. The United States should support the development of freely associated communities of nations arising out of former empires, such as the Commonwealth of Nations and the French Community.

C. MILITARY

1. The United States should take the lead in adjusting NATO strategy to meet changes in the global-nuclear balance caused by Soviet nuclear progress.

2. The United States should adopt the following priorities for the defense of Western Europe: (a) the creation of a comprehensive posture against total war—i.e., one that will convince the Soviets that they cannot achieve victory, in Europe or elsewhere, at acceptable cost and risk; (b) the creation of a capability for local war which will convince the Soviets that a limited ground probe will not succeed and, in any event, will court the risk of general war; and (c) the strengthening of NATO so that a Soviet strategy of “psychological conquest” through nuclear blackmail is rendered ineffective. While we should be primarily concerned with “convincing” the Soviets, our deterrent should be plausible to our allies as well.

3. The United States, in order to create a comprehensive posture against total war, should maintain the capability to inflict unacceptable damage upon the Soviet Union. In order to remove possible doubts as to the readiness of the United States to retaliate in response to nuclear aggression in Europe, a strategic nuclear force should be established by NATO and be assigned the specific mission of defending Europe. The United States should continue to supply the overall deterrent.

4. The United States, in order to create a capability for local war, should undertake, in cooperation with its allies, an immediate buildup of NATO's tactical-nuclear and conventional strength to the point where Western Europe can be defended with or without nuclear weapons.

5. The United States should press for the increase—as soon as possible and at a minimum—of NATO forces to the 30 ready divisions called for by the Supreme Allied Command, Europe. In addition, 60 reserve divisions should be created. Approximately one-third of these reserves should be capable of mobilization within the first week after the start of battle, and the remainder shortly thereafter. NATO

should improve its capability for rapid mobilization and muster force levels able to resist not only a minimum but also a maximum Soviet ground attack. The attainment of these goals seems well within Western means.

6. The United States, assisted by its allies, should build up highly mobile strategic reserves, including submarines, dispersed missiles and air units, in order to deal with the emergency of a frontal ground-air attack and to undertake any operations necessary to support the strategy of the NATO powers. These strategic reserves should be up-to-date and capable of cooperating with NATO line forces. They should be equipped to engage in nonnuclear as well as nuclear combat.

7. The United States should accelerate the development of clean and low-yield nuclear weapons. These weapons, however, should not be integrated in such a way as to be indispensable in any military encounter.

8. The United States, as a token of its commitment to a new NATO strategy and an encouragement of greater European effort, should strengthen its contingents in Europe by at least one division. The major increases, however, should come from the European members of NATO. In addition to these direct contributions to NATO, the United States should increase its Strategic ~~Air Command~~ ^{Army Corps} forces capable of rapid deployment in Western Europe as well as elsewhere. NATO should consider the advisability of moving one or two Turkish divisions to the central front, and the United States should make every effort to accelerate the modernization of Spanish military forces.

9. The United States, in view of the technical advances, the mounting cost, and rapid development of weapons, should propose the creation of a community for research, construction, and financing of armaments, as well as specialization in the manufacture of military equipment. Without waiting for this to be achieved, the productivity of existing organizations should be increased and the basis for the common infrastructure should be extended to include the manufacture of armaments.

10. The United States should make available to its principal European allies the appropriate nuclear capabilities in order to avoid costly duplication of developmental effort and the diversion of scarce resources from the creation of adequate ground forces.

11. The United States should diminish its current stress of "deterrence." Such emphasis encourages a conception of war which is theoretical rather than operational, and defensive rather than dynamic.

D. ECONOMIC

1. The United States should continue to support the movement toward European economic integration, subject to two conditions:

(a) that the amount of economic discrimination which may accompany integration be held to a minimum, so that the level of the common tariff to be erected around the Common Market shall not, on the whole, involve higher protection than now prevails; and

(b) that any tendencies toward regional arrangements which are prejudicial to the political solidarity of the Atlantic Community also be held to a minimum.

Erratum Sheet for "United States Foreign Policy in Western Europe," Study No. 3, October 15, 1959. Senate Committee on Foreign Relations.

On page 10, recommendation 8, line 6, "Strategic Air Command" should read "Strategic Army Corps."

First Sheet for "United States Foreign Policy in Western
Europe," Study No. 3, October 15, 1955. Senate Committee on
Foreign Relations.

On page 10, recommendation 8, line 6, "Strategic Air Command
should read "Strategic Army Corps."

2. The United States should, in order both to offset the "third force" tendencies latent in West European integration and to provide a mechanism for protecting the West against the Soviet economic offensive, support the creation of a new Office for Atlantic Economic Cooperation (OAEC) as proposed at the Atlantic Congress in London, June 1959.

3. The United States, in cooperation with its European allies, should study ways whereby the latter—with their growing economic capabilities—can bear a larger proportionate share of the burden of providing for the military defense of the NATO region and of contributing to the economic development of the world's underdeveloped areas.

4. The United States, in cooperation with other Western governments and private enterprise, should devise means whereby government and private enterprise can be teamed in one consistent, global developmental effort.

5. The United States should continue its efforts to convince its NATO allies that, in an era of economic warfare between two irreconcilable systems, the concept of "strategic goods" (hitherto based on the more narrow definition of potential military uses) must be given a much wider interpretation to include all goods which may contribute to the industrial and trading capabilities of the Sino-Soviet bloc.

6. The United States should seek to induce its European allies to agree—

(a) to sell to Communist bloc countries only in exchange for convertible currencies;

(b) to refrain from extending any credit to Communist bloc countries;

(c) to minimize the sale to Communist bloc countries of capital goods in any form and to concentrate on consumer goods sales; and

(d) to prevent Communist bloc penetration of European markets through dumping and other similar devices.

7. The United States, recognizing that the problem of Europe's future energy needs is more acute than our own and requires a greater reliance on atomic energy, should make sure that any international agreement which may be reached on banning nuclear tests will not hinder the fullest possible industrial development of the atom.

III. INTRODUCTION

Since the end of World War II, the one major objective of American foreign policy which has been pursued more consistently and persistently than any other has been the restoration of Western Europe. Despite some vacillations and contradictions, the United States has, for the past 15 years, sought to rebuild a strong Western Europe as an ally and a partner.

American foreign policy, like all policy, is determined by choices between alternatives. Although these choices invariably entail compromises of varying degrees, U.S. postwar policy has been based on continuing recognition of the necessity of maintaining a strong and healthy Europe. All strategic considerations of the cold war point to the indispensability of Western Europe. Although the free world cannot afford to lose any major region to the Soviet bloc, Western Europe is the one center outside of the United States which is most essential as a power base in the defense of freedom as a whole. That the struggle has been fought out in many places along the arching rim of Eurasia and now sways across the globe, does not belie the fact that Europe is both a key objective of Soviet global strategy on its path toward world domination and a bulwark against further successful pursuit of that strategy.

The Second World War, too, was fought upon every ocean and every continent: its principal stakes were Europe. Nothing has given rise to as much confusion in American public debate as the geographical ubiquity of a conflict in which the most vital issue is the control of Europe. American foreign policy has been directed—and still is being directed—toward the settlement of this issue. Communist doctrine supplies a challenging reminder that there can be no other choice: Lenin and Stalin viewed the Communist conquest of Asia as a vast flanking maneuver depriving Europe of overseas markets and sources of cheap raw materials and thus setting the stage for revolution in Europe. Lenin's ultimate goal was European revolution, not Asian conquest for its own sake. The objective of Soviet strategy has been—and is now—to sever the ties between Europe and America and to extend Communist control to all of Western Europe. The United States will play the game of Soviet strategy if it should underestimate the central significance of Europe in the current struggle. It will then be confusing the place where the issue is being met—the non-Atlantic world—with the place over which it has arisen.

The continued vitality and growth of the North Atlantic Community are not only in the interests of its own peoples; they are also the last best hope of mankind. The North Atlantic civilization, by its unique vitalizing forces, revived senescent and closed societies within the fold of other civilizations, drew them into the stream of worldwide communications and offered them potential fellowship. The North Atlantic Community does not wish to exclude any people or to organize anybody. Its goal is positive, not negative: the

strengthening of its own cultural consciousness and the affirmation of its own moral values, so it may help all those who, inspired by the Western traditions of liberty, seek this liberty for themselves.

It is often asked whether Western Europe really is essential to the security and well-being of the American people and, if so, whether the defense of Western Europe should be given such a high priority in American policy. Economically, there is an easy answer to this question. Western Europe is a most important trading partner of the United States. Politically, there, too, is a ready answer: American policy toward the Communist bloc is inseparable from a long and well-established system of American-Western European diplomatic partnership. This partnership, although its bonds were forged in the crucible of military crisis, now extends over a wide range of political consultation. There have been disagreements; some of these disagreements were—or appeared to be—fundamental. Yet, many and powerful divisive forces notwithstanding, the political partnership of the West thus far has met every major test. Whether it will meet the supreme test to which it may be put in coming years will depend in large measure on the effectiveness of American policy.

What is the place of Western Europe within the context of those military-strategic arrangements which now safeguard and are likely to safeguard in the future the security of the United States? On the face of it, the answer to this question appears to be more difficult, for progress in military technology might well invalidate some or all of the strategic concepts which underlie the NATO alliance. Conceivably, the United States can be defended by forces based exclusively upon the Western Hemisphere. But, were this manner of defense to entail the Communist occupation of Western Europe, then the security of the United States would have been gained at an economically and politically unacceptable price. In this case, successful defense of the territory of the United States would be the equivalent of global defeat.

Far more fundamental than the economic, political, and military stakes in Western Europe are the living roots of American civilization in the culture of Western Europe.

The unity achieved by NATO saved Western Europe, Greece, and Turkey from the danger of being overrun by communism. But this temporary success of NATO should not blind us to the fact that the North Atlantic countries, in order to survive and to strengthen free institutions at home and abroad, must continue to cooperate closely with one another. Such a lasting cooperation cannot be based alone on the needs of common defense against external enemies; it must rest upon a more fundamental and enduring reality, the existence of a spiritual and cultural community of the North Atlantic nations. This community is indivisible, and the United States is an integral part of it. It is based upon three fundamental spiritual and moral attitudes which are closely interwoven and cannot be separated.

The first of these attitudes springs from the Greek tradition of intellectual curiosity. A new spirit of scientific inquiry, starting with Copernicus, Kepler, Galileo, and culminating in Newton, sparked the discovery of nature. It bore fruit in an unprecedented understanding of the laws governing nature and an ever surer command of the potential hidden in nature. The second of these attitudes derived from the Roman tradition, although it rejected its authoritarian spirit. It was the insistence upon the rule and impartial majesty of law—a rational

and universally applicable law, before which all men are equal. The third of these attitudes was fostered by the Judea-Christian tradition; a new respect for the dignity of man.

These three factors—the spirit of rational science and its permeating influence throughout all spheres of life; the spirit of individual liberty and its realization in a body of laws safeguarding the individual against oppression by government or privilege; the spirit of consideration for every fellow man—form the common basis of North Atlantic civilization.

Today, modern Western civilization faces two major problems, each no less difficult than that posed, a generation ago, by social integration, namely, on the one hand, the transcendence of self-centered nationalism within the North Atlantic Community itself, and, on the other hand, the rapid transition to freedom and equality of former dependencies. No other civilization in the past has set out upon so formidable a task; no other civilization has gone further on the way of achieving successfully the transition from one state system to another and the voluntary devolution of empires. These difficult tasks demand the closest collaboration of all North Atlantic countries. In the last resort, it is they alone who can assure liberty to the less developed countries; for it is they who have advanced furthest toward the realization of an open society and of a federative community.

It is the fundamental unity of the North Atlantic Community which determines the range of choices available to American policy in Western Europe. Conceivably, it could be argued on a purely technical premise that the United States has a wider military choice: continued American presence in Europe or withdrawal to fortress America. The latter alternative has been explored by some strategic experts in the light of ICBM capabilities. Until the present, this concept has been rejected consistently. It will be shown in this paper that it is still unacceptable technically as well as politically and morally. Hence, American involvement in Europe remains a constant in the equation of American foreign policy. There is, however, a real issue, an issue far more real than the one subsumed by the improbable alternative between engagement and total withdrawal. This issue is the scope of American involvement in Europe. Should the United States simply maintain the status quo of its European commitments? Should the United States seek a partial disengagement in the military field, while maintaining its political and economic ties? Or should the United States wager its resources upon an increasingly closer integration in all fields of the Atlantic relationship and, so to speak, go the whole hog of a North Atlantic policy that aims ultimately at some sort of federative system?

It is the preoccupation with these questions which supplies the thread of continuity of the present study.

The answers to these questions are immensely difficult. It is far easier to offer likely conclusions as to the courses that the United States cannot pursue than on those which the United States might, or should, follow. Both changes in weapons technology and political trends in Europe preclude the maintenance of the status quo of the American-West European connection. In brief, NATO must adapt itself to a changing technological and political environment, or face growing disintegrative pressures. The so-called Berlin crisis—a

fictitious crisis—triggered the very real crisis of NATO. Soviet strategy has been abetted by deep divisions within the camp of the Western Alliance—the disagreements that cleave Western Europe and divide the United States from its most important treaty partners. If 10 years of NATO history have taught a lesson, it is the interdependence of military policies and political and economic policies.

NATO is a military alliance. Yet its effectiveness is determined by a complex of nonmilitary factors. The impact of these factors on the purely military policies of NATO has grown constantly. The adjustments which the United States and its treaty partners have made to political and economic pressures have been made haphazardly, inadequately, and reluctantly. If the very existence and strength of the Atlantic alliance is that primary objective of U.S. foreign policy which, according to a spate of official statements, it is supposed to be, then U.S. foreign policy must seek a profound transformation of NATO. The machinery of NATO then would have to accommodate those political and economic questions that are now still being dealt with in the twilight zone between the collective deliberations of the allies and unilateral national diplomacy. Conceivably the structure of NATO defies adjustment to present and future necessities. In this case a new structure might have to replace the old one which has become unserviceable.

There are no road maps showing the most direct, or the least hazardous, course of U.S. policy in Europe. Many alternate routes might lead toward closer Atlantic cooperation—toward the making of a more perfect NATO, or toward the creation of another system that would either absorb or replace NATO. There are two general types of approaches: first, to build up and strengthen the strictly transatlantic ties, and, secondly, to strengthen Europe as an equal partner in the Community. Within the context of the first alternative, it is again possible to envisage several alternate courses: first, the expansion of NATO through the implementation of article 2 of the North Atlantic Pact; secondly, the expansion of the Organization of European Economic Cooperation into an Organization of Atlantic Economic Cooperation; and thirdly, the creation of a federative structure that would either be superimposed on NATO or supersede it.

The second major alternative, in order to conform to the U.S. national interest, must be premised on the assumption that a partnership of equals is a necessary condition of U.S.-European cooperation. Here again it is possible to project alternative approaches: first, the integration of Western Europe around the core of the six who have banded together in the European Coal and Steel Community and in the Common Market; secondly, a larger, albeit looser European grouping—a solution which, in the last resort, must be based upon the recognition of the historic position of Great Britain on the one hand, and on the novel approach of the major continental powers, Germany and France, on the other hand.

Although the evaluation of these alternatives and subalternatives must be left to subsequent sections of this study, it is possible here to offer in the light of past U.S. policies a general conclusion: The two major alternatives outlined above do not cancel out one another, but are rather aspects of one and the same process. In the past, American policy has been guided by the recognition that they com-

plement one another. Ever since World War II the United States has taken the initiative in consolidating Atlantic ties, as well as supporting Western Europe's own efforts toward integration. A policy that aims at the restoration of West European power as the prerequisite of a powerful Atlantic Community is not without risks. To some measure, it is an act of faith—faith in the organic wholeness and extraordinary values of the North Atlantic Community.

IV. POLITICAL DEVELOPMENTS IN WESTERN EUROPE

The following assessment of U.S. stakes in West European politics centers primarily on the forces working for and against unity. The interaction of these forces will be the question of transcendent importance during the next 10 years. Unity is an objective which can and, in all probability, will appeal to an increasingly broad and representative group of European leaders and peoples. The process of unification will drastically alter the European way of life during the next decade.

Many domestic questions and issues between individual states will remain important in themselves, although they may appear unrelated to the unification process. Land reform in Italy, financial and economic reforms in France, the overhauling of the Spanish economy, the competitiveness of German industry and such disputes as the Italo-Austrian controversy over the South Tyrol and the Anglo-Icelandic quarrel over fish—each will play a more or less important role in the evolution of European affairs. But for many of these questions the best answer will be found within the context of unification. Certainly, for the most part, U.S. policy can do little to resolve these individual problems.

U.S. postwar policy toward Western Europe has emphasized unity as a prerequisite of strength. The United States through its support of European recovery, has sought to promote the unity of all of Western Europe including the United Kingdom. In fact, however, the unification process has led only to the creation of organizations whose membership represents fragments of the European whole. The institutions which have progressed furthest toward integration are functional arrangements among six of the continental powers. Europeans seeking to promote unity are not agreed on what unity actually means or how it should be achieved. Within the integrated institutions, moreover, there is a trend toward exclusive continental unity which may adversely affect progress toward a more broadly based community. Even within the existing supranational institutions, there appear to be trends away from supranationality in deference to national sovereignty.

It is necessary to bear in mind how large a role U.S. policy plays in determining the course of events on the opposite side of the Atlantic. Thus, for example, the U.S. postwar support of the United Kingdom has been a contributory factor in the development of a British policy of aloofness from the integration processes of the continent. British policy, by favoring existing Commonwealth ties over binding European arrangements, has seriously impeded the progress of the European unification. The response to British policy has been an effort to build a strong and independent continental Europe. This trend could very well weaken or divide the transatlantic alliance. The most serious internal threat to the future of the Western alliance arises from the very real possibility of the growth of the third force idea at the expense of the broader Atlantic community concept.

The attitudes of the major continental powers are increasingly influenced by a reaction against Britain's predilection to resume the role of master of the balance of power. There is a growing resentment, especially in France and Germany, of a British policy which, while endorsing integration in principle, insists that other British commitments preclude British participation. These countries find it difficult to reconcile this attitude with the British desire to be the uncommitted arbiter of European affairs.

U.S. policy, by abetting what many Europeans consider British hypocrisy, becomes suspect in European eyes. Not only is the special American-English relationship resented, but America's own policy toward Europe is regarded as, at best, ambiguous. There is little popular sentiment in Western Europe for more formal or more binding ties to the United States. Yet among leadership groups and intellectual elites, as the resolutions of the Atlantic Congress, June 1957, illustrated, there is a growing awareness of a threat to Western survival so great that it cannot be met by traditional concepts of sovereignty and calls for closer and broader cooperation. Many influential Europeans hold the view that America, as the leader of the Western alliance, must now lead in the transformation of that alliance into a supranational system.

Similarly, as the military section of this report makes clear, European opinion on military and strategic questions is increasingly skeptical of American willingness to risk national survival in the defense of Europe. The continuing reluctance of the continental powers to provide their quota of the force levels of NATO reflects their dissatisfaction with their dependence on American and British strategic power.

The U.S. policy of alinement with Europe has gone furthest in the military field. The Atlantic Pact is an unprecedented commitment by the United States to a permanent defense system. Yet, this country has failed to reinforce this military pledge with political and economic commitments to a more comprehensive Atlantic association. Our policy has sought to encourage European unity in the belief that such unity would lead toward the development of a strong European partner willing and able to work with the United States in achieving common goals. The following section of this report is addressed to two questions of paramount importance for American policy: Will Europe make substantial progress toward closer unity in the next decade? If so, will a more unified Europe be more or less helpful to the United States in the pursuit of its international objectives?

A. PROGRESS TOWARD FUNCTIONAL INTEGRATION

If there is one common denominator in the trend toward regional association during the midtwentieth century, it is the unifying impact of science and technology. In Western Europe, the oldest industrialized area of the world, scientific and technological advance, and the revolution which they have triggered in the methods of transportation and communications, have dramatically demonstrated the inadequacy of an outmoded state system.

Technology has wrought profound changes in the patterns of European life. The growth of more mechanized mass-production industries has led to an increasing standardization in the habits of

diverse peoples who heretofore had lived in the relative isolation of restrictive national borders and autarchic economic systems. Today, the life of a factory worker or manager in Paris has become markedly similar to that of his counterpart in Milan, Frankfurt, and Brussels. Industrial progress has tended to level traditional social, ethnic, and linguistic barriers in the internal life of the various European nations. More important, it has led to the formation of a new "power elite" composed of (a) Government officials and administrators whose work is closely linked to industrial production and economic life in general, (b) industrial entrepreneurs and managers, and (c) labor leaders who have forsaken the ideological preconceptions of the past for a new and respected place on the "team" of modern production. It is this elite which has provided the major stimulus for the various European integration schemes. It favors integration not for political or ideological reasons but for practical reasons of efficient economic management and growth.

This stimulus has resulted in the establishment of three supranational organizations: The European Coal and Steel Community, the European Economic Community (Common Market), and the European Atomic Energy Community (EURATOM). The economic significance of these bodies is discussed in section VI of this report. Politically their importance lies in the fact that they represent potentially steps toward political integration of the six participants: Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands. These organizations are not political federations. Through a partial limitation of sovereignty in favor of majority decision-making, however, they have progressed beyond traditional intergovernmental relationships.

On the whole, the movement toward European unity has been a process of slow, functional growth. Political integration has not kept pace with functional integration. The drive for functional integration springs from positive factors within European society—namely the requirements of the new technology and the desire for economic betterment. On the other hand, the movement for political integration, while it has drawn on a renewed awareness of a common cultural and intellectual heritage, has been largely a reaction to the external threat. This drive has gained momentum during times of imminent danger of Soviet aggression; it has flagged when the Soviets appear to have relaxed the pressure on Western Europe.

B. OBSTACLES TO POLITICAL INTEGRATION

The concept of European political integration reflects the conviction held by a few farsighted statesmen and intellectuals that an outmoded state system can no longer deal effectively with the problems of the midtwentieth century. Those who have led the movement up until now have been unable to agree on either the form of the new Europe to which they aspire or the path to be followed. The European movement lacks a coherent expression of purpose and objectives largely because of the national and ideological diversity of its leadership. The abiding contradictions in the basic outlooks of the outstanding champions of unity—Socialists such as Paul-Henri Spaak, Christian Democrats such as Robert Schuman and Konrad Adenauer, and Conservatives such as Winston Churchill—have made it difficult

to provide the movement with central direction. These contradictions are reflected also in the divergent motives and objectives of the many private groups and organizations which have embraced unity as their aim.

Largely because of the proliferation of both private and public initiatives and the absence of a clearly defined program, the movement has been bereft of sustained popular support. The enthusiasm for integration has waned noticeably since 1953. This change in popular attitudes has been the result partly of several setbacks to the movements, particularly the defeat of the European Defense Community, and partly of the rapid reconstruction of the economy of Europe. As the European standard of living has improved, the former urgency of a common approach to Europe's economic and political problems has subsided and national interests have increasingly come to the fore.

C. POLITICAL PARTIES AND THE UNIFICATION PROCESS

The two major non-Communist parties of Western Europe, the Christian Democrats and the Socialists, have played leading roles in nearly all European governments since 1945. Doctrinally, each party is committed to the European idea. They have the largest representation in the Council of Europe and in the assemblies of the three economic organizations of the Six. Both parties have supranational associations—the Socialist International and the Christian Democrat *Nouvelles Equipes Internationales*.

The great problem for both the Christian Democrats and the Socialists has been to maintain sufficient mass support in order to qualify as majority parties. Their greatest competition stems, of course, from the Communists and radical leftists who, particularly in France and Italy, are still able to command a sizable support from the working classes. Both the Socialists and the Christians Democrats have tried to develop policies and ideologies that would appeal to the broadest cross-section of interest groups, and both have been partially successful. Since 1945, the Socialist parties have abandoned, for all practical purposes, doctrinaire Marxist thought and have tended, especially in Britain, France, and Germany, to embrace programs which are stridently nationalistic in tone. The Christian Democrats, on the other hand, have emphasized group cooperation and have sought for a "Christian" solution for the social problems of industrial society as a means of overcoming group and class conflict and to obtain a governing majority.

Neither of the two parties has considered European unity as an overriding objective. Even though individual leaders publicly endorse the idea and work for it within various supranational institutions, they have not generated significant grassroots support. In order to gain anything approaching majority support, the two parties have had to respect certain vested interests within their own ranks that do not favor further integration. Just as the nation-state system in Europe appears to be outmoded by scientific and technological developments which cannot be confined to national boundaries, so the political party system of Europe is being rendered obsolescent by the inability of the various parties to transcend national objectives. Party platforms are often anachronistic repetitions of traditional positions which have little relevancy to the modern world.

Christian Democracy

Christian Democracy is a relatively new phenomenon in European politics, but its roots go deep into European history. Its forerunners, the various Catholic and Christian Social parties, were founded by socially minded priests and aristocrats whose aim was to combat the Marxists and anticlerical Liberal parties and to invoke Christian principles in the solution of social and economic problems. After 1945 a middle-class leadership modified many of the old narrow bourgeois objectives by adopting a relatively progressive political program.

Christian Democratic leaders have been in the van of the movement toward integration. Thus, for example, the European Coal and Steel Community, based upon the Schuman plan, was largely the blueprint of French Foreign Minister Robert Schuman, one of the leading members of the Mouvement Republicaine Populaire. But the various national parties which go under the general heading of Christian Democracy have never been able to unite in a common effort clearly dedicated to goals which subordinate national to supranational goals. In France and Italy, Catholicism represents the main bond of the parties. In both countries the party leaders have had to appeal to a broad cross section of church membership and to seek compromise between the bitterly contending factions within the respective party.

Each of the national party organizations is strongly influenced by national political considerations. The result has been a wide variation in party programs. In Germany, for example, the Christian Democratic Union is committed to an economic doctrine of neoliberalism. In Italy, Democrazia Christiana tends more to support state ownership and direction of industry.

One of the most serious problems confronting the Christian Democrats today derives from a dearth of younger leaders. Of the great postwar personalities—Adenauer, deGasperi, Bidault, and Schuman—only Adenauer remains as a forceful figure in European politics, and no younger men of equivalent stature have emerged to take their place.

The Socialist Parties

European socialism, since World War II, has faced a formidable dilemma. Burdened with an obsolete Marxist doctrine, which no longer is applicable to the social and economic facts of the mid-twentieth century, the major Socialist parties have witnessed a gradual diminishment of their traditional support among Europe's working class. At the same time, the Socialists, for doctrinal reasons, have been unable to divorce themselves from Marxist ideology.

