# THE VITAL ROLE OF WESTERN EUROPE

28 February 1962

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## NOTICE

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# THE VITAL ROLE OF WESTERN EUROPE

28 February 1962

CAPTAIN CASTELAZO: Gentlemen, this morning we turn our attention to a study of the political and economic importance of Western Europe in the free world. Since the end of World War II the movement for European cooperation, integration, and unity has taken many forms, and as a result, it has led to the creation of many institutions. The healthy economic conditions in Europe today, which are of extreme importance to the free world, can be attributed to a great extent, to the spirit of cooperation and growth of the so-called "European movement."

Our speaker, Dr. Arnold J. Zurcher, Professor of Political Science at New York University, is an authority on the political and economic changes which have taken place in Europe. He will speak to us on the subject, "The Vital Role of Western Europe."

Dr. Zurcher, it is a pleasure to welcome you back to the Industrial College and to introduce you to the Class of 1962. Gentlemen, Dr. Zurcher.

DR. ZURCHER: Thank you very much, Captain Castelazo.

Admiral Rose, Gentlemen: It certainly is a great pleasure to be back here again. I think this is my third visit. My pleasure is tempered somewhat by the experience that a colleague of mine had not very long ago, who was nominated as the chapel speaker at some local high school, as I recall. He also was invited three times. The first time he came they had a little organ prelude, or band prelude, and they played "Hail to the Chief." The second time he came--about a year later--the theme was "That's a Plenty." And the third time he came, the theme was, "I'll be Glad When You're Dead, You Rascal You."

I would like to depend rather heavily, if I may, upon a manuscript that I have here, but I hope during the course of the lecture, to depart from it as the occasion may warrant. My subject this