Socialist doctrine is anti-communist. In theory, it is not less opposed to close cooperation with Centre or Rightist parties. In every country except Britain, however, the Socialists have been unable to govern except in a centrist or right-wing coalition. The problem of whether or not to join in such coalitions has produced, especially in France, serious internal party splits.

The Socialists in the European assemblies of the organizations of the Six and the Council of Europe have consistently supported further steps toward integration in Europe. However, they envisage a larger grouping than the present "Europe" of the Common Market—one built from a mass movement crossing class lines to include not only industrial workers, but also the younger progressive bourgeoisie, inde-

pendent artisans, the salaried professional class, and certain peasant groups. But, as noted above, these latter groups did not make up the traditional following of European socialism.

Socialist objectives of nationalization of basic industries and broad-scale economic planning could be realized only if the Socialists gain control of supranational institutions. While they are active in such organs as the Council of Europe and the Common Assembly of the European Coal and Steel Community, they do not have a majority voice in policymaking. Moreover, the very establishment of these institutions has made it more difficult for the Socialists to bring about nationalization and planning at the national level without either changing these new supranational arrangements substantially or scrapping them altogether.

The Socialist parties are tending increasingly to embrace national objectives at the expense of the larger European movement. At the same time, Socialist concepts of an East-West settlement in Europe have had the effect of undermining Atlantic unity. The Soviet threat has been a significant external force driving the Europeans toward unity both among themselves and in association with the United States. The Soviets, aided by their sympathizers, have succeeded to a large measure in implanting the idea that the threat is diminishing and that it would vanish altogether if Europe and the United States break up their alliance. The appeal of such schemes as disengagement becomes all the stronger if Soviet intentions are considered to be, as Soviet propaganda insists they are, peaceful and humanitarian. As the military section of this report notes, disengagement, to be beneficial, must be accompanied by a political withdrawal and by free elections. Furthermore, it must fulfill a basic condition: no shadow of Soviet power should be allowed to remain, much less to project farther west into the areas from which Western power has pulled out. In fact, Soviet proposals for disengagement and disarmament and the discussion to which they have given use throughout the West have succeeded in slowing a necessary reappraisal of Western military strategies and the concomitant decisions for action in the military technological field. The Socialist parties, as the announced representatives of the masses, have shown a marked susceptibility to the blandishments of Soviet propaganda. Whatever pressure the Socialists may be able to generate for European unity is all too likely to be channeled toward neutralism or the creation of a third force rather than a stronger and more unified Atlantic alliance.

The Communist Parties

Local Communist parties are an important factor in the political life of only two European countries—Italy and France. And in France, the parliamentary power of the French Communist Party has been cut down by the electoral reforms of the De Gaulle government.

In both Italy and France, Communist appeals are couched in the language of nationalism. In France, especially, Communist identification with the resistance movement has almost obliterated memories of its pro-German policy after the Russo-German Pact of 1939. The French party, however, is probably the most Stalinist in organization and the most slavish in its following of the Russian policy "line." In the eyes of the doctrinaire French Communist, French and Russian national interests coincide; it is in the best interest of both nations that France be ruled by the Communist Party.

The actual party membership of both parties has declined especially since the Hungarian revolution in 1956. The French party membership is now approximately 425,150 while the Italian party, undoubtedly the strongest in Europe, has declined from 2,145,000 in 1954 to a present strength of 1,816,000. At recent congresses in France and Italy, party leaders have complained about a decline in membership, while deriving encouragement from the continuation of strong support at the polls by diverse protest groups.

In a pre-De Gaulle survey in France, the majority of workers were found to be dissatisfied with the political, economic, and social organization of France. Their support of the Communist Party and the Communist-dominated trade union, the CGT, reflects their belief that these groups are most closely identified with the workers' interests. There appears to be little opposition to the employer class. Yet, there is evidence of a strong feeling that class solidarity must be maintained. The ultimate goal of this segment of the French working class is some form of social revolution that would raise both living standards and social status.

While the proletarian base of the party has been weakening, particularly in Italy, the peasant support has increased as Communist platforms have endorsed higher prices for farm produce and land reform. The Communists still continue to command important support from scientists and intellectuals even after the disillusionment sponsored by Soviet actions in Hungary.

Both the French and the Italian Communist parties have recently demonstrated an interest in a "popular front." The success of a "popular front" strategy will depend on how well the present governments deal with outstanding economic problems and on the continued cohesion of the center parties.

D. NATIONALISM IN EUROPE

In recent years, there has been a marked trend in some western European countries toward a renewed emphasis on national sovereignty and national self-interest. This trend gained impetus after 1953 for four main reasons: (1) The restoration of economic strength and a resulting feeling of new confidence on the part of some European nations; (2) the apparent lessening of the Soviet military threat after the death of Stalin; (3) the increasing preoccupation by some European nations (particularly France) with extra-European affairs; and (4) the advent of a new nuclear weapons technology and attendant disagreements over the decisionmaking processes of the Atlantic Alliance.

These currents have been conspicuous in two major countries of the Western Alliance. In France, Gaullism is fundamentally a call to nationalism as a means of revitalizing the country, and French sovereignty in its fullest meaning has become one of the most frequently emphasized claims of the new regime. In Great Britain, the independent policy of the conservative Government—particularly during the crisis over Berlin—has seemed to some observers to herald a return to the classical pattern of Britain's "splendid isolation."

These and other manifestations of nationalism—the renewed Austro-Italian conflict over South Tyrol, the British-Icelandic fisheries dispute and irredentist strivings in West Germany—frequently have been characterized as a resurgence of 19th century European

chauvinism. There is little doubt that old *mystique* and mutual distrusts continue to color European attitudes. The current frictions between France and Great Britain over the military and economic organization of Europe, for example, are sparked by a rivalry which has spanned many centuries of European history. Anglo-French rivalry was an important factor in preventing the consolidation of peace after World War I. It dominated the mentality of the Vichy regime. The retreat of France from her colonial positions, in Syria and Lebanon, in Morocco and Tunisia, has been attributed by French nationalists to intrigues or pressures exercised by Britain and, to a lesser extent, the United States. French leaders are doubtful of Britain's determination to stand by Europe in the event of a Soviet thrust to the channel. These sentiments have their counterparts in London where many Englishmen consider France the great barrier to closer cooperation in Europe and in the Atlantic world.

Similarly, British distrust of Germany—a distrust which, according to public opinion polls, is shared by a surprisingly broad segment of the British people—is based largely upon the experiences of two tragic wars. These historical resentments have fed fuel to British fears of Germany as a commercial competitor. Britain's refusal to join the Common Market was motivated not only by apprehensions of its federative character, but also by the fear that Germany will use this economic union as a vehicle for ultimate economic and political domination of Western Europe. In British eyes, the development of a closer French-German liaison is a possibility boding evil for all the West.

Any assessment of these rivalries, however, cannot blink the fact that they no longer conform to the mold of the exclusive nationalism which marked the late 19th century. The stakes are no longer continental hegemony, or even national power per se, but equality within the councils of an alliance. President De Gaulle, for example, despite his devotion to French grandeur, has reiterated his loyalty to the partnership of the West. He has rejected the idea of French neutrality with the observation that this would destroy the alliance and leave no alternatives but a nuclear holocaust or Soviet domination of Europe. Despite his public opposition to European integrationist schemes, he has led France into the European Economic Community. His bid for Franco-German rapprochement may be an effort to establish a bilateral bloc which would strengthen the hand of France in dealings with the other members of the alliance. Whatever its motivations, however, the settlement of differences between these traditional rivals represents an important milestone in the postwar evolution of European unity.

It is imperative, therefore, that in evaluating the phenomenon of European neonationalism, the distinction be drawn between its *mystique* and practical demands. General De Gaulle, for one, combines an evangelical striving for French greatness with a hardheaded evaluation of the facts of the 20th century. He maintains that the inescapable unity of worldwide commitments by the allies demands unity of worldwide strategic planning. He believes that France, in fighting a costly war in Algeria, is defending vital Western interests against hostile nationalisms and against communism. He objects to American policy which prevents the sharing of atomic secrets with her major allies in Europe. His principal objectives are: unqualified

support of his allies for France's position in Africa; equality with Great Britain and the United States in global-strategic planning; and equality with those powers in the control of atomic weapons. It is improbable that these demands can be met in the foreseeable future. If taken to denote the limits of French ambitions, however, they clearly indicate the basic Europe-orientation of European nationalism today.

The fact that nationalism does not constitute an immediate threat to the European unity as such, however, does not detract from its debilitating effects upon the Atlantic alliance as a whole. Nationalist resentments are clearly directed against the leadership of the United States; the demand for equality is essentially a rejection of this leadership. Equally significant for the continued viability of the alliance, nationalism may engender a new regionalism within the alliance. President De Gaulle's proposal for a Mediterranean pact composed of France, Spain, Italy, Morocco, and Tunisia bespeaks this trend.

E. NEUTRALISM IN EUROPE

European neutralism is an intricate network of divergent and often conflicting drives, attitudes, and emotions. With the exception of scattered and negligible neutralist clubs (e.g., the Nauheim Circle in Germany) and opinion media (e.g., *l'Observateur* in France), it has lacked an organized form and coherent expression. Rather than an ordered philosophy or school of thought, neutralism is a fluctuating current of opinion.

This current represents attitudes deeply imbedded in Europe's political and cultural tradition and anticlericalism or anticatholicism. In the eyes of Martin Niemoeller and his disciples in the Protestant Confessional Church in West Germany—a group which is profoundly influenced by the writings of the Swiss theologian Karl Barth—catholicism is the animus of the Western Alliance and a greater threat than communism. Niemoeller is joined by other German neutralists who consider German neutrality, in spirit as well as in form, the minimum condition for German reunification.

Cultural anti-Americanism is another constant theme in neutralist agitation. The democratization of European society, the higher standards of living of the lower classes, the opening of education to the children of farmers and workers—all these factors, long known in America, have led to a broadening and lowering of cultural standards in Europe. European intellectuals, resentful of the leadership of the United States within the Western Community, are inclined to ascribe most of the tensions and discomforts of a society in transition to the contaminating influence of American mass culture.

These, however, are minority themes in Europe's cultural and political complex. What determines the strength and weakness of neutralism at any given stage of the cold war are those fears, resentments, and suspicions which are a direct reflection of the fortunes of the global conflict. They fall into the following broad categories:

1. The fear of war—or more specifically, the fear that Europe will become the principal battlefield of a nuclear holocaust. The desire to escape from the sustained tensions of the cold war and from the omnipresent risks of nuclear conflict is perhaps the most understandable motive of neutralism. It has found its expression in the "Ohne

Mich" opposition to rearmament in Germany, in the various ban-the-bomb campaigns, and in the more recent reactions against the establishment of U.S. missile bases on European soil.

This trend reflects in part the advent of the new nuclear weapons technology and the effectiveness of Soviet efforts to induce a fear psychosis in Western Europe. Indicative of this current is the following poll conducted in October 1958 by the Gallup Institute in Great Britain: "If relations between Russia and the West became so bad that the choice before us was either to come to terms with the Russians at any price, or to go to war with them, knowing that nuclear weapons like the H-bomb would be used, which would you choose?" The results showed that 47 percent favored coming to terms with Russia, 25 percent preferred war and 28 percent were undecided.

Barring such unforeseen events as global nuclear disarmament or the disappearance of the Soviet threat, there is little reason to believe that this fear psychosis will abate.

2. Defeatism: The belief that communism is the "wave of the future," that the Soviet Union is rapidly surpassing the West, and that nothing that the West is willing or able to do will avert the ultimate defeat. This opinion trend has been reinforced considerably by recent Soviet technological advances.

3. Suspicions of U.S. policy: The United States is often depicted as "trigger happy," as addicted to dangerous "brinkmanship," as inexperienced, and as swayed by mass hysteria. On other occasions, however, the United States is accused or suspected of not being sufficiently alert to the need of protecting Europe and European interests, of wishing to withdraw from Europe, or of seeking an accommodation with the U.S.S.R. or with the new nationalisms in Asia and Africa at the expense of Europe.

Public opinion polls in major European countries indicate a strong rise in these sentiments during the past 2 years. These polls are not always a reliable index of the overall opinion climate, nor do the results of specific polls reflect accurately the nuances of opinion. For example, the EMNID Institute of Bielefeld, Germany, since 1951 has periodically asked a representative cross section of West Germans the following question: "What do you consider to be of most importance: the Germans to be on good terms with the Americans, to be on good terms with the Russians, or to be neutral between both sides?" In September 1958, 36 percent of the Germans queried favored the Americans, 2 percent the Russians, and fully 60 percent preferred neutrality. These results partly reflect the manner in which the question was phrased; obviously most West Germans are not "neutralist" in the strict meaning of the term. But the poll does indicate that many Germans do not consider themselves irrevocably committed to the American camp in the cold war. Significant, also, is the rise in this sentiment from 48 percent in 1951 to 60 percent in 1958.

But there is a more controllable factor in the rise of neutralist trends, namely, discontent with U.S. leadership. In October 1958, for example, Britons were asked the following question by representatives of the Gallup Institute: "Some people say that the United States is antagonizing important allies by her foreign policy, others don't agree. Do you think that U.S. policy is or is not losing her friendship among Western countries?" Forty-eight percent answered in the affirmative, 22 percent in the negative, and 30 percent expressed no opinion.

While these figures may mirror lingering resentments of American policy during the Suez crisis in 1956, they may also be regarded as an indication of general dissatisfaction with American leadership in Europe.

There is another form of European neutralism—one which equally threatens the foundations of the Atlantic alliance—namely the concept of a “third force.” This concept, which is closely meshed with European nationalism, envisages the development of a strong and united Europe which would aspire to the role of arbiter in the protracted struggle between the United States and the Communist bloc. The “rationale” of this concept is threefold: (a) the desire to stay out of a nuclear conflict between the two superpowers; (b) the conviction that the ways of life of American “capitalism” and of Soviet communism are fundamentally not too different—that both are governed by primarily materialistic and economic interests and both represent an overmechanized mass civilization with a low level of cultural and spiritual refinement; and (c) the hope of serving the cause of peace and international understanding by mediating between the two giant powers.

The very vagueness of this concept makes its strength difficult to assess. Its appeal has grown along with the general reassertion of European nationalism since 1953. On the other hand, the “third force” movement, like nationalism, is restrained by the increasing conviction, on the part of responsible Europeans, that the survival of Western Europe in the accelerating technological race is tied indissolubly to the nuclear power of the United States.

F. TRENDS IN THE MAJOR EUROPEAN COUNTRIES

Great Britain

Though Great Britain, unlike France and Germany, emerged from World War II with her political institutions intact, the economic and social foundations of these institutions were severely shaken. To pay for the cost of the conflict, Great Britain was forced to liquidate much of her foreign investment. The war and its aftermath hastened the buildup of vast internal social pressures which were powerful enough to oust as great a wartime leader as Winston Churchill, and bring to power the Labour government of Clement Attlee. Great Britain embarked on a social and economic revolution with an egalitarian society and the welfare state as its objective.

After 14 years socialism has not been established, but some of its attributes are now integral parts of Britain's national structure, as witness the fact that all Conservative governments since 1945 have felt it essential to maintain vast parts of the welfare state program. On the other hand, the social revolution has run its course without destroying either conservatism or Britain's traditional ruling class structure. Conservatives and Socialists have tacitly agreed upon a bargain: a minimum of redistribution of wealth has been accepted by the Conservatives on the condition that the Socialists drop their crusade for an egalitarian society. Conversely, the Socialists have agreed to the principle of social privileges provided it does not imply a system of government dominated by the aristocracy.

What has occurred in Britain is the undermining of the economic system and the survival of a social structure now rendered artificial

and obsolescent. The traditional political party system has not changed, but the foundations underlying this structure, which gave it meaning and vitality, have been radically altered.

This contradiction in the body politic tends to sap the vitality and strength of the traditional two-party system. Since it is widely recognized that an effective stalemate exists, there is no real incentive to strive for the ultimate realization of either goal. Both Socialists and Conservatives are more concerned with maintaining their position in the status quo than with measures calculated to overthrow this balance.

British foreign policy is a true reflection of this stalemate. The Socialists tend to contemplate with equanimity, if not favor, the weakening of the Empire since this represents to them the past power upon which the Tory class structure was built. The Conservatives continue to attach great importance to the maintenance of Britain's position as the head of the Commonwealth—a position which serves both as a symbol of prestige and as a basis for continued economic privilege in international trade and finance.

These lines by no means are drawn categorically. In both British parties, strong factions argue that Britain's future can be assured only through association with a strong and united Europe which, in turn, is closely tied to the United States. They understand fully the need for subordinating Britain's national objectives to the broader needs of the Western alliance.

On the other hand, prevailing opinion among British Socialists and Conservatives takes another view of European unification. Each group fears a united Europe which would overshadow Britain. They are each reluctant, for their own reasons, to tie themselves more closely with Europe. For all concerned with the building of unity in Europe and the Atlantic world, this convergence of views represents a singularly unhealthy and unfortunate phenomenon. British thinking on foreign affairs tends to concentrate on the fear of nuclear war and the need for reducing East-West tension. The continental outlook is more attractive. The continentals are hopeful that the efforts to achieve unity are about to bear fruit. Any negotiations with Russia which might upset the position of West Germany in Europe would threaten this unity. British enthusiasm for the summit and U.S. backing of Prime Minister Macmillan are thus suspect in Paris, Bonn, and Rome. In the eyes of many continentals, Britain's reluctance to join the Common Market was based not on economic considerations (most Commonwealth countries were not opposed to Britain's membership in the Common Market) but on the fear that a united Europe would be a barrier to the flexible bargaining position Britain wanted to adopt at the summit. Until recently, continental leaders of the European movement considered British participation a prerequisite of unification. France particularly regarded Britain as an essential counterweight to Germany. Today, however, even the most pro-British Europeans have become skeptical of the British position. A continuation of British policy may well lead to a widening of the gap—a contingency whose harmful effects will be felt not only in Europe but throughout the Atlantic world.

It would be in the interest of Britain as well as the rest of the free world to reverse present British policy and seek to come to terms with the "Six." A reappraisal in London of the European movement

is urgently needed. Not a few Britons, uneasy about their country's growing estrangement from the main forces alive upon the Continent, are groping for a sense of mission beyond Britain's narrowing international reach. Only participation in the making of a united Western Europe will permit Britain to fulfill her self-proclaimed role as the bridge in the Atlantic Community. Otherwise, British policy will serve only to divide and weaken the Western alliance and, in due course, bring ruin upon Britain herself.

France

The political instability of postwar France prior to the election of De Gaulle represented a major barrier to the unity and stability of all of Western Europe. France occupies a position of strategic importance in the geographical and cultural center of Western life. Lack of order on the French domestic scene therefore slows down and weakens the entire movement toward European unity.

The coming of De Gaulle to power has at last brought to the National Assembly a long-needed majority party which, itself, embraces a wide spectrum of political and economic doctrines. The constitution of the Fourth Republic, top heavy on the legislative side, has been replaced by a constitution strengthening the powers of the executive branch.

The success of De Gaulle will be determined in large measure by the results of economic reforms, and, perhaps more important, a revision of past Algerian policy. It is difficult for the traditional parties to play their past roles, for De Gaulle seeks to carry out a national rather than a partisan policy. Consequently, support for De Gaulle is not based primarily on party lines, but it gathers its strength in varying degrees from almost all political sectors. The impact of Gaullism has forced the Socialists to question the validity of outdated doctrines and economic theories. The fate of the Communist Party also hangs in the balance. If the present economic reform is successful the Communists will lose many votes.

Gaullism is fundamentally a call to nationalism as a means of revitalizing France. Though this is not necessarily a direct threat to the various Western cooperative movements, it will undoubtedly complicate the process of building closer unity. The withdrawal of the French Mediterranean fleet from NATO and the refusal to permit the United States to base nuclear weapons on French soil are symptoms of the new assertiveness of France. France has not sought to renounce her commitments to the existing organizations of the European or Atlantic systems. Rather, De Gaulle is seeking to restore France to a position of great power status within these systems. It is this objective which had led De Gaulle to strengthen French ties with Germany and other major European powers. A strengthening of France under Gaullist leadership, notwithstanding its overtones of nationalism, should not necessarily be regarded as a threat to Western unity and cooperative movements. On the contrary, a strong revitalized France, having overcome her third-class-nation neurosis, will be better prepared to hold her own economically and politically in a more closely integrated North Atlantic Community.

Conversely, an even greater threat to the future of the Western alliance would be posed by the precipitate removal of De Gaulle from his present position of authority. Although the political com-

plexion of a successor regime cannot be clearly foreseen, it is apparent that no individual embodies all of the qualities which, in President De Gaulle, provide a catalyst for French revival. The possibilities for a successor to the present Government range from an ultranationalistic regime backed by the army to a Popular Front coalition through which the Communists would enter the French Government. Either extreme would represent a threat to the unification movement.

A strong and healthy France, more closely associated with the direction of the Atlantic alliance, could help in transforming the present alliance structure into a forceful and constructive instrument of free world leadership.

Germany

In almost direct contrast to France, Germany since 1949 has made steady progress toward domestic political and economic stability. Though there was, after the war, a general political void (only the Socialists can be said to be a direct continuation of a traditional pre-Hitler political party), liberal political institutions apparently have taken root in postwar Germany. In 1945, the lack of political party structure was considered a major obstacle to the political stabilization of the nation. What has emerged is a nation free not only of a multitude of splinter parties but also of extremist groups of left and right—a fact which reflects partly the prevailing moderate political climate of Germany and partly an election law barring parties receiving less than 5 percent of the popular vote. Indeed, there is a discernible trend in West Germany toward a two-party system composed of Adenauer's Christian Democrats and Social Democrats, with the former holding an absolute majority in the Bundestag.

In contrast to France before the coming of De Gaulle, Germany has owed its political stability in great part to the dominating personality of one man, Konrad Adenauer. His personal prestige has gone far to erase the bitter memories of the war and the Nazi interlude from the minds of other Europeans. He has guided Germany along the road of political and economic stability; he has been a powerful voice in the cause of Western integration. He is, in fact, today the only "good European" holding a major political office. The major problem which Germany now faces is leadership succession. The very fact that Adenauer has dominated the political scene since 1949 accentuates this problem. Will a successor be able to hold together the Christian Democratic Union, a party composed of practically every group in German politics except the extreme right and left? Without an equal dominating authority, will the CDU lose some of its strength and popular appeal despite continued economic prosperity and thus be forced to cede power to the Social Democrats?

This problem may not seem pressing in the light of Adenauer's decision to retain the chancellorship. There are, however, many factors working toward the continuation of Adenauer's basic policies. It is probable that, if Adenauer continues at the helm for several years, he will have gone far in integrating Germany within the Western alliance. Economically, this would make it extremely difficult for any succeeding government to withdraw from the community. It is also improbable that any of Adenauer's likely successors will deviate radically from this policy. It is equally doubtful that any Christian Democratic successor will reverse the Chancellor's cardinal rule of maintaining the closest possible ties with the United States.

Probably the key factor in Germany's postwar politics has been the "economic miracle" engineered by Adenauer and his Minister of Economics Ludwig Erhard. This economic resurgence has tended to deprive the Socialists of popular support not only in domestic issues but in the field of German foreign policy. Continued economic prosperity for Germany tends more and more to devalue basic Socialist economic theory. Though periodic business slumps tend to attract protest votes, the German Social Democratic Party (SPD) is plagued by the problem faced by European socialism in general; namely, how to resuscitate the spirit of social revolution and thus to capture the broad support of the electorate. The German Socialists have found themselves increasingly forced to shift their frontal attack from domestic to foreign issues. Hence Socialist criticism of Adenauer has been confined almost exclusively to the questions of the reunification of Germany and Germany's place within Europe. Motivated in part by a traditional antimilitarism—a sentiment strengthened by the memories of the Hitler era—the SPD is willing to pay a heavy price for German reunification: German neutrality at the expense of European integration and NATO.

Will the Socialists, riding almost purely international issues, be able to maintain themselves as a major party? The SPD has been weakened drastically since 1949, when the dynamic Kurt Schumacher could challenge the electorate appeal of Adenauer. Today, the party is beset by factional strife between a left wing led by ex-Communist Herbert Wehner and right wing leaders such as Fritz Mommer and Fritz Erler. The party lacks a strong personality who can reconcile these opposing viewpoints, let alone appeal to the electorate.

But the SPD's fortunes hinge on decisions made by the major powers. If the Western Community is not integrated and strengthened, then the appeals of "neutralism" and a go-it-alone philosophy may sway the German electorate. It is evident, therefore, that the United States, in order to forestall such an eventuality and the consequent loss of a key power position in Western Europe, must press for ever-increasing integration of Germany within the Western Community before the dominating leadership of Adenauer has run its course.

Italy

As the dominant element in Italian politics, the Christian Democratic Party has provided consistency and continuity in postwar government. The party has steered a steady course, veering only slightly in one direction or another in accordance with the political complexion of various coalitions. During this period Italy has staged a remarkable economic recovery. Both national and per capita income have increased significantly. A dramatic result of the improvement in economic conditions in industrial areas was the defeat of some Communist-led trade unions in 1955. In Italy's largest automotive plant, for example, a Christian Democratic union wrested majority support from the Communists. This began a trend which has continued in subsequent years.

Despite appearances, however, Italy is far from having achieved stability, order, and security in her political and economic life. The fact that the Italian Communist Party remains the largest in Western Europe, with no serious signs of internal strains or further decline in its ranks, indicates widespread social discontent. Despite an increase

in middle income groups, the gap between great wealth and extreme poverty remains extremely wide.

Italy's internal difficulties stem from a number of causes deeply rooted in her political, economic, and social history. The factors contributing to Italy's domestic malaise include the following:

1. *Bureaucratization*.—Italy's postwar government has failed to modernize and simplify the cumbersome and expensive bureaucracy inherited from the Fascists. The overlapping and conflicting organs of this machinery administer a large share of Italian heavy industry. But no attempt has been made to develop a systematic and coordinated plan welding all these industrial concerns into one economic unit.

2. *Negative public attitude toward politics*.—A negative attitude toward government and politics has roots extending back to the pre-Risorgimento era when Italy was administered by foreigners. This inherited mistrust of government is now reinforced by a feeling of cynicism and hopelessness toward any effort to improve Italy's domestic politics. Bureaucratization has gone so far and so many people depend on it for a livelihood that it seems impossible to reverse the trend. Rather than seek to improve the bureaucratic system which governs them, most Italians are resigned to accept it and make the best of it for themselves.

3. *Proliferation of political parties*.—The Christian Democratic Party itself includes in its ranks followers whose political views range from the extreme left to extreme right. The smaller parties, which are neither in consistent opposition nor in a natural alliance with the majority, play an ambivalent role on the political scene. This fragmentation of the party structure creates a political environment which is not conducive to full discussion of major political, economic, and social issues.

The Christian Democrats are the dominant party in the present coalition government, supported in Parliament by the Liberals and the right. Politically right of center, this government is committed to free enterprise and a foreign policy based on firm allegiance to NATO.

Although it appears likely for the foreseeable future that the Christian Democrats will continue to hold their dominant position in Italian politics, there is always a danger of a serious split between the two widely divergent groups within their ranks. The most significant development affecting the party is the rise in influence of the state managerial group committed to a program of extensive nationalization. The ENI, the state-owned oil agency, is the most powerful pressure group in Italy. Its influence reaches far beyond oil exploitation. The foreign policy aspirations of the ENI, which represent a sharp break with postwar Italian policy, reflect a desire for a more active and expansionist Italian role in the affairs of the Mediterranean, the Middle East, and Latin America, and a de-emphasis on ties to NATO.

The two major Socialist parties in Italy are those headed by Saragat and Nenni. While the former is staunchly anti-Communist and a firm believer in close ties with the Western alliance, Nenni is aligned in spirit, if not in form, with the Communist Party. A "unity of action" pact has linked Nenni's Socialists and the Communist Party for some years. It was broken only partially as a political stratagem before the last election. It is unlikely that in the foresee-

able future the two Socialist parties, their programmatic commitment to the unity of the working class notwithstanding, can overcome their sharp divergencies. Only a profound change in the European balance of power could break the deadlock of Italian socialism.

In the not-too-distant future, Italy's economic life stands to benefit from the impact of the European Common Market. The present Government, if it is supported in its efforts to resolve the initial difficulties which the market will impose, may be successful in securing for Italy the full benefits of integration and then remedy, within a regional-international framework, longstanding national economic ills. Perhaps nowhere in Europe is there more readiness to move from economic to political integration than in Italy. Thus a successful development of the Common Market would generate in Italy that very mass support on which depends the realization of the European idea.

G. AMERICAN POLITICAL STRATEGY IN WESTERN EUROPE

The preceding sections have dealt primarily with internal forces in Europe and their effect on European integration. The United States can do little to affect these forces directly, deeply imbedded as they are in Europe's political, social, economic, and cultural fabric. Pending the unification of Europe, the United States must continue to deal with the existing unit of Europe's political structure, the nation-state.

In this relationship there has been considerable change during the past decade. In 1948 Europe was a weak and disorganized band of nations who contemplated helplessly internal socioeconomic chaos, powerful Communist fifth columns, and the ubiquitous Soviet military threat. Today, these nations have made an almost miraculous economic recovery, achieved a certain measure of internal stability, and forged at least the organizational framework for security against attack. As a result, they have become less subservient to U.S. policy and more assertive of their national interests and objectives. The task for U.S. policy in the next decade will thus be fundamentally different from what it was in the period immediately following World War II: no longer is it a question simply of giving goods, treasure, and arms to war-ravaged nations, but the problem is to reconcile the diverse and often divergent interests of our principal NATO partners within the framework of a strengthened Atlantic community.

The United States, in charting this new approach, might do well to heed the mistakes of the past. In the postwar decade, the United States gave its implicit, and often direct, support to certain European governments and parties in the belief that they would best serve U.S. policy objectives abroad. Thus, we attempted to prop up, by artificial and desultory means, the ramshackle French political structure. We put our trust in the French Center, the so-called Third Force, and hoped thus to stave off the disruptive forces of Left and Right. In this way, we helped to perpetuate an impotent regime conventionnel which was drifting toward anarchy. This policy, in no small measure, has contributed to the very circumstances which have proven so trying to American policymakers: the advent to power of General De Gaulle with his emphasis on French prestige and power, and the protraction of the Algerian war with the dilemma which it continues to pose to U.S. policy; namely, the choice between a principal ally and the "legitimate" aspirations of Arab nationalism.

Charles De Gaulle may not be as responsive to U.S. policy as were some of his predecessors. Yet, America, in her dealings with her NATO allies should never have stressed, wittingly or unwittingly, compliance rather than strength. The stability of NATO's component parts is essential to an effective Western community—one based on the positive assertion of cooperation rather than on the negative fear of internal and external dangers.

The imperative for a viable Atlantic community, therefore, is the spirit, if not the substance, of equality. At the root of one of the most disturbing political developments in Europe today—the growing Franco-British estrangement—is an American policy which, largely for reasons of historical friendship and ethnic affinity, has assigned to Great Britain a pivotal role within the alliance. This bias was understandable in the immediate postwar period: Great Britain was the sole formal West European victor of World War II; France held only symbolic rank among the victorious powers, and Germany and Italy were defeated enemies. Yet, the continental powers, as they staged their remarkable comeback from defeat and economic prostration, could not but regard with growing resentment this Anglo-American alliance within an alliance. These countries have felt, with considerable justification, that the United States has not assigned them a status commensurate with their importance in NATO's "forward strategy." They suspect Great Britain of attempting to buy from the Soviets security at the price of a demilitarized continental Europe, and they blame the United States for allowing its diplomatic policy to be determined by the vagaries of British opinion rather than by the concrete requirements of Western defense.

The United States, in short, has failed to establish the requisite political soil for its military and diplomatic strategies in Western Europe—a failure which has opened dangerous breaches into which the Soviets can press their divisive strategy with increasing success. The Soviets have singled out Great Britain as the principal target for nuclear blackmail because Great Britain, while militarily the most vulnerable country in Western Europe, holds a commanding position in the councils of the Western alliance. As a natural consequence of a U.S. policy which allows Great Britain a nuclear monopoly in Western Europe, moreover, the Soviets can use the negotiations for a nuclear test ban as a wedge against Atlantic unity: France and Germany quite naturally oppose any arrangement which would bar them permanently from the "nuclear" club and thus freeze them in the status of third-class military powers. Similarly, the United States cannot enter into fruitful negotiations on a limited military disengagement in central Europe so long as our policy to deny France nuclear weapons hardens De Gaulle's refusal to station nuclear-armed NATO troops on French soil.

In short, an effective American policy for Europe must be based on the recognition that a political community is only as strong as its component parts. In strengthening its NATO partners, the United States may well run the risk of promoting European unity at the expense, or to the detriment, of the Atlantic community. Overcoming these risks, however, is a function of forthright leadership—a leadership which is incumbent upon American policy in the next decade.

V. MILITARY

A. SOVIET AIMS AND OPTIONS

Soviet leaders never have doubted the "inevitable" victory of socialism over capitalism. In recent years, Soviet confidence in the imminence of this victory has grown. The Soviet leaders believe that the days of "capitalist encirclement" are past and that a climatic "flow period" of Communist power has set in. This analysis seems to be based on the evolving global-strategic situation and the dynamics of the weapons race. The next decade, therefore, may witness a gradual shift by the Soviets from their traditional strategy of indirect aggression to more direct and unambiguous methods.

The Soviet attitude toward NATO is conditioned by both emotional and realistic considerations. Emotionally, the Soviet leaders continue to regard the alliance as a "threat" to the security of the U.S.S.R. Realistically, they view NATO as a roadblock to the achievement of their global objectives. Their opposition to NATO, in any event, is irreconcilable.

Indeed, Soviet pressure upon Western Europe is likely to increase during the next decade. In the immediate future, this pressure will be a military-psychological one, aimed not so much at military objectives as at reducing Western diplomatic flexibility and driving a wedge between the United States and its NATO allies. The Soviets will seek to demonstrate, through a carefully calculated series of "crises," that the main element of American military power, nuclear retaliation, has been neutralized and that, thus, American power can no longer be counted upon. This can be accomplished by provoking, at an appropriate time, a showdown (on the pattern of the Berlin crisis)—one in which the United States will be forced to back down.

Russia's growing nuclear maturity will open to the Communist leadership an increasingly wide range of political and military options. The Soviets' capability for waging or supporting nonatomic, indirect aggression, remains considerable. The Soviets, as they approach full nuclear maturity, may well conclude that limited wars, especially those initiated by satellites under ambiguous circumstances, may be "safe wars"—wars that will not trigger all-out nuclear conflict. The various instruments of indirect aggression, such as the deployment of "volunteers," which have proven so successful in other areas, may soon be tested in Europe. This capability for limited conventional war and indirect aggression may not have to be exercised in actual combat. The implied threat of its use may be sufficient to gain limited objectives.

At the present stage of the global conflict, the Soviets cannot initiate a direct attack against NATO with any certainty that such a move would not provoke strategic nuclear retaliation by the United States. The United States is still in a position to inflict unacceptable damage upon the Soviet homeland. The fear of total nuclear war conceivably may continue to inhibit the Soviet leadership during the next decade.

There is, however, no certainty of this. The "balance of terror" is not a stable balance. The technological race is a dynamic race. The type of Communist gambit which seems "unrealistic" today may appear quite "realistic" 3 or 4 years hence. Thus, there is no fool-proof formula for calculating the precise type of threat against which NATO must be on its guard.

Given the West's present defense posture and strategy in Europe, the Soviets are likely to exploit a wide spectrum of conflict possibilities short of a preemptive strike against the West. Their choice of weapons at all times is determined by an assessment of the West's strengths and weaknesses. As the gap between the United States and Russia in strategic retaliatory capabilities is narrowing, the balance of power may increasingly shift to the side which holds superiority in the ability to wage conflict on levels below that of all-out nuclear war.

We are approaching a period when a strategic nuclear capability, although indispensable in the total posture of each side, will not be the criterion for success or failure in a given crisis. Such a capability could become decisive again only if one side achieves the ability to strike a mortal blow without incurring unacceptable damage in return. Therefore, during the next few years, the danger of a direct Soviet military thrust against Western Europe would seem less likely than that of a Soviet crisis strategy designed to paralyze NATO—a strategy calculated to present challenges that fall below the "threshold" of an obvious issue of American survival. The Soviets will seek to raise this "threshold" through an incessant campaign of nuclear blackmail—to a point where a move now held to be a *casus belli atomici* may not be considered an issue of American survival next year or the year after.

Any Western counterstrategy must accommodate the problem of leadtime. In order to be prepared for a Soviet military gambit in Europe 4 to 5 years from today, the necessary decisions must be taken now. According to this timetable, the Western allies may be precariously close to the deadline for preparing a more comprehensive defense scheme for Europe—one which will be adequate when and if a showdown comes. The decisions cast in the next 6 months of the present U.S. administration will largely shape the strategy which is likely to be followed for the entire period of the next administration. It is important to bear in mind that our opponents have an advantage over us in the matter of leadtime. Because of the monolithic structure of their society, they are able to implement strategic innovations much more quickly than the "open" societies of the West.

B. SIGNIFICANCE OF NEW TECHNOLOGICAL DEVELOPMENTS

ICBM's armed with thermonuclear warheads will profoundly affect strategic concepts over the course of the next decade. At the present time the United States concedes to the Soviet Union a substantial edge in the production of ICBM's. Furthermore, the U.S. Government has made it clear that we do not intend to match the Soviets missile for missile. What does this mean?

First, it is necessary to understand that the Soviet Union has two great advantages with which, somehow, the United States must learn to live and cope. One is the possibility that at some time the Soviet Union might decide to launch a surprise attack against the United

States in order to destroy our aircraft and missiles on the ground before they could be launched or fired in a retaliatory mission. This is the advantage of the first strike. While there might be occasions when the United States would wish to strike first in order to beat the Soviets to the punch, our traditions, values and political system rule out this possibility. The second advantage is even more clear. Living as we do in an "open" society, it is a relatively easy task for the Soviets, merely through a casual perusal of our newspapers, to determine where our bombers and missiles are or will be based. It is difficult to ascertain with a high degree of accuracy just how many Soviet missiles exist or where they are located. Thus even if, by some chance, we were able to strike the first blow, we could have no assurance that we could destroy the bulk of the Soviet's long-range nuclear striking force. Lacking such assurance, the United States would be reluctant to take the chance. During the recent months a congressional committee has held hearings on the potential damage and casualties which the United States might receive in the event of general nuclear war with the Soviet Union. The estimates in casualties have varied from 30 to 90 million. It is the realistic assessment of such potential damage that calls into question a strategy which depends upon the threat of general war as a deterrent to Communist aggression. It appears virtually certain that a point will soon be reached in the weapons race where a relatively modest number of ICBM's and IRBM's in the Soviet arsenal will annul U.S. strategic superiority based on our edge in our long-range bomber capabilities.

The United States, in order to prevent a decisive shift in the balance of power, must accelerate its various programs to provide very soon a retaliatory capability based upon hard or mobile missiles which could retaliate against the Soviet Union even after a powerful Soviet "first strike" and inflict upon the Soviet Union a level of damage and casualties which Soviet leaders could not tolerate.

Such a capability entails a complex integration of offensive and defensive weapons systems, backed by associated warning and communication facilities, all of which can function under conditions of a Soviet first strike. But such a capability is primarily a deterrent to Soviet attack against the continental United States. It is not a reliable deterrent to all kinds of Soviet action in Europe—particularly ambiguous action, or action on a scale which would certainly not warrant the risk of 30 to 90 million U.S. casualties. Unless the United States modernizes its delivery and defense system, the balance of power could shift radically within the span of several years.

The Soviets may develop the capability of launching a preemptive attack on Strategic Air Command and overseas Tactical Air Command forces—a capability which they may deem massive enough to cripple U.S. retaliatory forces to a point where the "residue" of American retaliatory power will not be adequate to inflict unacceptable damage on the Soviet Union. In such a strategy, Western Europe will figure prominently in Soviet calculations: If taken intact by Soviet armies, Western Europe could be used to rebuild that portion of the Soviet economy destroyed by the residual U.S. retaliatory forces. Hence a "win" strategy for a general nuclear war might not seem to Soviet planners as inconceivable as it might seem to us.

If total nuclear war can be prevented during the next decade, however, the possession by both sides of a large number of "hardened" ICBM's may make resort to general war by either side an act of calculated self-destruction. The quest for advanced weapons is a two-sided one. Each increase in the destructive power of the new weapons will commensurately strengthen inhibitions against their use. A "balance of terror" is likely to become a reality when the United States musters an adequate "second strike" capability in the form of sufficient ICBM's, IRBM's, and Polaris missiles which can be fired from dispersed, hardened, mobile, and submerged sites. Such a "balance" will be the equivalent of de facto strategic-nuclear disarmament.

Once strategic capabilities thus become psychologically "neutralized," other forms of military power will become increasingly important instruments for waging conflict. The balance might well rest with the side which possesses the superior force of men armed with relatively simple weapons.

C. THE STRATEGIC REQUIREMENTS OF THE UNITED STATES AND WESTERN EUROPE

Notwithstanding military technological changes, Europe remains a key prize of the protracted war. Western Europe is thus indispensable to any U.S. strategy designed to arrest a decisive shift in the balance of power to communism. Soviet control of Europe, while it might not bring about the immediate defeat of the United States, would turn the tide of conflict irreversibly against the free world. The fall of Europe would mean ultimately and inevitably the loss of Africa, the Middle East, and the remaining free areas of Asia.

The North Atlantic Treaty Organization was established in order to prevent the Soviets from either neutralizing Western Europe or absorbing it into their empire. To the extent that the Soviets have refrained from direct aggression, NATO, backed by American strategic-nuclear superiority, has fulfilled this purpose. Yet the Alliance today confronts new security problems, arising from changes which Soviet technological advances have wrought in the global strategic balance and in the psychological climate of the free world. The strategy of NATO must be adapted to these changes and to meet the pressing military problems of the future.

The United States and its NATO allies together must have military forces capable of discharging three fundamental tasks:

(1) To convince the Soviets that resort to all-out war is a prohibitive course of action.

(2) To convince the Soviets that resort to aggression short of all-out war would entail costs out of proportion to the objective sought and would, in any case, court the risk of total war.

(3) To provide Western diplomacy with an adequate military backing.

(a) *Total nuclear war*

The Soviet Union may be deterred from a massive assault against Europe—an attack featuring the use of thermonuclear weapons against the centers of European and U.S. power on the continent—as long as she is deterred from an all-out attack against the United States. In

any such massive assault, U.S. strategic power would be the Soviets' prime adversary. Thus, within the context of an all-out global nuclear war, U.S. strategic power remains essential to the defense of Western Europe. The concept of strategic deterrence will lose validity only if and when the Communist bloc erects an impenetrable air and missile defense or achieves a decisive technological breakthrough. While the technological race defies prediction, no such breakthrough seems likely in the foreseeable future. Thus the deterrence to a general nuclear war requires the development and maintenance of an invulnerable U.S. retaliatory capability—large enough and sophisticated enough to survive the Soviet first strike, penetrate the Soviet defenses and inflict upon the Soviet Union unacceptable casualties. Although the level of casualties which the Soviets might consider unacceptable cannot be fixed accurately, it should probably be considerably higher than the 25 million casualties which the Soviets suffered in World War II and from which they recovered so spectacularly in the last decade.

(b) Local aggression

At the root of much of NATO's disunity is its inability to respond to the most likely threat. The United States and its allies have not faced up to the need for creating an effective defense in Europe against an attack short of all-out war. The strategy to which SHAPE is still generally committed was designed in 1953, at a time when the United States enjoyed decisive superiority over the U.S.S.R. in both nuclear stockpiles and long-range delivery systems. The credibility of "massive retaliation," when it was proclaimed in 1954, was already weakened by the fact that the Soviets had become a nuclear power. In the face of Soviet nuclear progress and their continued maintenance of a decisive conventional capability, the military concepts of NATO must be subjected to careful revaluation.

Although U.S. strategic nuclear power may deter the Soviets from initiating a general nuclear war in Europe, this is the least likely contingency confronting NATO. The willingness by the United States to resort to all-out nuclear war in order to counter local Soviet encroachments in Europe, in the immediate future if not already today, is open to question—especially if such encroachments are so ambiguous as to fall below the "threshold" of a clear issue of American survival. Soviet nuclear developments permit Communist expansion to proceed with greater impunity and in the face of a diminishing risk of an American nuclear response against the Soviet homeland.

Moscow's transcendent objective in Europe is to gain domination. By the Kremlin's reasoning, the inhabitants of Western Europe, bereft of their own means of defense, paralyzed by the specters of nuclear war and skeptical of America's protective guarantees, will eventually come to heel. The Soviets are striving, through diplomatic and psychological means, to convert Western Europe into a military vacuum. This objective is implicit in the various Soviet-sponsored schemes for disengagements and denuclearization in central Europe. The Soviets want to see neither the growth of Western Europe's local military capability nor a buildup of American nuclear power at the very borders of the cold war. The Soviets seem convinced that by alternately badgering and cajoling the NATO nations they can effect the withdrawal of the United States from

Western Europe. If nuclear power within NATO remains an American monopoly, then such a withdrawal would mean de facto the denuclearization of Western Europe. This explains the vehemence with which the Soviet Union, in both public and diplomatic statements, has opposed the introduction of tactical weapons into NATO countries.

It is clearly in Russia's interest that our NATO allies remain dependent on a strategy based exclusively upon American strategic nuclear power poised outside the European Continent. So long as Western Europe remains locally weak, each Communist challenge will strengthen the forces of pacifism, defeatism, and appeasement, and each Soviet-manufactured crisis will loosen another strand in the fabric of the Atlantic alliance. The period when the United States and its NATO allies could rely primarily on a countercity retaliatory strategy has passed. The problem for the United States is to develop a strategy which will raise the threshold of nuclear reaction so that the strategic choice of NATO, in any Soviet-manufactured crisis, is not limited to the extremes of all-out nuclear war or limited defeat. The time has come, in other words, to give to NATO the capability for local defense.

(c) Political support

Soviet pressure on the West, as typified by the Berlin crisis, has become possible primarily because our military posture has become too inflexible. The willingness to take risks is largely a measure of being prepared militarily for all likely eventualities. Largely because of the inferiority of their conventional forces, the NATO nations could not exploit, through resolute action, the Soviet predicament at the time of the Hungarian uprising. Indeed, the West's fear of provoking all-out war led it in effect to assure the Soviets that it would not interfere behind the Iron Curtain.

Only a comprehensive array of forces can provide an adequate military underpinning of Western policy in Europe. The ability to retaliate massively against the centers of Soviet power will continue to be indispensable to deter a general nuclear conflict. Beyond that, however, the Soviet Union must be convinced that we can bar it from obtaining a specific objective, even a limited one like Berlin, with means appropriate to the given circumstance. Such a strategy would be more rational—and therefore more credible to Russia as well as our allies—than the threat to destroy the Soviet Union in retaliation for any Soviet "pinprick" into Europe.

Yet forces currently available to NATO in Western Europe do not provide the supreme commander at SHAPE with the needed flexibility. NATO is particularly weak in conventional forces—the very kind of forces which the Soviets possess in abundance. Conventional-type forces (army, navy, and air) have been the sole military instruments used throughout the cold war in Korea, Indochina, Algeria, Lebanon, Jordan, Suez, East Germany, and Hungary. They are likely to remain the workhorses of the day-to-day military-political conflict.

D. DETERRENCE

Deterrence can be defined as the confrontation of the potential aggressor with forces which are so organized, trained, and equipped that he will deem the chances of a favorable decision too slight in relation

to the risks involved in the launching of an armed attack. Deterrence is a declaratory policy, and not, in the meaning of the term, an operational strategy. It is addressed to the psychology and the rationality of the opponent. Because the nature of deterrence is essentially psychological, it entails almost by necessity some measure of deception. An integral condition of deterrence, therefore, is that the opponent remain ignorant of the specific countermeasures to be applied in any given circumstance. In order that the opponent be kept guessing, however, he must be aware of the fact that he is confronted by a comprehensive spectrum of weapons.

A true deterrent would keep a potential foe militarily uncertain of the outcome of any aggressive move he may desire to initiate. His uncertainties must apply not only to massive attack, but equally to peripheral (limited) war.

The danger is an exclusive preoccupation with the concept of deterrence in that it engenders a purely defensive approach to conflict. In a world of accelerating change, an essentially negative policy can never triumph over a dynamic one, just as militarily the pure defensive has never won a war. Indeed, it can be argued that, over the past decade, it is the Soviets who have effectively deterred the West from forcefully countering Communist gambits in the Middle East, in Indochina, and in Europe.

Furthermore, the emphasis on deterrence overlooks the gloomy, albeit remote, possibility that the undisturbed growth of Soviet power may eventually exceed the American capacity to deter or contain. Purely passive deterrence will not prevent communism from undermining the West's defenses by means other than open military attack.

E. ALTERNATIVE STRATEGIES

It does not seem likely that any single strategy or static combination of forces will suffice to deal with the military tasks confronting the United States and its allies in Western Europe. Different combinations will be needed for different time periods as well as for the varying conditions of general war, cold war, and political crisis support. While the United States must continue to bear the primary burden with respect to some tasks and some forces, Western Europe, in time, should accept a greater share in its own defense. With respect to total war, Europe's geographic position will continue to be important in terms of bases and warning stations. In the future it can contribute to some extent to the nuclear deterrent and assist the United States in the technological race. The problem of building a NATO local defense capability is more complex. To analyze this problem, it is well to review the principal alternatives open to the United States. Broadly, they are the following:

(a) *Exclusive reliance on tactical nuclear weapons to compensate for deficiencies in manpower*

One of the principal military arguments adduced in support of such a strategy is that, because of excessive casualties, troop concentrations in an atomic conflict must be held to a minimum and that there is, therefore, an inherent upper limit to the size of forces which can be effectively deployed on a nuclear battlefield. It has been estimated, for example, that an armored or mechanized division, in order to pro-

ceed against a potential atomic defense, must disperse over an area of more than 500 square miles. If the Soviets were to invade, say, West Germany along a 650 mile front, the total area for deployment, based on a depth of 50 miles, would be only about 32,500 square miles. This area could accommodate safely a maximum of 63 divisions, a number considerably below the figure of 175 divisions which the Soviets presumably hold in readiness. The use of tactical nuclear weapons, it is contended, goes a long way toward solving the logistical problems of NATO, and, at the same time, permits NATO forces to disperse over the inherently narrow terrain of the West European peninsula. The use of nuclear weapons could also serve to deny the enemy territory which could not be effectively defended with conventional weapons.

These claims have much validity, yet court the danger of oversimplification. There is no absolute evidence that, even in a conflict in which tactical nuclear weapons are employed, the size of forces used ceases to be a meaningful criterion for victory or defeat. A good big atomic army is likely to remain superior to a good small atomic army, this despite the fact that the defending side in such a conflict does hold some inherent advantages.

Moreover, the vulnerability of NATO logistical echelons to Soviet nuclear attack is such that tactical nuclear war may tend to aggravate, rather than solve, NATO's logistical problems. U.S. forces in Europe rely on a long and tenuous line of communications stretching back across France and upon vulnerable port and supply facilities en route. Logistical vulnerability would seem to be a major obstacle to the profitable use of nuclear weapons.

The main issue, however, is whether a strategy for limited nuclear war is feasible or desirable in terms of Western Europe's demographical and psychological climate. In an area as densely populated as Western and central Europe, can atomic weapons be used with any degree of safety to civilian populations? The proponents of a strategy which calls for immediate resort to tactical atomic weapons in the event of a Soviet attack argue that the distinction must be made between large and small nuclear arms. They contend that clean weapons in the low kiloton range can keep the dangers to the local population to a minimum.

How high, however, is this minimum? Military and civilian targets in Western Europe are virtually inseparable; even if megaton weapons were not used, the level of destruction would inevitably be high. The problem is primarily a psychological one. The opponents of the present NATO strategy, which calls for the immediate use of nuclear weapons, point to the growing fear psychosis in Western Europe which is being exacerbated skillfully by Soviet propaganda. What the Europeans fear most, these critics claim, is extinction in a Soviet-American conflict which would be limited by the tacit understanding of the major antagonists to the in-between areas. From the European point of view, such a conflict would hardly be a limited one.

Even if tactical nuclear weapons could be refined in terms of yield and accuracy to the point where existing casualty estimates could be drastically scaled down, there still remains the problem of the spiraling effect of these weapons upon the intensity of the conflict. The proponents of a tactical atomic strategy argue that the level of the

conflict, not the weapons used, will govern its scale and intensity. This assumption implies that the enemy will tacitly agree to certain nuclear ground rules. Since he presumes that the West is not anxious to start thermonuclear war and since he, himself, is reluctant to start one, he will surmise that a nuclear weapon dropped by the West is not intended to start all-out war.

This line of reasoning, to say the least, is fraught with considerable risk. An enemy, swayed by the emotions generated by conflict, may well mistake the opponent's intentions and refuse to abide by such vaguely adumbrated rules of nuclear war.

(b) European security through disengagement

Ever since the Hungarian uprising in 1956, a growing body of opinion in the West has articulated the concept of a disengagement of East and West along the battlelines of the cold war. The proponents of this concept hold that the best hope for European security lies not in a buildup or modernization of Western forces but in a mutual Soviet-American withdrawal from central Europe.

The concept of disengagement, while it has broad political implications, invariably is defended on military grounds. Its adherents take their cue from what they consider to be the salient points of American strategy in Europe today. The United States, in their view, has abandoned all but the pretense of a conventional defense in Western Europe. The main purpose of American forces in central Europe is to act as a tripwire against Soviet attack—a tripwire which, if crossed, would automatically activate the mechanism of strategic retaliation against the Soviet Union. This, they contend, can be the only logical function of the small array of ground forces which the Western Powers now hold in being. Such a policy is held to be in accord with the emerging facts of the air-nuclear age, in which long-range missile power will become the ultimate arbiter of conflict. The tripwire, it is argued, can be effectively replaced with an American guarantee of Western Europe against Soviet aggression.

A number of military-strategic benefits are claimed for such a strategy. A physical separation of East and West along the line of conflict would relax tensions. More important, it would reduce the danger of an "accident" which might spark thermonuclear conflict. The Soviets, by withdrawing their forces from Eastern Europe, would forfeit political control over this area: they could not return in force without clearly violating the sovereignty of independent states. Western Europe, moreover, would find relief from the formidable psychological and military pressures which the Soviet Army, poised across the Elbe River, has exerted since World War II. The removal of Soviet forces several hundreds of miles eastward would give the West, in the event of a concerted Soviet threat, precious additional warning time. Such an attack could then be met in territory beyond the present confines of the Atlantic alliance. In other words, disengagement may make it possible to fight the major actions of a local war outside NATO territory.

These arguments are superficially attractive—and profoundly misleading. They proceed from a basic premise: that the "balance of terror" is a stable balance and, since NATO shield forces serve no other purpose than that of activating strategic retaliation, a large-

scale mutual withdrawal of Soviet-American forces can be made the subject of diplomatic negotiations.

As has been pointed out above, however, "breakthroughs" of the first magnitude could still upset the nuclear balance. Even in the absence of such a breakthrough, however, it would not be certain that the United States will make good its guarantee to protect the exposed sector of Europe through strategic retaliation at the price of millions of American casualties. The removal of American ground forces from the center of Europe would remove the simplest and most forthright cause for American intervention.

The main political argument advanced by proponents of disengagement—that a withdrawal of Soviet forces automatically would bring about the liberation of Eastern Europe—is contradicted by the hard facts of Communist political control. Force need not be physically present in order to insure that each satellite bows to the wishes of the Soviet Union. Whether the East Europeans will or will not remain subservient to Russia will depend in large part upon their estimate of the balance of power and of the determination of the United States to provide a counterweight to Soviet power in Europe. An American withdrawal to the fringes of the Continent, let alone from all of Europe, obviously would belie such resolution.

Historically, geographical position has been subject to some, but on balance, to less depreciation than other strategic factors. For the United States, and therefore for NATO, the abandonment of the present forward position at the narrow waist of Europe would constitute a virtually irreversible step. The European Peninsula is not an advantageous theater for defensive operations, for it lacks geographical depth. The distance from the Baltic Sea in the north to the Adriatic in the south is less than 600 miles, and from the Iron Curtain to Brest is no more than 850. Disengagement, while it might bring about a desirable withdrawal of Soviet forces from Eastern Europe, would at the same time constrict the NATO operational area in Western Europe to a mere "beachhead." NATO—if indeed the Western alliance could be maintained following a disengagement—would retain precious little space in which to deploy its forces. Because of contiguity, the Soviets will always find it easier to reoccupy the territory which they would yield.

A major attraction of proposed disengagement arrangements is that they seem to reduce the possibility of an accidental clash between the United States and the Soviets, a clash with which the United States is unprepared to deal on a conventional basis. This argument, however, is countered by the lessons of postwar history. The major case of Communist direct military aggression occurred in Korea, an area from which the United States had disengaged. It is quite possible that, following disengagement, Europe, which has been a relatively stable area of the cold war, might become highly unstable and invite diverse forms of Communist intervention.

Basic to the debate over disengagement is the question of Europe's importance in the West's global objective of holding communism at bay. It is the burden of this study that Europe's full political, economic, and military participation is absolutely essential to the success of Western strategy. A comprehensive disengagement would mean ipso facto the dissolution of the Atlantic alliance as it is presently

constituted. Once it has been dissolved, NATO—as a live military force composed of national contingents from both sides of the Atlantic—cannot be put together again. The sense of urgency which led governments and peoples into the acceptance of NATO and its burdens could not be rekindled at will. Once NATO is dismantled, it is unlikely that the various schemes for Western and European unity will ever be realized. Already the very discussion of disengagement has served to brake the efforts of NATO powers to build up their defenses.

This does not mean that some limited form of a mutual Soviet-United States withdrawal from the present line of scrimmage will never be feasible. However, mutual disengagement, whatever its forms, will satisfy Western security requirements only if adequate local strength compensates for a redeployment of U.S. units on the Continent. When, for example, the 12 West German divisions are fully operational, it will be possible to examine the question as to whether the U.S. force now stationed in Bavaria could be deployed elsewhere. Successful negotiations on European security, however, will require increased bargaining strength on the part of the NATO powers. So long as NATO remains weak, it cannot afford to sacrifice its forward position in return for an illusory “relaxation of tensions.”

(c) *Provide key NATO allies of the United States with an independent nuclear capability which will enable them to meet local threats on their own*

Several European countries now seek to acquire independent nuclear power. The United Kingdom has developed advanced nuclear weapons; France apparently has made considerable progress toward the construction of atomic bombs; and Sweden and Switzerland undoubtedly have the resources for the production of atomic power. Although France, not to speak of Sweden and Switzerland, are far from becoming full-fledged nuclear powers—and, indeed, will never be “full-fledged” in terms of parity with the United States and the Soviet Union—the trend toward increasing independent nuclear capacity is clear. It poses a key question for U.S. policy: Should we assist certain European powers in the development of such a capacity or should we continue to withhold our secrets and our active support?

From the American viewpoint, an independent nuclear strength in Europe would hold some advantages. Briefly, they are these:

(1) *Greater flexibility of defense.*—It is argued that the individual European members of NATO, if armed with their own nuclear weapons, would have more flexibility of defense. Assuming that they continue to maintain conventional forces, they could meet a conventional attack with conventional weapons. An attack with tactical atomic weapons could be met at the same level at which it is mounted. This greater flexibility in defense would, in turn, increase their ability and willingness to stand firm in the face of Soviet-created crises and nuclear blackmail.

(2) *Greater and more credible deterrent.*—As both the United States and the Soviet Union develop a long-range missile capability, Europe fears increasingly that the United States will (a) not retaliate against limited Communist challenges in Europe, or (b) retaliate so massively that Europe will be destroyed in a nuclear holocaust. It is these fears which help to spur the Europeans’ desire to develop their own nuclear

retaliatory power. The Europeans argue, and not without some justification, that Western nuclear deterrent capability would be greater, more credible and hence more effective if it were distributed among those nations which man the frontline.

(3) *Increasing the self-confidence of European powers.*—The desire for an independent nuclear capability on the part of European nations is to a large extent a quest for the prestige which redounds to those who hold membership in the "nuclear club." These nations, possessed of nuclear power, would develop a true feeling of "partnership" within the Atlantic alliance. Thus, they would overcome the third-class-nation neurosis which has inhibited their wholehearted participation in the common effort. It was inevitable that, since nuclear weapons have become the new symbols of power, our European allies should have asked us for them. If we accede to their wishes, we will go a long way in alleviating their resentments of American leadership and in meeting those domestic critics who point to the "satellite status" assigned to these countries by U.S. policy.

(4) *Making the deterrent more credible.*—Throughout the 19th and early 20th centuries, a multiple balance of power preserved the peace of Europe. The psychological basis of security in this period was the very uncertainty of risk which the would-be aggressor had to fear.

This multiple balance has been transformed in our generation into a scale, or bipolar, balance. Because power is bipolarized, so is the deterrent. Soviet strategists, in contemplating any potential aggrandizement at the expense of Europe, need to be concerned only with skirting the risk of a determined American response.

If the multiple balance could be restored in the new form of independent nuclear power centers, a new dimension of risk would be introduced into Soviet calculations. The Soviets, in planning their gambits, would be forced to calculate, with considerable accuracy, the threshold of survival not only of the United States, but of the countries immediately involved. A crisis which the United States does not consider an issue of national survival may well be deemed precisely such an issue by a nuclear-armed West Germany, France, or Great Britain. The greater the uncertainty, the stronger the deterrent against ambiguous aggression and the smaller, perforce, the Soviets' margin of maneuverability in Europe.

(5) *Increasing the pressure upon the satellite empire.*—The possession of nuclear weapons by individual NATO nations would profoundly change the power relationship between the Western European and the contiguous Communist satellite countries. We could give nuclear arms to our allies because, presumably, we can trust them. For various political reasons, which were demonstrated dramatically by the Hungarian uprising, the Soviets cannot place equal trust in the reliability of their "allies." The confrontation of nuclear-armed Western European nations and "non-nuclear" East European satellites would impale the Soviets on the horns of a dilemma. It would drastically reduce the chances for success of a Soviet proxy action against Western Europe. More important, it would strengthen divisive trends within the Communist bloc. The Soviets would be hard put to resist, without further weakening their grip upon their empire, the demands of their satraps for "nuclear parity" with their

West European neighbors. The anxiety to head off such a crisis in the internal relationships of the Soviet bloc undoubtedly looms large in such Soviet-sponsored proposals for the creation of a nuclear-free zone in Europe as the Rapacki plan. The implications of the Soviet dilemma would transcend Europe: new difficulties would almost certainly arise in the relations between Moscow and Peiping. These considerations alone argue strongly for the nuclear arming of key European NATO countries.

Although the reasons for opening fully the gates of nuclear development and know-how to our allies are compelling, such a policy does entail considerable risks. They are the following:

(1) *Encouragement of centrifugal tendencies within the alliance.*—The cement of any coalition is necessity. The Atlantic alliance was founded in the realization of its members that, left to their own devices, they could not counter the Soviet threat and that their survival depended upon the protection afforded by the United States. To the extent that the acquisition of an independent nuclear capability may once again encourage unilateral policies, the alliance will be weakened.

(2) *Increase of the pressures for U.S. withdrawal from Europe.*—One of the principal objections by Europeans to the disengagement concept is the fact that it would remove the American protective presence. The development of an independent nuclear capability in Europe would to some extent argue for the withdrawal of American forces from Europe.

(3) *Increase of the problem of all-out war.*—A change in the nuclear power relationships within the Atlantic alliance would alter the de facto decision-making power of the various members. Individual NATO countries might easily become infatuated with their new nuclear capabilities, inadvertently push the button of all-out war, and expect the automatic backing of their alliance partners. World War I was touched off when Germany allowed its weaker ally, the Hapsburg Empire, to “drag” her into conflict. It is a cardinal principle of diplomacy that a strong power must not permit its own policy to be made by a weaker ally.

(4) *Use of nuclear weapons in the pursuit of national objectives.*—This is probably the greatest risk inherent in the proliferation of nuclear power. The French Army, for example, in its desperate effort to end the Algerian war, conceivably might succumb to the temptation of employing nuclear weapons against rebel redoubts. In such an event, the United States, as the original donor of these weapons, would bear the brunt of an enraged world opinion.

(5) *Overemphasis on a nuclear defense.*—There is the danger that European nations, once they obtain nuclear weapons with all their connotations of prestige and power, will be reluctant to accept less dramatic, but nevertheless necessary military tasks. The resulting gaps in NATO's weapons systems could prove disastrous. Exclusive reliance on nuclear weapons would significantly enhance the danger of total nuclear war.

There is no minimizing the risks inherent in a policy of giving nuclear weapons to our Nato allies. Yet, the debate over this issue has already become largely academic. Given the nuclear facts of life in the mid-20th century, there is little question that all of our principal allies will sooner or later acquire nuclear weapons. The

question is simply whether we shall give them these weapons or whether we shall permit them to squander their own resources in the quest for nuclear power—to the detriment of the overall NATO defenses. Moreover, no lesser NATO power will be able to develop those second-strike capabilities which are the sine qua non of all-out nuclear war. For a long time to come, only the two superpowers will be able to afford so complex a weapon system.

(d) Build up a NATO force with an effective dual capability

Thus far, this study has been concerned with three major alternatives to the present policy tacitly being pursued by the United States in Europe—namely, the use of NATO contingents as a “tripwire” which, if crossed by Soviet forces, would activate strategic retaliation. Each of these alternatives has certain merits. None of them, however, taken singly, brackets the entire spectrum of challenges which the West is likely to encounter in the next decade.

A segment in this spectrum is the possibility of nonatomic war. The West, if it is to gird against this possibility, must devise some means for complementing its nuclear capabilities with the capacity to engage Soviet ground forces without automatic resort to nuclear weapons.

The need for such a strategy flows from an objective appraisal of the emerging military-psychological balance in Europe. The Soviets continue to station massive ground forces in Eastern Europe. These forces have been held in check since World War II by the strategic nuclear superiority of the United States. The significance of Soviet technological-military progress lies precisely in the fact that by appearing to neutralize America’s strategic capabilities it has released Russian ground strength as a formidable instrument of military-psychological pressure against the West. The new Soviet “crisis strategy,” which was unveiled in Nikita Khrushchev’s ultimatum on Berlin, is designed fully to utilize this pressure. In pursuing this crisis strategy, the Soviets seek to exploit the strategic dilemma of NATO. The Communists, in Berlin and elsewhere, are dealing from a position of military-psychological strength. Their ground forces are equipped to wage both nuclear and nonnuclear war; the defense of Western Europe is geared almost exclusively to nuclear conflict. So long as the weaknesses of allied conventional forces in central Europe compel the Western Powers to contemplate the ultimate choice between a nuclear holocaust and limited defeat, for just as long are the Soviets able to drive their psychological advantage home.

Therefore, an effective conventional capability—on a scale at least twice the force levels available to NATO today—is imperative if NATO is to be prepared to (1) wage limited nonatomic conflict, and (2) cope with the new Soviet crisis strategy in Europe. The danger is not so much a deliberate Soviet aggression against Western Europe—although such a possibility cannot be discounted. Rather, the main threat is a conflict triggered through a Soviet miscalculation of the West’s unwillingness to go to war over a given issue (e.g., Berlin) or conflict by accident (e.g., another satellite uprising). In either case, the choice of weapons in all likelihood would be ours. And the West, lacking a nonatomic capability, would have to choose nuclear war.

Is it theoretically possible for the West to muster forces capable of dealing with the Soviets in a conventional action in Europe? In

seeking an answer to this question, Western analysts have tended to be overly impressed by the supposedly crushing superiority of the Red army. It is true that the Soviets have sizable ground forces deployed in Central and Eastern Europe. A major function of these forces, however, is imperial control. The number of Soviet divisions actually available as a potential invasion task force is substantially below the total numerical strength of Soviet force levels. In the light of the Hungarian uprising, it is doubtful, to say the least, that the Soviets could release many of their garrison forces for an attack on Western Europe. Thus the Eastern European satellites can be a deterrent to Soviet-initiated ground action in Central and Western Europe. Whether such will prove to be the case, however, will depend to a certain extent on NATO. The Soviets will never permit the satellite armies which, for example, proved so unreliable in Hungary, to operate self-contained units; they will fight, if they fight at all, integrated with Soviet units and their supplies of weapons will be controlled by the Soviets. Their chance of successful revolt or wholesale desertion to the West will depend on the tides of conflict. A rapid Soviet advance would make such actions extremely difficult if not impossible. The West must be able to protract the fighting or force the Soviets to withdraw, if it is to capitalize on this potential Soviet weakness. This is a strong argument for building up the local capability of NATO.

The problem confronting the West, therefore, is not quite as hopeless as has often been assumed. It appears even less hopeless when the manpower pools of East and West are compared. At present, the United States has 31 million fit males of military age; the Soviet Union has 41 million. By 1965, it has been estimated, the available manpower figure for the United States will have risen to 35.2 million as compared with the slight increase to 41.5 million for the Soviets. If NATO is included, the West's relative position is even better. The Soviet bloc (excluding China) has 58.4 million fit males; NATO has 85.4 million. By 1965, this ratio will be 59 million versus 95.4 million.

Perhaps it is illusory to expect NATO to avail itself of its superior manpower reservoir in order to match the Soviets man for man. Conventional parity, however, may not be necessary. Given the space limitations of central Europe and the need for dispersal in the face of a possible nuclear counterattack, the Soviets cannot concentrate their much-publicized 175 divisions at a single point (see pp. 41-42). They could, of course, bring up reinforcements rather rapidly—but not without alerting the West to the scale of the attack and raising at least the danger of all-out war. It may be quite possible, therefore, for 30 properly armed and trained NATO divisions—the number called for by the supreme commander—to deal with much larger Soviet forces without immediate resort to tactical or strategic nuclear weapons. It should be borne in mind, however, that the force objective of 30 NATO ready divisions was agreed upon at a time when the United States still held decisive nuclear superiority. Obviously, 30 divisions could not cope with all the ground forces which the Soviets hold in readiness.

Thus, the creation of the kind of conventional NATO force which would at least block Soviet forces in East Germany from overrunning Western Europe is theoretically within NATO's means. The principal function of such a force would be to deter forms of limited aggres-

sion which, under thermonuclear parity, strategic retaliation alone cannot deter. This can be done by raising the enemy's cost of entry to a point where to undertake any direct military action he must deliberately invite strategic retaliation. Indeed, the Soviets may be discouraged from "feeling their way" into conflict. If a nuclear war looms as the logical result of a probing operation, then the Soviets may well deem such an operation a needless and expensive preface to total war. The Soviets, moreover, would have to face the risk that a large-scale ground probe into Western Europe might provoke the United States into striking the first nuclear blow, an advantage which is now conceded to the Soviet Union.

If a "dual capacity" by NATO is theoretically possible, is it feasible in practical terms? Opponents of the concept of "dual capacity" base their arguments on military, strategic, economic, and political considerations.

Militarily, they argue, no war in Europe can be fought without nuclear weapons. These weapons will be used if only because they are the most effective weapons available to both sides: The Soviets already are integrating tactical nuclear weapons into their ground units and into their overall strategy. The characteristics of an increasing number of weapons which are required to deal with atomic war are becoming less and less compatible with the characteristics of those weapons systems needed effectively to prosecute a conventional conflict. In other words, there can be no effective "mix" of atomic and nonatomic weapons systems. A "dual capacity" would mean the maintenance of completely separate systems. If we undertook such a parallel buildup of separate systems, we might discover suddenly that the Soviets had completely abandoned the capability to wage nonatomic war, leaving us with an expensive and totally useless conventional establishment.

Strategically, the most profound objection to reemphasizing a local defense capability in Europe has been the argument that such a strategy will serve to weaken the large deterrent. The contention is that, if we enunciate a limited war strategy for Europe, we will thereby demonstrate to the Communists our reluctance to retaliate with our strategic weapons. Hence, statements on limiting our response will simply have the effect of making war once again a paying proposition for the U.S.S.R. Some proponents of this viewpoint even argue that the more we reduce our forces in Europe the more credible becomes our intention to resort to strategic retaliation.

Economically, the objective of a "dual capacity" is held to be impractical unless we are prepared drastically to hike our expenditures in order to generate an adequate mobilization base for a modern, sophisticated weapons system and at the same time build up and maintain a substantial nonatomic arsenal.

Politically, it is argued, a return by NATO to a major conventional capability is against current trends. So long as political leaders in the West are dazzled by the new superweapons they will not vote the necessary funds for less glamorous conventional arms.

These arguments cannot be dismissed lightly. Every policy has its imperfections and pitfalls. The problem, however, cannot be solved simply by dismissing it as impractical.

The fact that the Soviets are integrating atomic weapons into their strategy in Europe is by no means proof that they have abandoned, or

are prepared to abandon, the capability to wage conventional war. Indeed, the Soviets cannot give up this capability so long as imperial control remains a primary function of the Red army contingents stationed in Eastern Europe. The Soviets did not use nuclear weapons to put down the Hungarian rising; instead, they crushed the rebellion with a full-scale conventional attack. The problem of effectively "mixing" conventional and atomic capabilities, while admittedly a difficult one, is essentially one of proper integration, organization, and training.

Conventional capabilities are an integral element of the Soviet "crisis strategy" in Europe. The forces which have the greatest maneuverability along the critical points of contact between the Communists and the free world—and which vest the diplomacy of both sides with ready power—are nonatomic forces. Should the Soviets, in the face of a NATO buildup of nonatomic forces, decide to shift to an exclusive reliance on nuclear weapons, then they would forfeit to NATO the very advantages of diplomatic maneuverability which they now derive from conventional military power. The Soviets have consistently maintained the initiative in negotiations for a nuclear test ban largely because of their superiority in conventional armaments. Various opinion polls conducted in European countries indicate clearly that Europeans have not yet reconciled themselves to a purely nuclear strategy. The danger is that, in the event of a showdown, this sentiment will be expressed in a total rejection of the American strategy and the American presence on European soil. This is not to negate the importance of nuclear weapons in any future conflict: we cannot expose to Communist nuclear attack forces which are prepared to defend themselves only with conventional arms. The nuclear weapons with which NATO forces are equipped will serve the purpose of injecting uncertainties into Soviet calculations and cautioning them against using their nuclear weapons in a limited attack. Evidently they will be used whenever the "limits" of nonatomic war are pierced by Soviet action. The onus of initiating nuclear war must, however, be shifted from Western to Soviet decisionmakers.

The argument that an increase in the local deterrent will detract from the overall strategic deterrent is superficially convincing. Yet, as pointed out above, Soviet nuclear progress puts in doubt the willingness of the United States to resort to massive nuclear retaliation in response to every intermediate-range Soviet challenge. The greatest danger of total war in the next decade is not a preemptive strike on the part of either side, but rather the "degeneration" of a local engagement into all-out war. The Soviets may well calculate that they can effect a smash-grab of weakly defended areas in Western Europe and thus confront the United States with a *fait accompli* which we will be reluctant to reverse at the cost of initiating nuclear war. The same estimate of U.S. intention, however, would not necessarily apply to a large-scale and intensively contested local conflict. In Soviet calculations, an American nuclear riposte would be much more likely in the heat of a protracted ground engagement. The ability of the United States and its allies to meet a Soviet ground probe with effective military force thus enhances, rather than diminishes, the deterrent to general war.

Can NATO afford a "dual capability"? The Soviets, with a gross national product considerably below that of the combined economies of North America and Western Europe, are maintaining such a capability. The question, therefore, is not whether the West can afford such a capability but whether it will recognize the full spectrum of dangers and take the requisite measures to deal with them. While this change in strategy will impose added burdens upon the economies of the individual members of NATO, these burdens can be lightened by an effective specialization and coordination of tasks within NATO. The problem is one of effective leadership. The United States, in order to encourage its NATO allies to make the necessary effort, must demonstrate its determination to implement a plausible strategy for the defense of Western Europe.

A strategy based on a "dual capability" is thus compatible with the psychological climate of Europe and with the objective factors of the European situation. It is compatible, too, with the requirements of a "win" strategy which will enable the Western Powers to shift the psychopolitical conflict onto the Communists' terrain. We failed to exploit, in 1956, Communist difficulties in Hungary because, having geared our NATO strategy exclusively to nuclear weapons, we feared that any Western interference in Hungary (such as the shipment of arms to the Hungarian insurgents or the recognition of the Imre Nagy government) would lead to war with the Soviet Union—a war which, given our strategy, could only have been a nuclear conflict. A successful campaign of psychological warfare against communism's most vulnerable area, namely Eastern Europe, requires a supporting military establishment which is flexible enough to allow us to take calculated risks.

Among the approaches to the problems of Western security and international order, general or, at least, limited and gradual disarmament, remains a feasible alternative. No doubt, a diminishment, if not the total removal, of the arms burden would redound to the economic well-being of the West as well as of the rest of the world. Thus far, all attempts at designing an enforceable disarmament agreement have foundered on Soviet refusals to permit an adequate system of inspection rather than a token one. The West, on its part, has been hampered in its disarmament diplomacy by a military strategy that placed excessive reliance on nuclear weapons. The adverse ratio of the conventional forces of the West to those of the Communist bloc has resulted in a disproportion of negotiable assets. The approach to "nuclear parity" throws the advantage in the field and on the table of negotiation to the Soviets possessed of superior non-nuclear capabilities. It follows that the West, were it to redress the balance of nonnuclear forces, would be in better bargaining position for obtaining an equitable and foolproof disarmament agreement. It should be kept in mind, however, that such agreement must be based on an inspection system that opens up the territories of the contracting parties to continuous and close scrutiny. Such a system will be very costly and complex. To settle for less, however, would be to accept semblance rather than reality and to gamble our security on dubious guarantees.

VI. THE ECONOMY OF WESTERN EUROPE

The European economy today seems healthier and stronger than it has been at any time during the last 30 years. The general movement still is one of gradual ascent. Industry is being rationalized on a local, national, and regional basis. Managerial efficiency and labor skills are being improved. Technology is growing with the emergence of new industries. As a result of a series of international adjustments (including national devaluation policies and multilateral payments clearing through the European Payments Union and domestic financial reforms culminating in the French program of January 1, 1959), currencies have been stabilized and the exchange problem has been rendered more manageable than it has ever been during the last 10 years.

During the last decade, Western Europe's economic growth rates, measured in per capita gross national product, were the highest in the world. (Cf. table 1 in appendix E.) The region of free Europe is already outproducing the Soviet Union and even the entire Sino-Soviet bloc in several important branches of basic industrial and consumer production. (Cf. table 2 in appendix E.) According to present indications, Western Europe will probably continue to expand industrial productivity at a rate which, when combined with that of the United States, will enable the West to stay well ahead of the Sino-Soviet bloc in overall economic capabilities for at least the next decade and probably well beyond. In view of the fact that within the period 1970-80 the U.S.S.R. is expected to balance or surpass the United States in several areas of basic productivity, the importance to the free world of Western Europe's economic growth can hardly be overemphasized.¹

In recent years, some American business circles have become concerned over the rapidity with which the Europeans are recovering their competitive position in world trade. The United States, so they contend, now finds itself in a deteriorating international trade position, virtually "pricing itself out of the world market." As evidence, they cite the fact that, whereas the countries of Western Europe in 1958 had an export surplus of more than \$3 billion and a corresponding accumulation of gold and dollar holdings, the United States had a payments deficit which led to a gold loss of some \$2 billion.

These trends indeed merit the closest study, but they must be viewed in a proper perspective. It is true that some sectors of American industry, such as machine tools and metalworking, are becoming high-cost producers and are losing certain world markets to European

¹ A caveat on comparing rates of growth is in order. The base period chosen for comparison is always of decisive significance. The 10-year period employed here is one that cannot but reflect advantageously upon the growth rate of economies recovering from war damage. As a result of the war, the European economy shows up as a "younger" economy in an earlier stage of development, compared to the American economy, which suffered no diminution of basic productive capacity in World War II. A comparison based on a 20-year period would show a very different result, viz, that U.S. per capital gross national product had increased by 131 percent, while that of Europe had increased by only 52 percent. Both the 10- and 20-year base periods contain distortions which must be taken into account.

competitors. But from these particular instances it is not correct to conclude that the American producer is becoming less efficient across the board. In an age of rapid technological change, occasional dislocations and transfers of leadership in a given manufacturing field are only normal. Certain sectors of European industry are now technologically more modern and efficient than their American competitors. But meanwhile the United States has taken a commanding lead in new productive areas, particularly instrumented items.

As the Europeans recover their prewar competitive position, some American firms may find it difficult to hold their own in foreign markets to which they gained access in the immediate postwar period. Adjustments of this sort, however, often indicate a stabilization of the West's long-range trade relationships, rather than a structural decline in the American competitive position. There are several factors, many of them closely interrelated, which help to determine a country's comparative advantage as an international trading nation: cost of raw materials; access to cheap transport routes (especially water); efficiency of labor and equipment; managerial and technical skills; labor union and corporation policies; and government policies on taxation, interest rates, foreign assistance and social welfare. On balance, the United States has many reasons to be confident concerning its future international trading position. But, as the leader of the free world, it has a special obligation to keep a watchful eye on all the factors which affect its international economic position, and to correct any imbalances which tend to weaken that position. In the process of correcting imbalances, emphasis should be placed on new, imaginative, liberal solutions rather than upon narrow, timeworn protectionist measures. At the present time, the prospects are for a period of keen competition between Europeans and Americans which should prove generally invigorating and wholesome to the entire Western economic system.

A. THE MOVEMENT TOWARD REGIONAL ECONOMIC INTEGRATION

U.S. policy, throughout the postwar period, has progressively inclined toward closer European cooperation. The Marshall plan itself has stressed the idea of joint effort by the European countries in order to gain benefits similar to those which had accrued to Americans from the existence of a large single market. The Office for European Economic Cooperation (OEEC) and the European Payments Union (EPU) were based essentially on this concept. Nevertheless, although the Economic Cooperation Act of 1949 declared it to be U.S. policy to encourage unification, American policymakers have not come up with an agreed, concise definition of this objective.

There was a time when some European advocates of union, noting the ruthlessness with which the U.S.S.R. was carrying out the consolidation of Eastern Europe, complained that the United States was not pressing for unification in the western region with sufficient vigor and persuasiveness. The fault, however, did not lie entirely in Washington. Europeans themselves were seldom able to agree on the meaning of the term "Europe." Depending upon the basis of definition chosen—geographic, strategic, political, economic, cultural or spiritual—the concept of European unity linked different groups of countries for different purposes. In the fact of such confusion, it was

understandable that the United States should sometimes find itself encouraging and supporting various and sometimes even contradictory approaches to unity. During the last decade, U.S. diplomacy has generally sought to avoid entering into specifically intra-European disputes, while at the same time lending encouragement and even direct aid to indigenous initiatives toward unity.

B. THE COAL AND STEEL COMMUNITY

The European Coal and Steel Community (ECSC) Treaty, Europe's pilot project in supranational integration, created a unique set of instructions endowed with governmental powers over the coal and steel industries of the member countries—powers designed to liberalize trade, promote development, and increase employment, productive efficiency and the standard of living within the Community. The leap into the unknown has turned out to have been a sound business venture. Since the creation of ECSC, trade in coal and steel among its members has doubled. To the benefit of importing countries, prices have decreased and sizable reductions have been made in transport rates.

The U.S. Government, although it played no direct role in the conception and establishment of the ECSC, has on the whole regarded it favorably from the beginning, particularly because it fostered Franco-German cooperation. Members of both the executive and legislative branches have consistently expressed sympathy with its general aims. The United States has accredited an ambassador to the high authority in Luxembourg, concluded a \$100 million loan agreement with the Community in 1954, helped it to obtain certain concessions from the General Agreement on Tariffs and Trade (GATT), and entered into a modest reciprocal trade agreement with it in 1956. At the same time, the United States has sought to discourage the Community from pursuing policies detrimental to the interests of the American coal and steel industries. As a matter of fact, up until now the ECSC has not created crucial policy problems for the United States, nor is it likely to do so in the years immediately ahead.

American industries, more or less concerned over the adverse impact which Community activity might have on them, have been critical of Community practices which tend to restrict international competition. They are also irritated by U.S. Government policies which use public funds to help finance the growth of Europe's heavy industry. They recognize the fact, however, that such assistance may be justified if it contributes toward the achievement of desirable political and security objectives.

C. THE COMMON MARKET²

Both the successes and the deficiencies of the Coal and Steel Community helped to pave the way for the creation of the European Economic Community or Common Market. On the one hand, the experience of the ECSC showed how difficult it was to continue the "sector approach" indefinitely without moving toward broader integration. Although the coal and steel industries formed an inter-

² See graph 1, appendix E.

national pool, they still had to operate in unpooled national economies and this posed some awkward problems. On the other hand, the ECSC had demonstrated that integration does facilitate trade and efficient growth and need not produce seriously harmful dislocations.

The European Economic Community is the first market on the scale of the American to be established in another region of the free world. The total population of the Six is very nearly equal to that of the United States. Although the per capita gross national product of the Six in 1958 (approximately \$147 billion computed according to official exchange rates) was only 37 percent of that of the United States (approximately \$406.7 billion), it must be remembered that the purchasing power of the unit of currency is higher in most European countries than in the United States, so much so that the European standard of living is, on the average, only about a quarter below the American level. Moreover, by forming a single market, the Six hope to be able to sustain a rate of expansion approaching the one which they enjoyed in the last decade, when they constituted the fastest growing region of the free world. They already outproduce the Soviet Union in crude steel, and they manufacture a dozen times as many automobiles as the combined Sino-Soviet bloc. During the next 10 years, their rates of increase in heavy industry will not compare unfavorably with those of either the United States or the Soviet Union.

The first step toward the creation of the Common Market—the mutual reduction of tariffs by 10 percent—was taken on January 1, 1959.³ Moves are now underway by the member countries to globalize and increase their annual import quotas by at least 10 percent on each manufactured commodity. As for agricultural products, which pose more formidable problems, global quotas are supposed to be raised to 3 percent of the total national output of each commodity by the end of this year. It is expected that the Common Market countries will have arrived at a common external tariff by 1971, by which time the pattern of trade agreements should have produced a pattern of payments agreements that will be tantamount to complete convertibility.

The member nations are seeking ways to reconcile their legislation relating to cartels and dumping practices. They are also studying means of harmonizing their policies on business fluctuations in order to stabilize prices, balance payments, and maintain a high level of employment. The Committee on Social Policy has already completed its first study on employment levels, occupational training, social legislation, union activities, wages, social security and workers' housing. The hoped-for goal is free labor mobility throughout Europe as well as the abolition of all forms of discrimination based on the nationality of the worker. Ultimately, the right of settlement in the overseas territories will be extended to nationals of other than the metropolitan country, and it is expected that some scheme will be worked out to permit natives from the territories to settle in Europe. An overseas territories investment fund of \$581 million is in the process of being established, along with a European social fund and European Investment Bank to facilitate economic readjustments, develop-

³ In an effort to demonstrate that the EEC is not an exclusivist or discriminatory instrument, the Six extended, on an interim basis, their initial tariff reductions, reciprocally to all other nations participating in the General Agreement on Tariffs and Trade. They also extended their quota increases, reciprocally, to the other OEEC nations.

ment, modernization, and the creation of new employment possibilities in the weaker areas of the EEC.

The Common Market is founded on more than idealistic schemes of political union or doctrinaire concepts of economic integrationism. Actually, it springs from a sober assessment of the member states' self-interest. France, for example, stands to gain most from the overseas investment plans, since she holds more non-European territories than all the others combined. By contributing \$200 million to the overseas fund, Germany in effect is helping to underwrite the French Union's program of socioeconomic development in the colonial areas, from which Germany expects to reap future market benefits. Italy, concerned with population problems and the need for developing the backward southern region, will benefit primarily from those treaty provisions dealing with the removal of national barriers to migrant labor and with the Investment Bank. Germany and the Benelux countries expect to derive their main advantage from the abolition of tariffs and the resulting expansion of the domestic market for their products.

Although the Common Market has just entered its 12- to 15-year transitional period, it is already beginning to affect European industry. The climate of business opinion is changing even more rapidly than the architects of the EEC had predicted. Everywhere producers appear eager to capitalize on the opportunities of a greatly enlarged market. Dozens of major companies are making merger agreements on either a national or an international basis. Some companies are joining to build bigger power supply sources which will be larger and more efficient than anyone could afford singly. Other companies are working out agreements to specialize their products and market each other's output, thus saving the cost of setting up new sales organizations. Such arrangements, of course, may ultimately turn out to be mutual protection measures of a cartel character (since the anticartel provisions of the EEC Treaty do not seem quite as strong as those in the European Coal and Steel Treaty.) Their initial effect, however, appears to be a significant surge of competitiveness.

The members of the Common Market view realistically the difficulties inherent in their efforts to integrate. Liberalizing trade through automatic tariff-quota reductions is one thing; harmonizing national economic policies is another, much more complicated task. Yet the two procedures must stay relatively in gear if unpopular dislocations are to be avoided. Hence various buffer and escape mechanisms have been built into EEC for the relief of hardpressed members. During the first phase of the transition period, when most important decisions require unanimous agreement, the escape clauses may have to be invoked occasionally, but in the later phases they are expected to prove negligible. One reason for this conclusion is that, in the years ahead, the Common Market will probably grow more by trade creation rather than more trade diversion, more by the expansion of industry than by the shift of existing productive factors from one country to another. It is in planning future output for an enlarged and growing market that new plants can be located and economies of scale effected most efficiently without placing undue strains upon the present pattern of industry. Sooner or later the least efficient producers would be eliminated, but the process would be gradual and relatively painless.

The extent to which the healthy trends now in evidence will continue to redound to the benefit of Europe and the free world will depend largely upon a fair climate of international trade and on a viable system of international security. Should a serious recession beset the Western industrial system within the next few years, the Common Market would probably fail to pass the threshold of success, for the member nations might panic and rush back to narrow protectionist policies. But the steady growth of the Common Market itself will undoubtedly vivify the whole Western economy and gradually reduce the likelihood of destructive fluctuations.

It is entirely conceivable that European industrial production may double within the next 15 years. But unlike the gains of the last decade, which were stimulated in no small part by exceptional factors external to the European economy—the Marshall plan and offshore purchases—future gains in productivity must be generated from within, i.e., from increases in productive output per man-hour. This will require enormous research as well as massive investments in new, more efficient machinery. Despite the obstacles, there is every reason to believe that the West European rates of per capita consumption and fixed capital formation, which since 1952 have been growing more rapidly than the corresponding American rates, will continue to rise steadily.

The Europeans realize that they have a long way yet to go before they can boast a really homogeneous market. The Six are marked by wide diversities of background—in language, culture, technical levels, and even consumer tastes. Considering that each country has long been wedded to its own ways, it is too much to expect that there would be no resistance to economic changes. Decades of nationalism and protectionism have left their mark. Thus European statesmen are wisely proceeding toward integration by carefully measured steps.

Western Europe is today the world's most original laboratory of political-economic experimentation. Nowhere else is international decision-making being thought out and practiced so earnestly. The Six are, in effect, sitting in prolonged convention, hammering out a constitution for their federal union article by article. What is most unique about their procedure is the manner in which they put an article into effect as soon as it is written and observe the results. They may sometimes draft an article laboriously, only to reject it in the end (as they did with the European Defense Community proposal). But they have made their most striking progress to date by starting implementation of the article which deals with economic affairs. Americans might best understand this article as a combination of constitutional clauses embracing interstate commerce, foreign commerce, and the uniform rule of naturalization, with all the connotations those clauses contain for the building of a federal union.

D. EURATOM

The Six, realizing that they have lagged far behind the United States, the Soviet Union, and Great Britain in the nuclear field, are now proceeding under the Euratom Agreement to pool their resources in order to create their own nuclear capabilities. Nuclear energy, even more than the coal-steel complex, is suited to sector integration because it is new and because it poses special problems of finance, tech-

nical development, and political control. Euratom, of all the European supranational institutions, probably poses fewest problems under the heading of pure "integration." There was little difficulty in abolishing all tariffs on items deemed clearly essential to the growth of industrial nuclear power. More complicated are the questions of raising the needed investment capital for an industry that is not yet competitive; fixing the relations between Euratom and private enterprise; negotiating outside agreements for purposes of development, on which Euratom's promising research program depends; and determining the connection between Euratom's peaceful purposes and the military objectives of member nations, especially France.

The agreement of November 1958 between the United States and Euratom marks the start of the most important international cooperative effort yet undertaken in nuclear energy development for peaceful purposes. Under this program, nuclear reactor stations of U.S. design (probably six) having a total installed capacity of approximately 1 million kilowatts of electricity will be operating in the Community by the end of 1965. These plants will be owned and operated by existing utilities within the six member countries.

The United States-Euratom agreement will do much to speed the day when nuclear energy will approach the competitive range of conventional energy costs. Actually, since Euratom was originally conceived, the discovery of new oil sources in Algeria and Libya, combined with the coal glut of late 1958, has made the development of nuclear energy power sources seem somewhat less urgent for the time being.⁴ But there is no doubt that nuclear energy production will become an important industry in Europe. Meanwhile, both the United States and Europe, as well as the entire Atlantic Community, will derive incalculable benefit from the program of financial-scientific cooperation now underway. Euratom can be an excellent experiment in pooling European and American resources and skills as one of the West's answers to the Soviet technological challenge. Perhaps it will be an important step toward establishing the free mobility of topflight scientific and technical personnel throughout the NATO area.

E. GREAT BRITAIN AND WESTERN EUROPE⁵

Fundamental issues that go to the heart of the Western alliance are raised by the divergence of interests and attitudes of Great Britain and the Six. Although the British have been among the staunchest advocates of an Atlantic Defense Community, they have consistently remained aloof from the movement toward European economic integration.

When the Schuman plan was proposed in 1950, the Labour Government was cool to the idea of a supranational authority which was likely to be controlled for an indefinitely long period by an authority that would interfere with British planning. The Labourites feared that joining the Coal and Steel Community might jeopardize their full employment policy. While the Labour Party suspected non-Socialist planners, the Conservatives were hostile to any kind of supranational planning. Moreover, they averred that Commonwealth obligations prevent England from participating too intimately in the European

⁴ Cf. "Europe's Energy Problem," appendix C.

⁵ See graph 2, appendix E.

unity movement. They viewed the Schuman plan as a major step toward a European federal structure, replete with a written constitution—a device which the British have always been reluctant to embrace. Hence British governments, Labour or Conservative, have preferred to see a functional rather than federal union of Europe. The British are willing to carry on intergovernmental cooperation (e.g., through OEEC), but they shy away from supranational directing bodies. They have executed a treaty of consultative and cooperative association with the European Coal and Steel Community which led to a modest steel tariff agreement in 1958.

After the Common Market was first suggested, the British wondered whether they could afford to remain outside. But upon closer examination they discerned the scheme's wider and, from their point of view, ominous implications: The Six hoped that the Common Market would serve as a forerunner of federal unification (as the Zollverein had done for the German states a century ago). Consequently, the British soon began to press for the establishment of a wider Free Trade Area (FTA), coterminous with the 17 OEEC countries. Whereas the Common Market involves the eventual elimination of all internal trade barriers and the erection of a common external tariff, the FTA proposal called for the liberalization of trade within the area but made no provisions for setting a common protective policy. Each member of the FTA would have remained free to fix his own tariffs on goods coming from outside the area.

Although a majority of the OEEC countries favored the FTA plan, the governments of the Six showed no enthusiasm for it. Germany and the Benelux countries, with an eye on a possibly even larger market, were interested in a compromise solution—but not to the point of jeopardizing the success of the Common Market. The French leaders were frankly hostile to the FTA. Their own industrialists, they said, would become alarmed if they were asked to approve an even wider zone of competition than the one they had already accepted only after much cajoling. The French, moreover, accused the FTA proponents of attempting to gain all the benefits of the Common Market without sharing any of its burdens. They pointed to the costs of the Common Market which they and their partners were willing to pay: concessions on social legislation; policies to cushion the effects of transition; mobility of labor; and the creation of institutions for investment, development, and the harmonization of national economic policies. The British, so the French contended, wanted to enjoy all the privileges of membership in the club without paying any dues.

The British rejoinder was that, for them, joining the Common Market was out of the question. They simply could not subordinate their national independence to European institutions. They could not open their doors to cheaper continental labor, nor allow their full employment policy to be tampered with by European economic mechanisms. There were some hints of concern that British management has suffered a loss of efficiency after 14 years of Government planning and might come off second best in competition with the Germans. The British, it seemed, were reluctant to channel their resources into European investment institutions which would help to build up a competitive industrial capacity on the Continent, much less to an overseas development fund that would benefit the French Union more

than British colonial holdings. Finally, the British deemed it intolerable that they should have to conform to a Common Market tariff against imports from Commonwealth countries while allowing goods from the Continent to enter duty free.

From the purely economic standpoint, the French arguments are cogent. It is obviously a more difficult task to merge 17 economies than 6. Furthermore, it is hard to see how there can be completely free trade in Europe without a common external tariff and consistent internal policies of the participating countries. In fact, both sides to the controversy took their stands essentially on political rather than economic grounds. The Six were willing to commit themselves to integration, with all its potential political implications for the future; the British were not. That the British did not wish to link their political future with the Europeans and invoked their Commonwealth ties as the reason should hardly have come as a surprise. In the last century, "splendid isolation" from the Continent was the reciprocal of imperial policy.

The British refusal to enter the Common Market has not harmed the latter economically. If the British believe that they still have an elder statesman's role to play in the Commonwealth and that entering the Common Market would vitiate such a role, they should not be blamed for acting upon this assumption. But British abstention is fraught with danger for the Atlantic Community. Economic integration of Western Europe without British participation may trigger serious divisive tendencies. At present, it seems as if Europe, with the emergence of a "little Free Trade Area" among Britain, Sweden, Denmark, Norway, Switzerland, Austria, and Portugal at their Stockholm meetings in June and July 1959, might split into two camps of petty economic rivals.⁶

The agreement among the "outer seven," however, may merely be intended to enhance their bargaining power for the next round of negotiations with the Six, rather than to signal the start of a trade war. It has frequently been observed that the British are endowed with the pragmatic talent of coming to terms with concrete facts. If the Common Market continues to thrive, the British may very well change their minds about it; the "little FTA" cannot compare with it as an inviting market. At the present time, the economies of the Commonwealth and the economies of the Common Market overseas territories make trade agreements between the two communities difficult to achieve. But, given Europe's long-range population growth and industrial expansion, the economies of these two communities will prove complementary as well as competitive. To meet certain requirements, such as some foods and fibers as well as such metals as tin, copper and other nonferrous items, the Common Market countries will depend upon imports from outside their own area. These may prove to be the decisive factors in the reconciliation of the sterling group within the Six. In time, individual Commonwealth countries and the Common Market might gradually reduce preferences and tariffs on a reciprocal basis, thereby depriving at least one British argument of much of its force.

As for Britain herself, the problem of sterling is crucial. Thanks to sterling, Britain is the world's central entrepot for major commodi-

⁶ The agreement calls for a mutual reduction of tariffs in the amount of 20 percent by July 1960.

ties, a principal capital market, the source of much short-term financing of world trade, and the leading broker for marine transport and maritime insurance. Without her invisible account, all of Britain's surpluses would be turned into deficits. One of the main economic tasks for the British would be to transfer the invisible account advantages which they now enjoy in Commonwealth trade to the Common Market. If they can solve this problem, their reluctance to move closer to the Continent might diminish.

F. ECONOMIC RELATIONS WITH THE UNDERDEVELOPED AREAS

Americans generally fail to appreciate the important place which Western Europe holds in the foreign trade of the world's underdeveloped nations. The Common Market region represents the world's largest importer of raw materials, followed by the United States and Great Britain. Europe and the United States together import from the nonindustrial nations of the free world an average of 20 times as much as does the Sino-Soviet bloc. This fact is of tremendous significance for the future pattern of the West's relations with the underdeveloped world. The strengthening and broadening of the West's trade ties with Asia, Africa, and Latin America will probably prove more important than foreign assistance programs in contributing to the economic development of those regions. In the face of an expanding Western economy and soundly conceived Western international economic policies, the Soviet "economic offensive" in the uncommitted areas does not necessarily represent the inevitable wave of the future, Communist publicity notwithstanding. However, ill-conceived Western policies which facilitate Soviet expansion may make it so.

In the trade with the underdeveloped areas, the United States has its major ties with Latin America; Great Britain with the new states of Asia and the Middle East; and the Continent with nearly all the underdeveloped regions, though to an increasing extent with Africa. Most of the leading underdeveloped trading partners of the United States and Britain have achieved political independence. But many of the important suppliers to the Common Market are French, Belgian, and other holdings in less politically advanced Africa.

The patterns of Western economic relations with colonial areas differ significantly from those with independent states. The most sizable Western investments today are going into areas which are still in a nonautonomous status. Once complete independence is granted, Western nations often seem to lose interest in increasing their stakes. Perhaps the strongest argument for the maintenance of colonial rule is the vigorous development of the colonial economy, financed by metropolitan investments. This is precisely what the Western colonial powers failed to do prior to the Second World War. If they were criticized for that failure, they certainly do not deserve to be held suspect now for channeling investments into their overseas territories. But the age of Western colonialism is closing. The devolution of Empire has opened the era of the emergent nations of Asia and Africa. Hence the West must devise policies which will prove organically helpful to the economies of the independent states.

On this score, there is an urgent need for an enlightened concept of the Atlantic Community's vital, long-range, collective interest in the

non-Atlantic world, including both nonautonomous territories and independent states. The West must offer these areas something more than an excessive dependence on raw material exports. The flow of investment should be speeded up to such a rate as their absorptive capacity will permit. Both Europe and the United States should consider ways in which countries at an intermediate stage of economic growth can be brought into the process of developing the underdeveloped countries.

The Western alliance depends upon the continued friendship of the underdeveloped areas not only for strategic but also for economic reasons. Thus both governments and private enterprise have a vital stake in the stability of the new states. The fortunes of the latter hinge upon the scope and speed of their economic and social development.

During the last decade, the Western nations have experimented with several techniques for promoting the economic development of the underprivileged world: individual government grants and loans; multilateral international lending and currency stabilization; bilateral and multilateral technical assistance programs; government investment plans; and private investment programs. The various institutions and programs have gone under a variety of names: Mutual security "defense support;" the Development Loan Fund; Public Law 480; point 4; the Colombo plan; the Overseas Territories Convention of the EEC; the International Monetary Fund; the International Bank for Reconstruction and Development; and the International Finance Corporation. The International Finance Corporation channels nonpolitical government money into the promotion of private enterprise in areas where private capital is reluctant to go. Ultimately, the expansion of private enterprise will depend upon the incentives furnished to private individuals and groups. But in certain cases, government funds can play a useful catalytic role in fostering the flow of private foreign capital. This is essentially what the International Finance Corporation seeks to do.

A new proposal which, if successful, may prove effective in enlisting fuller European support for international development calls for an International Development Association (IDA). Up until now, the United States and France have been the only countries to provide extensive economic aid on a "soft loan" basis. The IDA would be a multilateral agency, affiliated with the International Bank, in which member countries would contribute hard currencies to be loaned on a "soft" or higher risk basis to underdeveloped countries now unable to borrow through the World Bank or other ordinary channels. As presently conceived, however, the IDA leaves something to be desired. Its objectives should be meshed more fully with those of NATO. The IDA is potentially useful as a means of inducing Germany, which is already engaged in much private international lending, to undertake further international development investment on a scale commensurate with its present economic capabilities.

In spite of all the different approaches enumerated above, or perhaps because of their very proliferation, the conclusion is inescapable that, up to now, the West has handled the task of international development on a haphazard, piecemeal basis. Although the problem has been dissected and discussed ad nauseam by specialists in countless studies, the Western allies have still to combine their scientific intelli-

gence, their vast resources, and their organizational ability in an agreed approach and a common development effort. Until Europe and the United States take determined, joint steps in this direction, the process of international development in the free world will continue to be marred by several deficiencies: (1) an inequitable distribution of the burden among the NATO partners; (2) a narrow evaluation of foreign aid projects in terms of localized political factors rather than regional economic considerations; (3) a tendency for project efforts to be vitiated by petty misunderstandings either between donor and recipient or between allied donors; (4) a tendency for Western governments to channel development assistance to those countries which have devised more successful lobbying techniques; (5) a lack of certainty as to whether the various development programs of the Western governments add up to one consistent and efficient Western policy, or whether they may in fact work at cross-purposes.

Only a thoroughgoing study of the problem by a group with NATO-wide prestige and with the authority to make recommendations which will be seriously considered by Western statesmen and businessmen can cut through the maze of contradictory assumptions and formulas which have been set forth in the postwar period, penetrate to the heart of the economic problems involved, and lead to a coherent global policy of development. Governments and private enterprise should cooperate closely in such a study. Up until now, most Western foreign assistance programs, since they have been addressed to the necessary task of creating social overhead capital, have had the effect of strengthening the Socialist forces incipient in the leadership groups of societies in transition. Few aid programs have really been conducive to the growth of nongovernmental incentive, a necessary ingredient of pluralist freedom in the modern world. The United States and its European allies should pool their resources in ways which make for true complementarity of government and private roles in development. They should strengthen existing international development institutions. If necessary, they should create new mechanisms which will: (a) link industrial expansion in the West with an improved effort to stabilize the prices of primary products originating in underdeveloped countries; and (b) foster the growth of non-Socialist enterprise in the transitional societies.

G. EAST-WEST TRADE

Historically, Western capitalism has operated on the assumption that only one international economy exists. This assumption was justified in the era of the gold standard prior to 1914. It was no longer valid after World War I when serious economic dislocations led to the disintegration of the single world economy. The depression produced a complex system of trade restrictions, bilateral agreements and currency blocs. Government policies seeking to insulate national economies against the effects of external forces broke up the international capitalist system into a number of nation-capitalist systems. During the decade of the 1930's, Germany tried to establish a "New Order" in Europe, while Japan attempted to build a "Co-Prosperity Sphere in Asia." But neither Axis Power had sufficient time to carry out a coherent plan of total economic warfare against the Western capitalist system. Today, the Soviets conceive themselves as architects of a completely new economic system which will gradually overtake capitalism and finally destroy it.

The Communists envision a prolonged period of economic conflict between a divided capitalist system and a growing "parallel world Socialist market." In terms of economic wealth and power, the Sino-Soviet bloc is still weaker than the West, but the Communists look confidently to the future. The Communists began in 1917 by controlling 7 percent of the world's population, 16 percent of its territory, and—thanks to Lenin's experiments in "war communism"—practically no industrial capacity. They now preside over nearly two-fifths of the world's population, 27 percent of its territory and about 30 percent of its industrial power. The bloc—comprising the U.S.S.R., China, East Germany, Czechoslovakia, Poland, Hungary, Rumania, Bulgaria, Albania, the Baltic States, North Korea, and North Vietnam—constitutes more of an ostensibly integrated economic whole than does the non-Communist world. Each of these countries has been torn away from the Western economy and incorporated organically into a new, hostile, and increasingly self-sufficient system. Divisions of interest are latent in Sino-Soviet economic relations, but for the time being Moscow and Peiping derive mutual benefit from cooperation.

The complete reorientation of Eastern Europe away from Western Europe and toward the Soviets has been of incalculable significance in the process of strengthening the bloc's economy, developing China and carrying out the trade offensive in the underdeveloped world. Within the last few years, the bloc has begun to penetrate the economies of carefully selected countries in the nonindustrial free world (e.g., Afghanistan, Egypt, Syria, Turkey, Iran, Finland, Iceland, and so forth).

The Soviets, by accenting capital formation and military technology rather than consumer standards, are building for a future time when the bloc will become a great industrial processing system for the raw material exports of many underdeveloped countries—a new and much larger Britain, possessing the military power to maintain its dominant economic position.

It is against this background that the problem of East-West trade must be viewed. Communist foreign economic policies do not pose, here and now, serious dangers to the free world as a whole. At present, U.S.S.R. external trade makes up only about 1 percent of the free world total. The danger lies rather in the intelligence, the flexibility, and the efficiency with which the Soviet Union can employ the resources of a state trading monopoly in dealing with individual free countries. The Soviets, concentrating these resources upon politically promising targets regardless of economic costs, can carry on economic warfare against the West in certain geographic regions or in certain economic dimensions. Simultaneously, they can offer trade opportunities to Western businessmen in order to secure those capital goods which they still need.

Western capital has made a substantial contribution to the growth of the Soviet economy during the last four decades, especially during the period 1929–31, when the U.S.S.R. imported a large volume of heavy machinery from the West for the first 5-year plan. Today, there are not a few Western industrialists who, for the sake of immediate trade gains, are still willing to sell capital equipment to an antagonist who has promised to bury them. The fact that capi-

talist producers importune their governments for permission to trade with Communist states reinforces the self-confidence of the Communists, who take it as *prima facie* evidence of mounting difficulties within the capitalist system. Western businessmen, boast the Communists, are starting to feel the pinch of contracting markets as the "parallel Socialist world market" grows larger and stronger. In recent years, Communist trade delegations, bent on buying desired capital items, have frequently dangled before Western exporters the prospect of greatly increased Soviet imports of consumer goods. After the subsidence of trade fair enthusiasm, the orders for consumer goods have usually failed to materialize and Western industrialists have been left with definite orders only for specialized capital shipments. The Communists are still much more interested in building up their industrial base than in pampering domestic consumers. The economic growth of Europe is likely to produce further industrial surpluses which will enhance the lure of trade with the Soviets.

The pressure of export interests has been felt most acutely by the British, who are peculiarly vulnerable to Soviet divisive tactics. In the postwar period, Britain has seen the dwindling of her erstwhile colonial markets, as well as the rise in the competitive position of the "Six" on the Continent. Consequently, her exporters have chafed under the restrictions on trade with Communist countries. For the last 5 years, the British Government has pressed constantly and with a good deal of success for a dilution of the Coordinating Committee (COCOM) restrictions. In June 1957, London announced that henceforth the China trade would be governed by the same control lists used for the Soviet Union. The board of trade stated that certain items in the following categories could be exported to Communist China: machine tools, electric motors and generators, motor vehicles and tractors, railway locomotives and other railway equipment, combustion engines, scientific instruments, rubber, rubber tires, and chemical goods. Most of these are vital to China's development.

In May 1959, Great Britain and the Soviet Union signed a 5-year trade accord. During the first year, Britain will purchase \$225 million worth of goods from the Soviets—practically all consumer items. The Soviets have also said that they will import some consumer goods, but they appear primarily interested in acquiring equipment for complete textile and tire plants. The British Government has agreed to extend credit for some of the Soviet purchases. Meanwhile, Franco-Soviet and German-Soviet trade is also on the rise. Last year the United States refused a request from the Soviets for long-term credits to purchase chemical plants which could produce synthetic fibers and plastics. If some members of the alliance break ranks and move toward increased trade with the Sino-Soviet bloc, businessmen in other Western countries are going to feel that they are missing out on trade advantages.

The term "strategic goods," as applied to East-West trade, has already often been interpreted too narrowly, to encompass only those items which may contribute directly to the military-industrial potential of the Communists. Obviously, the line cannot be easily drawn between war potential and peaceful industrial potential. Almost any chemical plant, for example, can be converted from peacetime manufacture to the production of explosives with relatively little trouble.

This is generally recognized. But the distinction between war potential and peaceful industrial potential falls far short of the mark. According to the concept of economic power by which the Communists operate, any trade which contributes to the industrial development of a Communist state is strategically important, for it will help the Communist bloc eventually to overtake and encircle capitalist economy. If trade with the West brings in any manufacturing equipment which will later enable the bloc to increase its exports and cut into capitalist markets, that trade is strategic. It is myopic, indeed, to sound alarms on the one hand about the Communists' economic offensive and on the other hand to exchange, for Communist toys, cars, musical instruments, furs, and vodka, capital goods which will help to relieve the Communists' planning bottlenecks. If the Sino-Soviet bloc is waging economic warfare against the West, it is tragic folly for the West to try to do "peaceful business" with the Soviets.

The Sino-Soviet bloc can be expected to increase its efforts to gain a foothold in and eventually, if possible, a throttlehold upon the expanding economy of Western Europe. Unless a much higher degree of economic cooperation and unity of purpose can be brought about within the Atlantic Community, East-West trade—which can ultimately reap net advantages only for the Communist bloc—will inevitably increase during the next decade. At the very least, the Western nations should close ranks in order to accomplish the following purposes: (1) to agree to sell to Soviet bloc countries only in exchange for convertible currencies and to refrain from extending any credit to Soviet bloc countries; (2) to limit sales to the Soviet bloc primarily to consumer goods and to minimize the sale of capital goods in any form; (3) to foster "adverse commerce" across bloc borders; (4) to free economically weaker Western states (such as Iceland) from dependence on Soviet trade; and (5) to prevent Soviet penetration of Western economies through dumping practices, the manipulation of concealed accounts, and similar devices of economic warfare. Such measures as these could go a long way toward sealing off the Communists from many political and economic gains which they have heretofore derived from contact with the Western economic system. But, in the final analysis, any effort to insulate the free economies of Europe against the dangerous effects of Communist state trading monopolies will require simultaneous efforts to increase the size and the absorptive capacity of free world markets.

H. THE UNITED STATES AND THE EUROPEAN ECONOMY

In a discussion of American-European economic connections, the basic distinction between economic relations and economic policy must be borne in mind. Governmental policy alone cannot determine the future course of economic relations between the United States and Western Europe, for these relations are largely a function of nongovernmental choices, decisions, and factors which lie beyond governmental control. Governmental economic policy is, no doubt, extremely important, but its effective range is limited. The policies of government and the attitudes of private enterprise must both be taken into account, for they will affect each other.

So far as American business interests are concerned, the prospect of an integrated Europe is certainly one of the most significant and

potentially promising developments on the international economic horizon. According to a study made by the American Management Association, it is extremely difficult at this stage to assess the full implications of the Common Market for American business. During the next few years, different American firms will be affected in diverse ways, depending upon the type of their products, their present marketing patterns, and the character of their competition in Europe. As the Common Market countries adjust their external tariffs to the level of the arithmetical mean, French tariffs on American imports will come down while the tariffs of the Benelux countries will rise. American firms which do not export but rather license producers in Europe may find it necessary to relocate their licenses in order to derive the full advantage of the new market. American firms that now carry on assembling operations in low-tariff European countries will be confronted by other distinctive problems.

There is no reason to believe that American businessmen, once they awaken to the potentialities of the Common Market, will be any less eager than their European competitors to exploit them. American capital has been attracted to the low-tariff Benelux countries for several years. Recently, it has found German industry a good field of investment because of its efficient performance, and Italy because of its ample force of skilled labor. Now in France, De Gaulle's program of economic, currency, and financial reform, designed to re-establish liberal principles and to eliminate the inefficiencies of protectionism, lends new encouragement to American investment capital. It is quite possible that one of the main effects of the Common Market external tariff will be to induce American businessmen, instead of trying to push through the trade barrier, to "leap over the wall" and invest in productive enterprises inside Europe. Such a tendency, if it were to reach very large proportions, would not be entirely desirable, since it may arouse European animosity against the "domination" of American capital. In the long run, a better U.S. policy would be to encourage a thriving trade over a lower wall.

Europeans and Americans are now much more aware of their interdependence and much more sensitive to each other's aspirations and needs than they have been in years past. Today, when one nation deems it necessary to take restrictive economic measures, it usually attempts to explain them to its allies in advance and seeks means of cushioning their adverse impact upon neighboring economies. The flow of information which leads to understanding should constantly be improved, for the essence of a thriving Atlantic community is communication.

Most European and American producers, fortunately, no longer think in outdated terms of a static international economy. Western entrepreneurs are beginning to realize that an expanding free world economy is capable of providing abundant markets for all producers. Within the free world economy, progress and growth are contagious, just as stagnation and contraction were during the great depression. Psychological processes are of fundamental importance in economics. Europeans are quite willing to match their American competitors in a liberal optimism as to the future. Astute statesmen and industrial leaders on both sides of the Atlantic can do much to overcome the difficulties, mostly trivial ones, which are bound to arise—problems of paying dividends in foreign currencies, repatriating capital, the

risks of double taxation, antitrust restrictions, linguistic differences, and a general lack of familiarity with each other's legal systems and ways of doing business. By striving to make the rough ways smooth, they can help to foster the continued harmonious growth of the American and the European economies.

U.S. governmental policy should be geared to enable Europe and America to cooperate in building an expanded industrial base which can sustain increasingly complex programs of military and peaceful technology, social well-being within the industrial nations, and economic development of the emergent regions of the world. During the last decade, the United States has encouraged the economic integration of Europe as a means of increasing productivity, contributing to political unity and enhancing Western security. All indications are that this has proved to be one of the greatest accomplishments of the postwar era in which American policy has played an important contributing part. If for no other reason than that of Franco-German friendship, the United States should continue to support the movement toward European integration.

There are, however, two caveats which must be attached to a policy of support for European integration. The first is economic. The United States no longer should be indifferent to the amount of discrimination which might in the future accompany Western European economic integration. The United States should seek to make sure that the level of the common tariff which is eventually to be erected around the Common Market shall not, on the whole, involve a higher degree of protection than now prevails. The United States should also study the possibility of entering into reciprocal trade agreements with the Common Market as a single entity. Mutual concessions which may not have appeared attractive previously vis-a-vis individual European countries will be quite desirable between market areas with equal populations, especially if they contain protective provisions against Soviet tactics. But the United States should raise its sights to an objective beyond securing market advantages in Europe for American exports. It is to the interest of the United States that the underdeveloped areas, too, should have opportunities to earn European currencies. The tariff on most raw material imports will be relatively low. It should also be kept as low as possible for certain manufactured items on the export of which some of the hardest pressed underdeveloped countries depend. American overtures toward such an objective in Europe, of course, will be measured against the willingness of the United States itself to accord fair trade treatment to the underdeveloped countries.

The second caveat is political. It applies to the relation of Western European integration to wider Atlantic unity. The Common Market is, in itself, a positive achievement. It would be unfortunate, however, if its creation should lead to the division of Europe into two rival trading blocs or to a permanent loosening of political ties between Great Britain and the Continent. The United States, while looking benevolently upon the liberalization of trade and the harmonization of national policies among the Six, should always seek to minimize any tendencies toward European regional isolation or preferential arrangements which are prejudicial to the solidarity of the entire Atlantic community. If the Common Market becomes a high tariff club, it will probably push Britain into closer economic ties with the

Sino-Soviet bloc. European exclusivism might also signal the renaissance of the "third force" idea, which is opposed to the essential meaning of NATO.

As the Soviet pull upon the European economy grows stronger, the NATO members should regard an economic invasion of one as an attack upon all. A much higher degree of economic policy coordination among the allies will be necessary in the years ahead. To maintain a unified and disciplined effort in the face of the Soviet challenge, the West will require an agreed system of economic ground rules, with privileges and sanctions attached. While the General Agreement on Tariffs and Trade can serve certain useful purposes in minimizing discrimination among the free world nations, it does not appear to be the most appropriate administrative instrument for the vigorous policies which will henceforth be needed to protect the West against Soviet economic encroachments. Cross-Atlantic economic ties should now be greatly broadened and strengthened through some new mechanism such as the Office for Atlantic Economic Cooperation which was proposed at the Atlantic congress in London in June 1959.

Finally, as long as the United States remains technological and economic leader of the Western alliance, American trade and fiscal policies will continue to affect profoundly European economies. It is in the interest of the United States and the free world that the growth of the European economies should not be hindered by American economic policies of a protectionist character. The United States can best maintain its position of economic leadership by creating the conditions which foster the steady growth of its prodigious productive powers. Given vigorous economic leadership, the Western allies can proceed together with the task of transforming the face of the free world.

APPENDIXES

APPENDIX A

WESTERN EUROPE AND THE NON-ATLANTIC WORLD

Europe's interest in the non-Atlantic regions derives from the following considerations:

1. Europe is economically dependent upon the non-Atlantic world. Europe's great industrial power and its growth potential would be drastically reduced if it were cut off from the supply of raw materials and the vast and growing non-Atlantic markets. One of the chief objectives of the Soviet economic offensive is to build up the Soviet market in the underdeveloped world at the expense of the market of the Atlantic nations.

2. Politically and strategically, the non-Atlantic world is an indispensable element of the free world. Without the political support of the non-Atlantic nations the cold war struggle against international communism can never be decisively won. Without strategic bases and other installations in non-Atlantic regions, the defense of Europe and America, at least for the foreseeable future, would be seriously jeopardized.

3. Finally, as noted in the introduction of this report, the strength of the ideas of Western civilization lies in their universality. The principles which have led to the development of the vast intellectual and material resources of the Western World are not confined to the geographic limits of that world. If the Western nations, as the exponents of these principles, do not vigorously cultivate their growth on a universal basis, the idea which has flourished in the Atlantic atmosphere will fade and die in other climates.

Today, a large segment of the remaining colonial territories is progressing toward independence or an autonomous status within a commonwealth or union. These associations have evolved from empires which played an important role in the efforts of the 19th century industrialized society to meet its economic needs. They follow upon and reflect a course of history shaped from the 15th to the 20th century largely by Western European exploration, colonization, military conflict, and diplomatic settlement. If the European nation-state system, as Section III of this report noted, is outmoded, the system of overseas empires which the European states created has also outlived the period in which it conformed with political needs and realities.

The further undermining of the positions of the European metropolitan powers in their colonial possessions and throughout the underdeveloped world has been one of the primary objectives of the international Communist movement. Since 1953 Soviet Communist leadership has been placing ever-increasing emphasis on the broad offensive designed to probe Western vulnerabilities. The Soviets have recently announced the formation of a special commission to "support in every way possible the national liberation struggles" of the people of Africa—almost the only remaining colonial area. The European colonial powers, however, have not been able to coordinate, either among themselves or with their American ally, policies to counter this Communist threat.

Within the non-Atlantic world are represented a widely diverse range of national and racial groupings. On many important issues, their interests conflict. More important from the viewpoint of Western policy, however, are the psychological and sociological forces which work for closer association among these groups. Perhaps the most compelling of these forces is the broad issue of colonialism and the struggle of dependent peoples for a position of equality in the international community. From the viewpoint of the underdeveloped nations of Africa and Asia, the single most important world problem of this age is that of transforming backward, dependent, and inferior societies into advanced, independent and coequal nations. Political dependence remains in issue chiefly in Africa. Economic dependence is an issue throughout the non-Atlantic world.

A. THE COLONIAL DILEMMA

It could be argued that the colonial dilemma is more apparent than real. There is a fundamental mutuality of interests between the West and the non-Atlantic world which provides a basis for a working partnership. Just as the West needs the non-Atlantic areas for sources of supply, markets, bases, and other installations, so the non-Atlantic peoples need the West for trade, capital investment, technical assistance, and political development. One of the most serious weaknesses of Western policy in the postwar period has been the failure to establish relationships with the emerging nations which would affirm this mutuality of interests. In many cases the colonial powers have pursued policies for short range economic benefits at the expense of enlightened national self-interest over the longer range. The exploitation of natural resources by the colonial powers has benefited primarily the metropolitan country and a small elite in the dependent territories. There are many sociological and economic explanations for past colonial policy. A salient characteristic of many colonial areas is the critical shortage of personnel trained or capable of being trained to manage and operate a complex modern society. This shortage has been adduced by the European colonial powers as a justification for their continued presence in the overseas dependencies. Regardless of this and other reasons which may be cited, the fact remains that the peoples of the underdeveloped world, in the process of emerging into a new and higher status in the international community, are extremely sensitive about their rights to this status. Moreover, many vocal elements in these areas are convinced that the West has delayed their progress toward independence in order to prolong the exploitation of their resources.

In the years ahead the difficulty of maintaining and strengthening the Atlantic alliance without antagonizing the emerging nations will probably become even greater. The attitude of the new African nations is likely to be a major contributing factor in the further exacerbation of this problem. Some of the new nations of Asia, in recent years, have taken a moderate position on a number of colonial questions. They are all near enough to the Soviet periphery to be extremely conscious of the threat of communism. Burma's recent agreement to accept American aid suggests that this awareness is increasing.

As the 1958 United Nations vote on the Algerian question illustrates, the emerging nations of the more remote African Continent are less inclined to moderation. All the African members voted for the resolution whereas Laos voted against it, and Cambodia, the Philippines, Thailand, and Turkey abstained. It appears likely that, within the next 5 years, 11 new nations will be formed in Africa swelling that continent's representation in the United Nations from 9 to a possible 20. Their great concern with domestic racial problems and the intense emotions which these problems arouse will influence their views on international issues. The existence of dominant white settlement minorities, particularly in Kenya and the Central African Federation, and the presence of Indian minorities, present difficulties which will become perhaps even more acute as independence is achieved.

Thus the task of creating among the peoples of the underdeveloped world an awareness of interests shared with the West is likely to continue to be one of the most troublesome, yet most important, challenges confronting the Atlantic alliance.

B. WESTERN EUROPEAN POLICIES ON COLONIAL QUESTIONS

The problem of improving relations with Afro-Asia is primarily one of convincing these new nations that the old colonialism which they knew is dead, and that the new "colonialism" is an institution designed to preside over the transition of primitive societies into modern nation-states. This, in turn, is largely a problem of communication with non-Atlantic peoples—a problem which the West has not yet been able to solve. The West European metropolitan powers can take an important step in the right direction by giving the Afro-Asian world a fuller and more accurate accounting of Western policies toward dependent peoples.

The policies of the metropolitan powers, during recent decades and particularly in the 1950's, have become increasingly progressive so that today the British, French, and Belgians are rapidly advancing their dependent peoples toward self-government and higher levels of living. If these policies can be pursued without harassment, they may effect a gradual and peaceful transition from dependency to nationhood. Given the political realities of the present world, how-

ever, it can be predicted that the metropolitan powers, regardless of how liberal their rule, will be subject to continuing pressure from the nationalists to abandon immediately all rule over nonwhite peoples; this is the avowed aim of all agitation by African and Asian nationalists.

Great Britain and France have devised international frameworks within which the peoples of Africa can move toward independence, join the community of nations and yet retain their beneficial ties with the present metropolitan power. Whether the new French community will be as successful in this respect as its older counterpart, the British Commonwealth will depend on many factors which cannot be assessed at the moment. There is no single pattern which can be applied uniformly to the evolution of all colonial relationships. But long-term planning by all metropolitan powers in consultation with each other can facilitate the orderly transition of Africa's dependent territories into statehood.

The most promising course toward peaceful transition is the assurance by the metropolitan powers that their policies are designed to advance self-government and independence at an accelerated pace. The West, in the long run, will benefit from making it clear that present economic and military benefits will not delay progress toward this goal and that a continuation of the Western presence in Africa will serve the interests of both parties.

In addition, economic assistance programs are indispensable in the preparation of dependent areas for viable nationhood. As noted in Section VI of this report, Great Britain, France, and Belgium are already promoting large-scale economic development programs in their dependent areas. Since, however, they are not meeting the total need for assistance, the African nations are looking for additional aid—from both the free world and Soviet bloc sources. Moreover, economic development assistance is needed throughout Africa to provide more educational facilities. Indeed, one of the major accusations leveled against the metropolitan powers is that very often they delay independence because of the low literacy rate and lack of preparation for self-government. Yet, it is claimed, they do not introduce mass education early enough to prepare the people for added responsibilities.

One of the problems which requires solution in the next generation is that of the legitimate economic interests of Europeans in Africa and particularly the fate of the colons or white settlers. European nations and individual Europeans have provided great sums of capital and lifetimes of hard work to the economic development of the African Continent. Although in the past European nations took more from Africa than they put in, this is no longer a valid charge in view of the large-scale economic development and social welfare projects now underway. The problem today is no longer one of economic exploitation by the white man. Rather, the fear that their legitimate economic interests—private and public investments—will not receive adequate protection after their withdrawal is probably the major factor contributing to the reluctance of European powers to hasten the day of departure from the African Continent.

The problem of the white settlers concentrated in several areas of Africa involves basic and perhaps irreconcilable conflicts of interest. If the next generation of these settlers elects to remain in Africa, they will be faced with the choice of accepting an unprotected minority status in new African nations or of fighting a hopeless battle to retain their privileged position against overwhelming odds. The latter choice could lead to racial violence which might sweep through the entire continent and destroy the Western position in Africa. Africans and Europeans in each of these dependent areas should be encouraged to deal with these problems now in an effort to find solutions which will protect legitimate European interests and yet satisfy African demands for equality.

In Africa the West has the initiative in policymaking by virtue of its rulership. If exploited wisely, the initiative can still be used to forge the bonds of friendship and cooperation. However, the Western nations in the past have generally been unsuccessful in their efforts to convince the Afro-Asian peoples of the real intentions and goals of Western policy—to preside over the transition of Africa from the primitive age of two generations ago to the age of literacy, modernization, and nationhood. At all levels, official and unofficial, there must be a renewed effort by the West to win the confidence of African leaders, to demonstrate that the West is in sympathy with the legitimate aspirations of dependent peoples and to communicate to them the desire of the West to build a future Atlantic-African community in which African nations, participating in the political and economic benefits of the free world, will be treated as equals.

C. WEIGHING AMERICAN INTERESTS

Throughout the postwar period the colonial question has presented to American policy a vexatious dilemma. On the one hand, the United States has sought to honor its commitments to the colonial powers, particularly Great Britain and France. On the other hand, the U.S. Government, strongly backed by the American people, has continuously supported the principle of self-determination and the humanitarian objective of helping less fortunate peoples. America has been in the awkward and uncomfortable position of trying to align herself with each of two parties engaged in a bitter and sometimes violent quarrel.

For most of the problems which the colonial powers face in their diminishing empires there are no immediate solutions. In large part these problems have their roots in basic economic conditions which can only be gradually changed by development aid and current welfare programs. It appears likely that the European colonial powers, during the next 10 years, will continue policies leading toward the independence or autonomy of those areas which are not either strategically indispensable or settled by large numbers of Europeans. These political changes, though they may represent the only possible course, will certainly not add to the stability of the underdeveloped world.

In this transition period, the West, under American leadership, has an opportunity to appeal to the emerging nations through a program based on the traditional values of Western civilization. Instead of responding with a positive approach to this challenge, however, the West appears to be unable to agree on a clear and coherent presentation of basic objectives to which all free peoples will subscribe. In contrast, the international Communist movement, which operates with an all too effective singleness of purpose, tailors its propaganda appeal to the basic emotional drives of the backward nations.

In many underdeveloped and colonial areas the withdrawal of Western economic enterprise is advocated as a step toward domestic economic advance. In point of fact, however, improvement of economic conditions can be attained in these areas only if Western capital and technological skill are injected steadily and in substantial amounts. Even then, basic economic weaknesses, population pressures, and the inadequacy of economic institutions will impede the effort to adapt primitive societies to modern economic life. The Western nations, however, will not succeed in assuring their place in the trade of Africa and Asia unless they systematize and coordinate their economic programs in these areas. These programs should seek to promote a continued and accelerated rise in the standard of living in the underdeveloped areas. Thus, new markets will open for the expanding productive capacity of the West. The building of dynamic economies requires initial investment in education, utilities, transport, and other services which do not produce immediate profit. Such basic investment is indispensable in establishing economic conditions favorable to free enterprise.

The trend toward the development of regional supranational organizations, both in Africa and in the North Atlantic area, may hold some promise for the resolution of African problems which now seem insoluble. Many different types of association are being proposed and explored in both regions. During the next several decades the West's major problem in Africa will be to maintain a relationship which will assure protection of vital strategic and economic interests. If the European powers were bound together in a union which would greatly increase their economic strength, the overseas dependencies would find it more to their advantage to retain their association with Europe. Such an association would offer a wider and more diversified opportunity for trade, technical training, capital investment, and political development.

Both the colonial territories and the newly independent nations stand to benefit from economic unity in Europe. Greater productivity, which is one of the goals of economic association in Europe, would have two beneficial effects in the non-Atlantic world: it would increase the demand for raw materials at relatively more stable price levels; it would also tend to reduce manufacturing costs of both consumer and capital goods which non-Atlantic nations need to import. A closer political association of the West European powers and of the Atlantic nations would provide the foundations of political and military security which alone can sustain the orderly development, political, and economic, of the free peoples of Asia and Africa.

The African people may stand to benefit through the combination of resources and skills which would result from some of the African regional arrangements which they are now exploring or putting into effect. But haste in entering into

such binding agreements can be harmful. Sound planning and considered judgment are necessary if such associations are to be effective. From the European and Western viewpoint, it is especially important that these federal groupings be compatible with the evolution of the commonwealth systems centered upon European metropolitan powers.

The new nations of Asia and Africa are jealous of their independence. They will not respond sympathetically to regional arrangements imposed by metropolitan powers which seem to them to imply subordination to a privileged white minority. On the other hand, integration, after autonomy has been achieved, may be welcomed. Nigeria and Ghana have accepted membership in the British Commonwealth. The emerging nations of Africa, bent upon achieving a new status in the international community, will exert increasing pressures to change many existing political and institutional arrangements. It is in the interest of the West to provide guidance and assistance to the African nations and thus to channel their aspirations toward the strengthening of the free world as a whole. This task will be immensely difficult, for it must be tailored within the relatively inflexible limitations imposed by global strategic requirements and scarce resources. It challenges the wisdom, tact, patience, and firmness of the Western peoples.

APPENDIX B

THE MEANING OF EAST EUROPE TO THE WEST

The present division of Europe is as arbitrary as it is unnatural. Developments in Eastern Europe profoundly affect Western Europe. In turn, Eastern Europe continues to be tied by many economic and cultural bonds to the West. Poland, for example, whose trade with West Germany increased considerably during the last 3 years, is now seriously worried about the long-range effect upon her economy of the Common Market.

West European attitudes toward the problems created by Communist domination of Eastern Europe diverge about as widely as they do in the United States. One point of view, common in the United Kingdom and among the European neutralists, is acceptance of the status quo, i.e., the de facto abandonment of Eastern Europe to Russian hegemony. It is based on the assumption that the Soviet Union will never release her hold on her satellites under any circumstances, and that it is idle to talk about other solutions. Further, Soviet control has had a decade and a half to consolidate itself, and any change of status for the satellites would be purely nominal, for Soviet control through the local Communist parties would ensure compliance in all major policies. The lessons of the Hungarian revolution tend to be regarded as support of the thesis that the Soviets will never relax their controls, even if it means reintervention under less favorable circumstances than in October 1956.

Another school does not regard Soviet control of the satellites to be permanent, but envisages a group of neutralized states loosely controlled by and oriented toward the Soviet Union. Should some disengagement plan come into being, this school favors military neutralization of the satellites guaranteed by international agreement to provide the U.S.S.R. with the necessary security safeguards on her western frontiers. This conception is favored by many European socialist parties as part and parcel of their disengagement plans; Austria is pointed to as a precedent for dealing with this problem.

The third attitude, while it is not the most prevalent, is perhaps more realistic. It is based upon the fact that Europe is an entity and its problems indivisible. There can never be a settled peace in Europe as long as one half of the continent is free and the other half subjected to Moscow. West Europe cannot be sealed off hermetically from the remainder of the Continent. Events in Eastern Europe will continue to have a profound effect on it, as did the Hungarian revolution and the Polish October risings. This school of thought urges a positive attitude toward the satellites. It holds that the West must support by every peaceful means possible the right of the peoples of Eastern Europe to achieve self-determination and freedom. It argues that the Soviet Union has not yet consolidated its hold on the satellites to the point where nothing can be accomplished by intensive political warfare behind the Iron Curtain. Lasting unrest in the captive nations is viewed as making them the most vulnerable part of the Soviet empire, and the Pilsen riots, the revolt in Berlin, the Hungarian revolution, and Gomulka's Poland are all offered as proof that the Communist system in East Europe has failed to attract the workers, the very group to which it is supposed to have the greatest appeal, and that the youth of the captive nations have not fallen under the spell of Marxist dogma.

And indeed, Russia's European satellites are perhaps the most anti-Communist, anti-Russian forces in the world today. Indeed, they are the weakest link in the system of Soviet power. Until now the West has let its attention be diverted from this contested ground. Yet it is the one arena in which the Soviet Union cannot afford the risk of competition. Failure to keep up pressure in this area is to deprive the West of one of her most potent weapons in the struggle. The satellites are resentful of Soviet economic exploitation, of their political subservience to Moscow, and their loss of national identity. Hungary disproved the thesis that all the satellite armies are loyal to the Soviet Union. The ousting of Marshal Rokossovski by Poland casts doubt upon the reliability of the Polish Army, the largest and strategically most important in Eastern

Europe. Russia has certainly taken no move to give atomic weapons to the satellite armies, and indeed, one of the goals of the Rapacki plan is to preclude such a contingency. The specter of subversive satellite forces armed with (or without) atomics, operating in the Soviet rear areas, must haunt Soviet military leadership. Within the frame of an intense European engagement, rather than disengagement, the satellite armies can indeed operate as an additional deterrent to the Soviet Union, and under proper conditions, can give warning of an impending attack and operate in the Soviet rear as harassing forces of great effectiveness.

One approach to the problem of how to increase the pressure of the satellites upon the Soviet Union is not to support the satellites in their struggle for freedom, but rather to exacerbate their internal differences. Eastern Europe is rent by age-old feuds and rivalries. Appeals to nationalism, irrendentism, and local autonomy can cause unrest difficult for the Soviet Union to master. Advocates of the "hard" line question the advisability of Western aid to Poland. While humanitarian motives might dictate the shipment of food for hungry people, would it not be better in the long run to force the Soviet Union to keep its own house in order? Would not a hungry people be more restive and thus increase Soviet difficulties in maintaining her control over Poland? Should the West bail out Russia in the very area where it is in its interest to increase Soviet difficulties? The problems thus raised, however, may make eventual incorporation of these areas into Western Europe more difficult in the event of Soviet withdrawal, since the resentment thus created may be more far reaching than the immediate difficulties to the U.S.S.R.

Western involvement in Eastern Europe is not, of course, a one-way street. Eastern Europe is intensively interested in West Europe, impelled as it is by historical ties and its present intense hatred of the Soviet Union and of communism. As the entire implications of Western intervention in Hungary in October and November 1956 become clearer to the satellites the initial resentments at the failure of the West to come to Hungary's aid have diminished. Western Europe realizes now that premature revolt means bloody suppression, and in an era of atomic plenty, can touch off an all-out war. But while the satellite peoples know they cannot look to the West for military aid, in their reaction against all things Russian, they display ostensibly intense interest in Western European and American culture, literature, cinemas, and cultural exchanges.

The satellites are eagerly seeking for an expansion of Western contacts. Poland has ceased local jamming of Western broadcasts. Travel is made easier, visas are granted and travel plans widely advertised in West Europe. Czechoslovakia is even permitting Germans to visit their relatives; tourists are again permitted in Hungary; and, more important still, satellite nationals, particularly the Poles, are permitted to visit the West. Trade delegations tirelessly seek new commercial contacts, a trend which, if continued, might give them slightly more room for maneuver in their search for less dependence on Soviet economic ties. A mooted German plan actually envisages full diplomatic relations with the satellites (except East Germany) as the opening step in a trade offensive to regain Germany's traditional Eastern markets. A corollary of this increased freedom of action for the captive nations, however slight, is a lessening of the Soviet economic grip.

Reports from the satellites themselves, as well as extensive refugee reports, indicate intense, if rather vaguely comprehended, interest in present European integrative movements. While nationalism is a crutch to continued resistance to gradual sovietization, the satellite peoples seem weary of the intrigues and petty quarrels which plagued small and weak nation states of East Europe. Larger associations are being debated privately, although not publicly, such as the Balkan Federation, a Danubian federation, and even a united Europe. Thus the satellites in their present forms are potential candidates in the integrative process. Yet, at present, these are dreams rather than real prospects. Khrushchev's rejection of "many roads to socialism" at the XXI Party Congress forebodes ill for the autonomy of Eastern Europe. Khrushchev declared that, by drawing on the experience and resources of the Socialist order and, particularly, those of the Soviet Union, more backward countries can make up for lost time, and that all members of the bloc will simultaneously arrive at a higher level of economic and cultural development. This theory of "simultaneity" is unequivocal: each Socialist country is to strive for the achievement of Soviet standards on the foundations laid down by the U.S.S.R. Khrushchev's

call for uniformity is a reversion to Stalinist practices. If the satellites must heed it, their economies will be welded closer to the Soviet Union in form as well as in fact. For the satellites, time may be running out.

In sum, events in East Europe continue to have a profound effect on Western European affairs. Precisely because the Soviet Union is most vulnerable in Eastern Europe, it is one of the primary Soviet objectives to distract or divert the attention of the West from this area. The satellites represent the most potent force of anticommunism and anti-Russianism in the world today. Yet the failure of the United States to carry the battle to Eastern Europe deprives it of potent weapons and relieves the U.S.S.R. of serious potential embarrassment. Expressions of sympathy are not effective substitutes for a clearly enunciated and persistently pursued Western goal of freedom for East Europe.

APPENDIX C

EUROPE'S ENERGY PROBLEM

The rapid growth of the European economy has required a steady expansion of energy production within the last decade. Future industrial growth will place a mounting strain on conventional sources of power. A nation's energy needs increase at a much more rapid rate than its gross national product. In Europe, these needs are doubling every 10 or 12 years. Yet, aside from coal, Europe is not heavily endowed with natural energy resources. Hydroelectric power can be produced cheaply only in such countries as Switzerland, Norway, Austria, Sweden, and Italy. Topography sets limits to hydroelectric development in Germany, France, and other industrial countries of Western Europe. As for petroleum resources, all the European NATO countries combined can produce only a negligible amount of crude oil (only about 7 percent of their requirements).

Europe's coal supply is ample, but it does not furnish the answer to the energy problem. Over the last 30 years, there has been a persistent downward trend in Europe's consumption of solid fuels. This has been particularly pronounced in Norway, Switzerland, Italy, France, and Belgium—countries in which the per capita consumption of coal has declined by as much as one-third to two-fifths. The explanation lies only partly in more efficient power generation. More significant has been the marked increase in preference for electric power and fuel oil consumption. In Britain, for example, coal in 1948 supplied 89 percent of the nation's total energy requirements, compared to 10 percent for oil. In 1958, coal has declined to 80 percent while oil was up to 19 percent.

Coal is losing its competitive position for two reasons: (1) In many sectors of industry, technological changes are rendering it less suitable as an energy source. Petroleum products are more flexible. (2) Coal is more costly because it is the product of a much older extractive industry and because of postwar labor and social welfare policies of the European countries. It must be remembered, however, that each energy industry can be expected to have its ups and downs. New uses may yet be discovered for solid fuels. Certainly, as Europe's fuel needs continue to expand, all available sources of energy will have to be used.

Oil, too, has presented some unique problems in recent years, but in this area the picture is brighter. The rise of Arab nationalism has caused the European NATO countries concern over their dependence upon the Middle East for the importation of more than 80 percent of their annual oil imports. The Suez crisis, although it dramatized the political undesirability of this arrangement, demonstrated that European dependence upon Arab oil is more relative than absolute, for it prompted the expansion of output in Iran, Venezuela, and the United States. The dislocations which occurred in the European economy in late 1956 were due largely to a timelag in resolving the transport problem.

Arab leaders are beginning to realize that their bargaining power may be diminished in the future as the shift from a seller's to a buyer's market continues. Shipping companies are developing larger tankers which may modify both transport costs and the interregional pattern of oil flow. Moreover, high quality crude oil has begun to flow from deposits in Algeria and Libya. Estimates of the Sahara reserves vary all the way from 2 to 7 billion barrels. According to French estimates, production could reach 150 million barrels per year by 1961. The French hope to be supplying, within 10 years, a significant fraction of Western Europe's oil needs. Furthermore, huge, untapped resources of liquid petroleum gas in the Middle East await the development of the proper type of tanker.

Finally, as suggested at the U.N. Atoms for Peace Conference in Geneva last September, there are longer range prospects for exploiting fossil fuel resources not merely by conventional techniques but also by nuclear methods. It is now possible that controlled thermonuclear explosions may significantly reduce the cost of producing oil from shale and tarsands. If such a process can be made both technically and economically feasible, then enormous new sources of fuel supply can be tapped within the next decade or two. (Sweden, Scotland, France, Spain, Germany, and other OEEC countries have sizable shale deposits.) All

of these different possibilities, some present and some future, have helped to ease the political problem of Middle East oil. The moderate tone of the First Arab Petroleum Congress, held at Cairo in April 1959, indicates a growing awareness on the part of most Middle East governments that only in the West can they find a steady outlet for oil, on which their economic development programs largely depend. In the future, as Soviet pipeline and oil export capacities increase, American policy should aim at the promotion of mutually advantageous economic understandings between the Europeans and the Arabs which will serve to prevent Soviet oil dumping in the free world.

Beyond the order of conventional fuels and power, the Europeans are now thinking seriously of nuclear energy as an important future source of electric power. There are at present three reactors producing electricity in Western Europe (two in Great Britain—Calder Hall and Chapel Cross; one in France—Marcoule), but these cannot be regarded as full-fledged commercial reactors any more than the American one at Shippingport. They were initially designed primarily for military purposes. Electric power is produced merely as a by-product. Hence they can furnish no final answers to the question of whether or when nuclear energy can be made competitive with conventional fuels.

Nuclear costs are still unpredictable factors. Reactor designs are still in an early stage of development and subject to rapid change. Scientists do not yet know all the types of accidents that can happen; hence the costs of protective measures are difficult to compute. After further research, it is expected that the use of enriched fuels will permit the building of smaller, more efficient, cheaper plants.

GRAPH 1—APPENDIX C

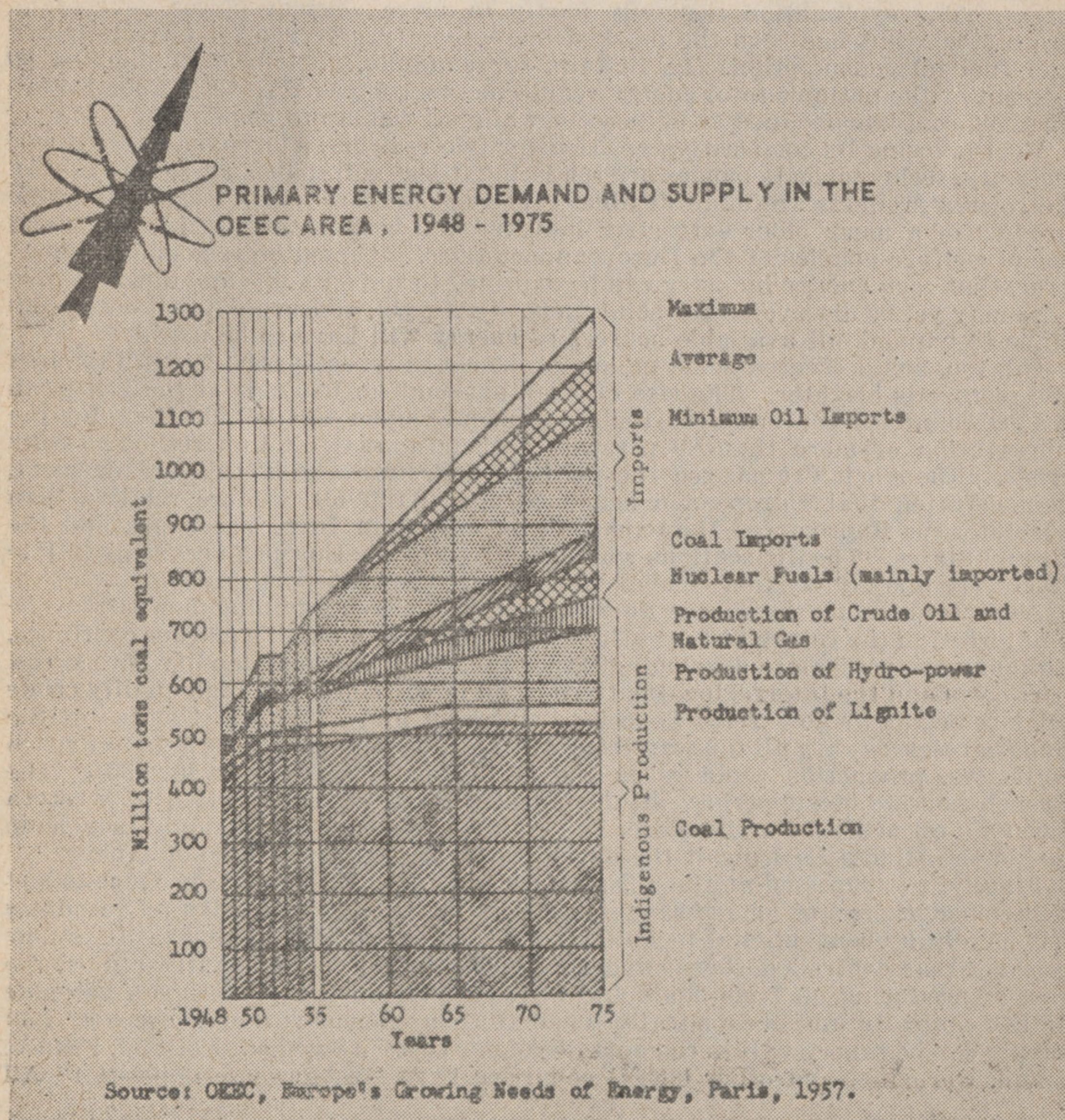


TABLE 1.—*Consumption of commercial energy, 1949-56*

[In thousand metric tons coal equivalent]

Country	Solid fuels		Liquid fuels and gas		Hydroelectricity		Total	
	1949	1956 ¹	1949	1956 ¹	1949	1956 ¹	1949	1956 ¹
Austria.....	7,393	10,148	636	2,524	2,240	4,270	10,269	16,942
Belgium-Luxembourg.....	28,515	34,518	2,202	5,492	45	80	30,762	40,090
Denmark.....	5,455	7,779	1,704	3,790	99	129	7,258	11,698
France.....	69,642	76,218	10,984	23,964	7,110	16,717	87,736	116,899
Germany (Federal Republic).....	106,994	169,885	4,080	11,604	4,337	8,752	115,411	190,241
Greece.....	362	628	1,036	2,266	6	26	1,454	2,920
Iceland.....	99	55	217	198	97	240	413	493
Ireland.....	1,951	2,187	720	1,320	188	505	2,859	4,012
Italy.....	10,705	13,128	4,877	18,854	11,144	22,041	26,726	54,023
Netherlands.....	14,983	19,992	3,251	6,759	-21	-34	18,213	26,717
Norway.....	1,771	1,392	1,737	3,432	9,323	14,786	12,831	19,610
Portugal.....	1,260	819	711	1,840	163	1,029	2,134	3,688
Sweden.....	6,419	6,145	4,217	11,350	8,993	16,084	19,629	33,579
Switzerland.....	1,981	3,316	1,269	3,124	5,539	9,580	8,789	16,020
Turkey.....	4,600	4,681	648	980	18	34	5,266	5,695
United Kingdom.....	197,228	228,153	18,774	28,100	705	1,547	216,707	257,800
Total, OEEC.....	459,358	579,044	57,083	125,597	49,986	95,786	566,457	800,427

¹ Estimated figures pending publication of energy statistics for recent years by the United Nations.

Sources: U.N., Statistical Yearbook, 1957, N.Y., 1957; U.N., World Energy Supplies, 1951-54, N.Y., 1957; U.N., World Energy Supplies in Selected Years, 1929-50, N.Y., 1952.

TABLE 2.—*Energy consumption, annual rate of increase (1949-56 ¹)*

[Percent]

Country	Solid fuels	Liquid fuels and gas	Hydroelectricity	Total
Austria.....	4.6	21.8	9.6	7.4
Belgium-Luxembourg.....	2.6	14.0	8.6	4.2
Denmark.....	5.2	12.1	3.9	7.0
France.....	1.3	11.8	13.0	4.2
Germany (Federal Republic).....	6.9	16.1	10.5	7.4
Greece.....	8.1	11.1	23.3	10.1
Iceland.....	-8.7	-1.4	13.9	2.5
Ireland.....	1.6	9.0	15.6	5.0
Italy.....	2.9	21.3	10.3	10.6
Netherlands.....	4.2	11.0	-7.1	5.4
Norway.....	-3.5	10.3	6.8	5.5
Portugal.....	-6.4	14.5	30.1	8.1
Sweden.....	-7	15.9	8.6	8.0
Switzerland.....	7.6	13.7	8.1	8.9
Turkey.....	.2	6.0	9.5	1.1
United Kingdom.....	2.1	5.9	11.9	2.5
Total, OEEC.....	3.4	11.1	9.7	5.1

¹ Rates are computed on estimated figures for 1956 pending publication of energy statistics for recent years by the United Nations.

APPENDIX D

THE UNITED STATES AND SPAIN

Spain is an integral part of Western Europe, yet it holds a unique and peculiar position in it. The uniqueness of Spain's position is due to a combination of exceptional factors—geographic, strategic, economic, and political.

Spain, sheltered by the Pyrenees, with wide frontages on both the Mediterranean and the Atlantic, lies at the southwestern tip of Europe, but still within medium bomber range of the Soviet Union, and just across the Strait of Gibraltar from the northwestern tip of Africa. Ever since her withdrawal from her former protectorate over northern Morocco in 1955, Spain has retained several presidios or strong points along the coast opposite Gibraltar; these combine with her territory on the European side to give her an exceptionally strong position at the entrance to the Mediterranean. Economically, Spain is weak and her standard of living is the lowest in Western Europe except for Portugal's. Politically, she is unique in two respects. First, hers is the only European government that has been unremittingly hostile to the Soviet Union and international communism throughout the past two decades, during World War II as well as before and since. In the second place, Spain's regime is the sole survivor of the Nazi-Fascist crop of the 1930's: General Francisco Franco, who won the Spanish Civil War of 1936-39 with the help of Hitler and Mussolini, still heads the Spanish state.

The latter fact explains Spain's exclusion from NATO, which includes every other Western European power except two confirmed neutrals: Sweden and Switzerland. These two have stayed out of it from choice, whereas Franco Spain has long wanted to join the NATO club. Up until now, Spain has been blackballed by members who, while they might have been willing to overlook the dictatorial character of Franco's regime (as they have done from the start in the case of Salazar's Portugal) could not forgive him his Axis beginnings.

This situation was mainly responsible for the decision of the United States to enter into the quasi-alliance of 1953 with Spain. In view both of Spain's important strategic location and of certain misgivings about the dependability of defense arrangements in France and French Morocco, the U.S. Government had good reason to add Spain to the system of Western defense against Soviet aggression. Since this could not be done by bringing Spain into NATO, Washington entered into a bilateral defense arrangement with Madrid. The decision was a hard one because of the dictatorial character and Nazi-Fascist antecedents of the Franco regime. Yet, in the end, such considerations were overborne by strategic arguments. The Department of Defense was particularly desirous of obtaining the use of air and naval bases in Spain. In addition, there was public discussion of the possibility of tapping Spain's manpower potential, estimated at some 2 million fighting men. Another factor in the decision was the existence of a congressional majority in favor of extending economic aid to Spain, which had been excluded from the Marshall plan.

The policy decision and the first steps toward carrying it into effect were taken in 1951 and 1952 under the Democratic administration of President Truman, but the arrangement with Spain was not completed until September 26, 1953, 8 months after the beginning of President Eisenhower's Republican administration. It took the form of three interrelated executive agreements, all of which were signed on that day by Ambassador James C. Dunn for the United States and Foreign Minister Alberto Martin Artajo for Spain, and effective at once. They are often referred to collectively as the Pact of Madrid.

The core instrument of this pact was a "defense agreement" which provided for the joint development, maintenance, and utilization by the United States and Spain of certain unspecified bases ("such areas and facilities * * * as may be agreed upon"). It stipulated that these bases should remain under the sovereignty, command, and flag of Spain and that "the time and manner of [their] wartime utilization * * * will be as mutually agreed upon" and that the agreement should remain in force for 10 years and then be automatically extended for two 5-year periods unless terminated according to a specified procedure. It

also committed the United States to aiding in the effective air defense of Spain, and both parties to the principle of maintaining "international peace and security" in the face of "the danger that threatens the Western World." Technically, this agreement did not constitute a full-fledged military alliance, and hence we have referred to it as a quasi-alliance; but in time of crisis the distinction is likely to be blurred.

The other two parts of the Pact of Madrid were a "mutual defense assistance agreement" and an "economic aid agreement." Both were of indefinite duration but subject to cancellation on notice. They provided, among other things, for U.S. aid both to the Spanish armed forces and also to the Spanish economy. In the latter case, however, the aid was to be ancillary to the bases program; the United States did not accept general responsibility for supporting or developing the Spanish economy. Nevertheless, in this as in other respects, as will appear below, the development of the relationship with Spain has involved the United States more deeply than was contemplated at the outset in 1953.

The air and naval bases in Spain constituted the main objective of the United States in the pact of Madrid. This objective has been achieved in the sense that the bases are now nearly complete and for the most part in use. Aside from its complement of radar stations and supply facilities (such as the 485-mile pipeline from Rota to Zaragoza), the heart of the defense system in Spain is formed by three airbases and a naval base. The airbases are at Zaragoza, Torrejon (Madrid), and Moron (Sevilla). They are equipped with B-47 medium range bombers ready to take off on 15 minutes' notice. With the U.S. bases in nearby Morocco, they form the Strategic Air Command's 16th Air Force, which is the United States greatest striking force overseas. The naval base is at Rota (Cadiz); it consists mainly of a naval air station and a harbor which, when completed in 1960, will accommodate the largest ships afloat or building. The main function is to service the Sixth Fleet, the chief support of the United States power in the Mediterranean.

The rapid development of ballistic missiles since 1953 has already changed the tactical uses of the bases in Spain, as elsewhere, and if it has not already reduced their original value vis-a-vis the threat of direct Soviet aggression, it will probably do so in the next 5 or 10 years. Nevertheless, in certain other respects the Spanish bases are more valuable than when they were first planned. This, as regards North Africa, is particularly true for two reasons: First, because of the recent deterioration of the West's position in that area; and second, because of the pressure of newly independent Morocco upon the United States to withdraw from Port Lyautey as well as from its big airbases in the interior of the country. Furthermore, the relative value of the Spanish bases has increased, at least temporarily, as a result of the refusal of the De Gaulle government to permit the maintenance of atomic bombers in France.

On the other hand, the bases agreement has in some respects proved a political liability to the United States in Spain. There it has contributed greatly to anti-Americanism, which is widespread and is inspired by various grievances. Even among Franco's supporters there are some who dislike the bases agreement on nationalist grounds, and his opponents complain that the United States has become the chief prop of Franco.

The inner logic of the quasi-alliance with Spain has in fact defeated Washington's initial effort to limit its commitments and maintain an aloof attitude toward its partner in Madrid; instead, Franco has been regarded as its protege. In 1946-50 Washington joined in the United Nations' condemnation of Franco, but in 1955 it played a leading part in getting Franco Spain admitted to the United Nations. In 1953, Washington described the bases agreement as not a prelude but an alternative to Spain's admission to NATO; but early in 1957 both the State Department and Congress came out in favor of Spain's admission to NATO. In 1953, Washington confined its economic aid to those aspects of the Spanish economy which were related to the defense agreement; in July 1959, it joined with the International Monetary Fund (in which it has an important voice) and other agencies in arranging loans to Spain totaling \$400 million for the rehabilitation of the whole Spanish economy. As a result, Spain has at last been admitted to full membership in the Organization for European Economic Cooperation.

All this accords with Washington's basic policy of encouraging the development of closer ties between Spain and the rest of the free world, and above all with her European neighbors. There is much to be said for this policy, but with regard to its European aspect a number of questions arise. In the political field, for example, it implies the admission of Spain to NATO, which the

United States advocates and which would certainly have the advantage of enabling it to share with the other NATO members the moral responsibility of partnership with the Franco regime. But the European opposition is still so strong that Spain's admission is not yet in sight. Since that opposition is strongly grounded in principle, one may wonder what the long-range effect on NATO would be if Franco Spain were admitted. Of the larger governments, only Adenauer's and De Gaulle's have come out in favor of Spain's candidacy, and De Gaulle's support may well be prompted by considerations of Mediterranean strategy.

One may wonder whether De Gaulle is not in fact less interested in adding Spain to NATO than to assure himself of Spain's cooperation in various fields, particularly the western Mediterranean and north Africa. His recent revival of the project for a western Mediterranean pact, with Spain as a member, might point in this direction. At any rate, except for the new-found friendship of the De Gaulle and Adenauer governments (which, in this matter, are opposed by many of their own people), and the 20-year-old alliance with Dictator Salazar of Portugal, the Franco regime has made little progress toward restoring itself to good standing with its European neighbors. In addition to the general dislike of the Franco regime on political grounds, there are in two cases difficulties which, while not serious at the moment, are always potential sources of trouble: with Italy over rival interests in the Mediterranean and the Arab world, and with Great Britain over the eternal question of Gibraltar.

In the economic field, too, the prospects for integrating Spain with Western Europe are none too bright. They have become less rather than more bright with the formation of the Common Market by the "inner six" and a free trade zone by the "outer seven." It will probably be at least 10 years before Spain's economy is strong enough for her to join either group. Yet she will suffer by staying out, since these groups contain her best trading partners. For example, her citrus fruits, which make up a large part of her total exports, have already suffered from Italian competition in Germany. For different reasons she has also lost part of the orange market in Great Britain to Israel. Spain's "package" loan and entry into OEEC in July 1950 should help in the long run, if she can hold out. But the austerity program to which Franco had to agree as a *quid pro quo* for foreign aid may result in business failures and unemployment, which could have serious political consequences. At any rate, only a slow and gradual integration with Western Europe is contemplated; it has already been announced that a new tariff is being drawn up to protect Spanish industry. In recent years some trade has grown up between Spain and the Soviet bloc, mainly Poland, but its volume is small and is not expected to increase greatly. On the other hand, in commenting on the "package" loan, the Spanish Minister of Commerce stated on July 15, 1959, that he expected it to bring about a great increase in trade between Spain and the United States. His prediction will probably be justified by the event.

In short, in the economic as well as in the political and military fields, the prospects are that, barring an upheaval in Spain, the integration of that country with Western Europe will proceed at a very slow pace and that for at least 5 or 10 years to come, Spain's primary international role will continue to be primarily dependent upon the United States.

APPENDIX E

STATISTICAL ANALYSES

TABLE 1.—*Gross national product data (at current market prices)*

Country	Population (in thousands)		Gross national product (millions of dollars)		Per capita, gross national product (dollars)		Annual rate of increase (percent) 1948-58
	1948	1958	1948	1958	1948	1958	
Belgium-Luxembourg.....	8,849	9,360	7,000	11,171	791	1,193	4.2
Denmark.....	4,220	4,600	2,520	4,858	597	1,056	5.8
France.....	42,104	45,520	16,300	57,223	387	1,257	12.5
Germany (Federal Republic) ..	46,337	51,000	15,500	52,940	334	1,038	12.0
Iceland.....	137	167	95	313	693	1,874	10.5
Italy.....	45,706	48,635	11,900	26,496	260	545	7.6
Netherlands.....	9,800	11,173	4,160	9,420	424	843	7.1
Norway.....	3,199	3,530	1,750	3,942	531	1,117	7.6
Portugal.....	8,301	8,980	1,330	2,041	160	227	3.5
United Kingdom.....	50,065	51,860	33,200	63,750	663	1,229	6.4
Greece.....	7,973	8,580	610	2,915	77	340	16.0
Turkey.....	19,500	26,240	3,600	12,218	185	466	9.6
Austria.....	6,972	7,005	1,110	4,940	159	705	16.1
Ireland.....	2,998	2,870	1,000	1,680	334	585	5.5
Sweden.....	6,883	7,420	4,970	10,525	722	1,418	7.0
Switzerland.....	4,582	5,185	4,630	7,460	1,010	1,439	3.6
Total, OEEC.....	267,626	292,125	109,675	271,892	410	931	8.5
United States.....	146,621	174,064	257,000	441,700	1,755	2,538	3.8

Source: ICA Regional Data Book.

TABLE 2(a).—*Production of basic commodities, 1957*

Country	Coal (thousand metric tons)	Crude oil (thousand metric tons)	Electric power (million kilowatt hours)	Crude steel (thousand metric tons)
Austria.....	152	3,186	12,463	2,509
Belgium-Luxembourg.....	29,086	-----	13,829	9,769
Denmark.....	-----	-----	3,656	262
France.....	56,795	1,418	57,433	14,098
Germany (Federal Republic) ¹	150,839	3,960	91,773	27,973
Greece.....	-----	-----	1,708	-----
Iceland.....	-----	-----	442	-----
Ireland.....	245	-----	1,771	-----
Italy.....	1,023	1,257	42,715	6,787
Netherlands.....	11,376	1,523	13,367	1,185
Norway.....	390	-----	25,840	345
Portugal.....	499	-----	2,371	-----
Sweden.....	304	-----	28,972	3,511
Switzerland.....	-----	-----	15,894	235
Turkey.....	3,969	298	2,060	176
United Kingdom.....	227,217	155	105,536	22,047
Total OEEC.....	481,895	11,797	419,830	88,897
United States.....	467,595	353,630	715,706	102,253
U.S.S.R.....	328,438	98,340	209,480	51,039
EEC.....	249,119	8,158	219,117	59,812
Sino-Soviet bloc.....	577,110	112,012	320,459	72,121

¹ Including the Saar.

Source: U.N. Statistical Yearbook, 1958.

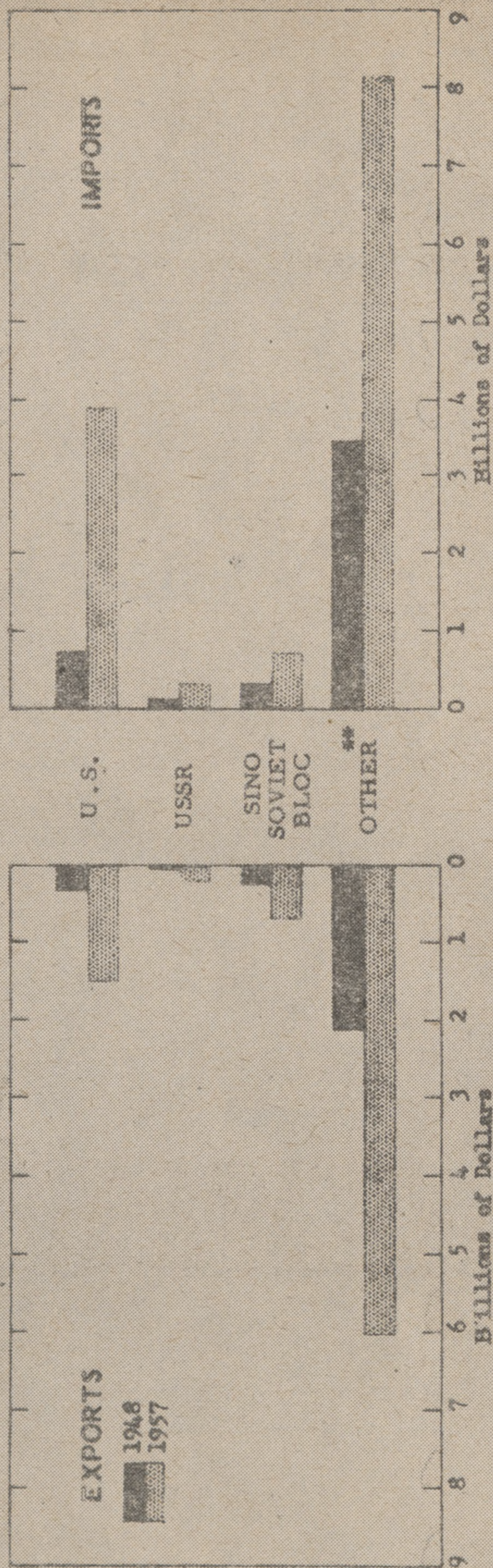
TABLE 2(b).—*Production of basic commodities, 1957*

Country	Automobiles (thousands)		Wheat (thousand metric tons)	Meat (thousand metric tons)
	Passenger	Commercial		
Austria.....	1.3	4.2	574	310
Belgium-Luxembourg.....			814	408
Denmark.....			273	706
France.....	723.8	204.1	11,082	2,515
Germany (Federal Republic).....	959.0	252.8	3,843	2,352
Greece.....			1,720	(107)
Iceland.....				
Ireland.....			511	192
Italy.....	318.5	33.9	8,449	709
Netherlands.....		1.8	393	496
Norway.....			30	116
Portugal.....			797	96
Sweden.....	52.0	19.3	711	325
Switzerland.....			325	219
Turkey.....			8,419	157
United Kingdom.....	860.8	288.3	3,103	1,679
Total OEEC.....	2,915.4	804.4	41,044	10,387
United States.....	6,113.3	1,107.2	25,776	12,215
U.S.S.R.....	113.6	381.9		2,660
EEC.....	2,001.3	492.6	24,581	6,480
Sino-Soviet bloc.....	191.8	438.4		

Source: U.N. Statistical Yearbook, 1958.

GRAPH 1—APPENDIX E

FOREIGN TRADE PATTERN OF THE EUROPEAN ECONOMIC COMMUNITY* (In Billions of U.S. Dollars)

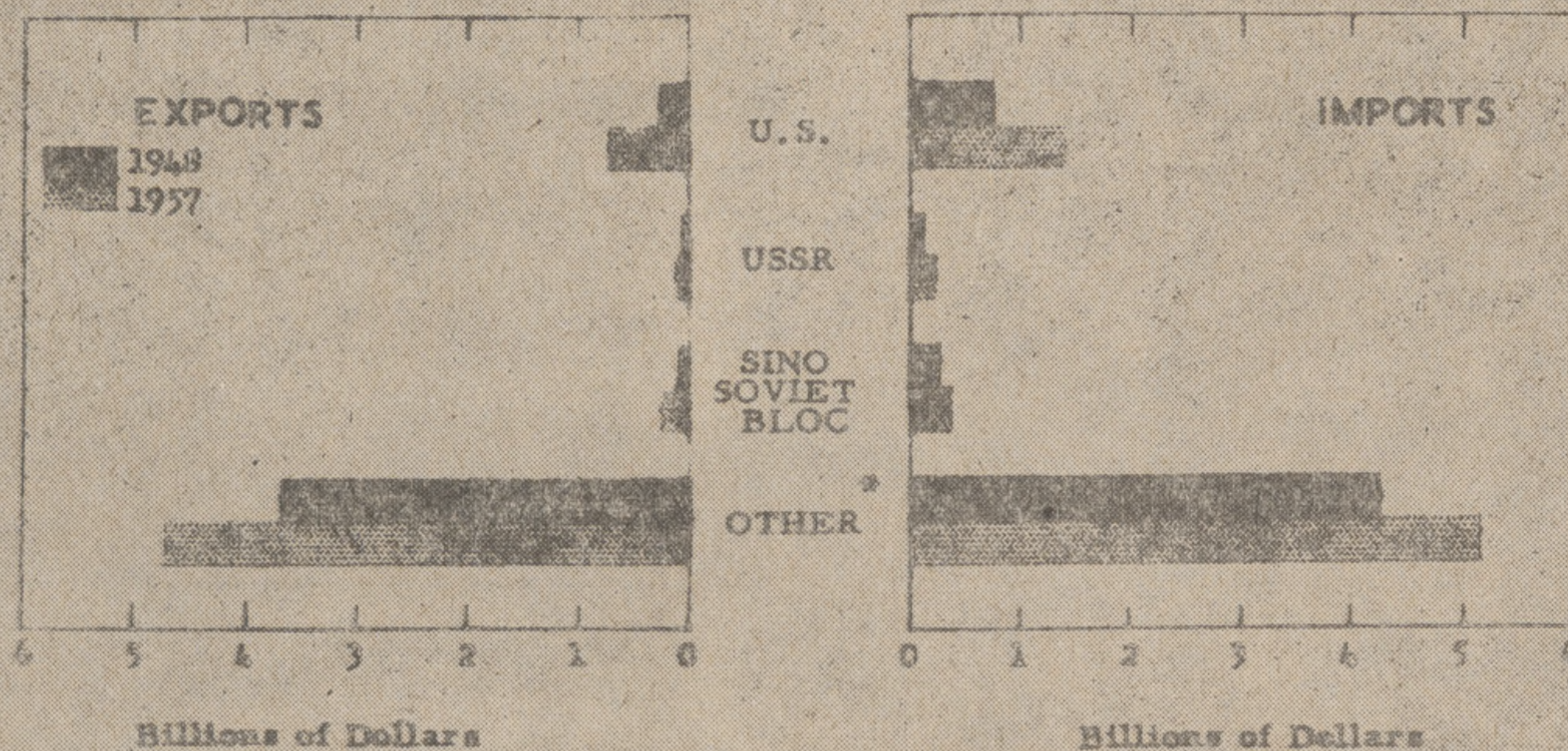


* Belgium, Luxembourg, Netherlands, France, Germany (Fr.)
** includes Asia, Africa, Latin America and Oceania

Source: UN; Director of International Trade, New York, 1958

GRAPH 2—APPENDIX E

FOREIGN TRADE PATTERN OF THE UNITED KINGDOM (In Billions of U.S. Dollars)



* Includes Asia, Africa, Latin America and Oceania.

Source: UN; Director of International Trade, New York, 1958.

APPENDIX F

STUDY: U.S. FOREIGN POLICY IN WESTERN EUROPE

Foreign Policy Research Institute, University of Pennsylvania, Philadelphia, Pa.

Submission date: August 20, 1959

OUTLINE OF STUDY

- I. Summary of main findings.
- II. Conclusions and recommendations.
- III. Body of the report.
 - A. What are the salient strategic, political, economic, and cultural characteristics of Western Europe? A brief survey of current trends, with particular reference to official and public attitudes toward Western Europe's position in the cold war struggle and in the world.
 - B. What are Europe's prospects for economic growth and its probable role in a changing world economy? An examination of the ways in which the emerging patterns of the European economy may affect the long-range interests of the United States, including consideration of such topics as:
 1. Various concepts of European economic organization, e.g., Common Market and free trade area, as related to conflicting national interests and the political climate of nationalism.
 2. The probable long-term impact of varying degrees of European economic cooperation upon regional growth, financial stability, and social conditions.
 3. Western Europe's economic relations with dependent territories and with other trading areas, particularly the United States.
 - C. What are the prospects for increased political stability and unity in Europe? This section will deal with such issues as:
 1. The nature and strength of rival nationalisms and intra-European tensions.
 2. The "third force" idea and European neutralism.
 3. Dissolving traditional political party structures and the search for new programs and leaders.
 4. Development of the European and Atlantic Community ideas, and the political role of NATO.
 5. The European powers and colonial questions.
 - D. What are likely developments regarding the European security problem? An analysis of the probable role of Western Europe in the East-West conflict, with particular reference to the NATO alliance. This analysis will take into account the following questions:
 1. The defense posture of Western Europe and its adequacy to meet possible Soviet military and nonmilitary offensives.
 2. Reliance on American deterrent power; the search for an independent nuclear weapons capacity and its likely consequences.
 3. The interrelated problems of disengagement, armaments control, and German reunification.
 4. The future evolution of European foreign policies and strategic doctrine vis-a-vis the East-West conflict and the defense of areas vital to Western Europe's security and economic position.
 - E. What policies should the United States adopt in the light of estimated trends in Western Europe? This section will examine alternative American policy approaches with the aim of developing ways to increase free world cohesion against the Sino-Soviet bloc threat. In this context, it will seek to discover means of reconciling the interests of Western Europe with those of the newly independent countries of the Middle East and Africa.

GLOSSARY OF TERMS

STUDY OF U.S. POLICY TOWARD WESTERN EUROPE

For the purposes of this study, the following definitions have been prepared:

1. *North Atlantic area*.—A geographic region consisting of all the countries bordering upon the North Atlantic Ocean along with their immediate land neighbors in Europe except the Soviet-dominated countries. The North Atlantic countries are: Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

2. *Western Europe*.—The nations of Europe west of Soviet-controlled territory: Austria, Belgium, Denmark, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

3. *North Atlantic Treaty Organization (NATO)*.—The primary instrument of the Atlantic alliance which provides for mutual defense through cooperative military planning. Membership includes Belgium, Canada, Denmark, France, West Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Turkey, United Kingdom, and the United States. The governing body of NATO is the North Atlantic Council on which all member governments are represented. Ministerial meetings of the Council are attended by foreign, defense, or finance ministers. Permanent representatives of each country meet regularly in the Council between ministerial sessions.

Other major organizations of NATO include the Military Committee, composed of the chiefs of staff of member countries; the Military Representatives Committee, composed of representatives of the chiefs of staff who meet regularly in Washington; and the standing group, composed of representatives of the Chiefs of Staff of France, Great Britain and the United States. Four NATO command areas report to SHAPE, Supreme Headquarters Allied Powers (Europe).

4. *NATO Europe*.—Those nations of Europe which are members of NATO, including Turkey.

5. *Community*.—A social grouping with a process of political communication, machinery for enforcement, and popular habits of compliance.

6. *Atlantic community*.—A sense of community (as defined above) developing among the nations of the North Atlantic area.

7. *Integration*.—The process of transferring decisionmaking and administrative power from private or national groups and institutions to supranational organs.

(a) *Political integration*: The process of transferring to a supranational government certain sovereign powers of each nation. This diminution of national sovereignty is difficult to achieve; therefore, the approach to West European integration has generally been one of functional integration.

(b) *Functional integration*: The process of unifying Western Europe in the fields of economics, science, communication, and other nonpolitical fields by creating supranational authorities with certain delegated powers to coordinate, control, and/or plan activities in these fields.

8. *Federation*.—The formation of a political union of constituent states retaining residual power but recognizing a central government with coercive power over all members.

9. *Unity*.—A continuous state of harmony and accord with respect to purpose, policy, and action among nations.

(a) *Unification*: The process of achieving unity among nations.

10. *European movement*.—The movement among the West European nations toward Europe-wide integration; specifically, the various private organizations dedicated to this purpose.

11. *Atlantic Union*.—A proposal for a political union under a central parliamentary government, formed along federative lines, to include the nations of the North Atlantic area.

12. *European Coal and Steel Community (ECSC)*.—A supranational authority (popularly called Schuman plan after the French Foreign Minister, Robert Schuman, who first proposed it in 1950) endowed with taxing, lending, borrowing, planning, and regulatory powers related to the production, maintenance, and policing of a common market for iron and steel in Western Europe. The member states are Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands. The decisions of the Community are binding on the member Governments as well as the coal and steel industries operating under it. The ECSC has four institutions: (1) the High Authority, the executive of the Community; (2) the Common Assembly, the legislature chosen by the Parliaments of the six member nations; (3) the Court of Justice; and, (4) the Council of Ministers, national ministers of the member Governments, empowered to veto policy measures proposed by the High Authority.

13. *European Economic Community (Common Market)*.—A supranational organ established to bring about a common market in Europe through the reduction of intra-European tariffs and limits on the movements of capital and labor. The EEC was organized along lines similar to the ECSC, but with less supranational authority. The European Commission, the executive of the EEC, is subservient on policy matters to the Council of Ministers where most decisions must be unanimous. There is also a Common Assembly and a Court of Justice. The membership is the same as the Coal and Steel Community.

(a) The Six: Those nations belonging to the Common Market.

(b) The Outer Seven: The seven nations included in the British proposal to create a "little free trade area" following the refusal of the Common Market countries, led by France, to establish a 17-nation free-trade group in Europe. Plans are being made to put this free-trade organization into operation before the end of 1959. The Outer Seven includes Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom. Finland may become an associate member.

14. *Imperial preference*.—A trade system in which the members of an empire grant one another preferential rates (i.e., duties levied at rates below the general level of the tariff). The leading example is the British imperial preference introduced in 1932 and still in force among the Commonwealth nations and remaining British colonies. Through participation in the General Agreement on Tariffs and Trade, however, the United Kingdom and its partners have agreed to some reductions of the preferential margins.

15. *Organization for European Economic Cooperation (OEEC)*.—An 18-nation organization to coordinate trade and payments in Europe, promote increased productivity, ease manpower problems and promote free trade among members. The membership is the same as that of Western Europe (see above), plus Turkey. The United States and Canada are associate members.

16. *European Payments Union (EPU)*.—An 18-member organization affiliated with the OEEC and having the same membership. It serves as a clearinghouse for offsetting balance of payments surpluses and deficits among members. The United States and Canada are not associated with the EPU.

17. *European Productivity Agency (EPA)*.—An affiliate of the OEEC which serves as a focal point for studies of European production questions. The agency sponsors training courses, conferences and study missions and publications to stimulate production. The membership is identical with the OEEC.

18. *European Atomic Energy Community (EURATOM)*.—A supranational agency engaged in peaceful atomic energy development on its own and in conjunction with private concerns. EURATOM is organized with a Court of Justice and an Assembly similar to those of the ECSC. The most powerful governing body is the Council of Ministers who make all important decisions. The executive is the European Atomic Commission charged with carrying out the decisions of the Council. The membership is the same as the Coal and Steel Community.

19. *The Council of Europe*.—A West European body of 15 sovereign nations, consisting of a policymaking Council, a Committee of Ministers and a Consultative Assembly made up of representatives of national political parties and meeting as a forum for parliamentary debate on European questions. The Council's purpose is to promote cultural interchanges between members, mutual economic and social programs and the idea of a United Europe. Membership includes all the nations of Western Europe (see above) except Portugal, Spain, and Switzerland, plus Iceland and Turkey.

20. *West European Union*.—An international body of seven members consisting of a Council of Ministers and a Consultative Assembly. Its purpose is to promote social, economic, and cultural collaboration, to coordinate national defense policies and military planning with NATO, and to coordinate defense production and arms control among the member nations. The membership includes the nations of the Coal and Steel Community plus the United Kingdom.

21. *Neutralism*.—A current of opinion in Western Europe which, although lacking organizational strength and coherent expression, rests on certain rather widely held attitudes such as pacifism, anticlericalism, anti-Americanism, fear of nuclear war, desire to escape from the sustained tensions of the cold war, and distrust of American policy. Neutralists withhold their allegiance from both belligerents in the cold war. They believe that a genuine accommodation with the Communist bloc can be achieved if the West desists in its hostile attitude toward communism, and they are willing to sacrifice military security in the quest for this accommodation. This sentiment is particularly prominent among European left-wing intellectuals.

22. *Third force*.—A concept which envisages the creation of a strong and united Western Europe which would become a third major power center and an arbiter in the protracted cold war between the United States and the Communist bloc. Proponents of the Third Force idea, in their rejection of American leadership, are closely linked with diverse European nationalisms.

23. *Christian Democratic parties*.—The Christian Democrats in Italy, the Christian Democratic Union (CDU) in Germany, and the Popular Republican Movement (MRP) in France are parties identified with the Roman Catholic lay tradition in Europe. Their programs represent a search for a Christian solution to the outstanding political, social, and economic problems of their respective countries.

24. *Socialist parties*.—The Labour Party of Britain, the Social Democratic Party (SPD) in Germany, the Socialist Party (SFIO) in France, and the two Socialistic parties in Italy, the Italian Socialist Party (of Pietro Nenni) and the Democratic Socialist Party (of Giuseppe Saragat), are the leading Socialist parties of Europe. These parties, while they base their programs on Marxist doctrine, have evolved in separate ways depending upon national conditions and leadership. They differ from the Communist parties in three important ways: (1) they are strong opponents of international communism; (2) they do not advocate complete domination of all political, economic, and social life by the State; and (3) they are not revolutionary, but accept the Western democratic system as the basis of political order. The Italian Socialist Party recently, however, has followed a policy of alliance with the Italian Communist Party.

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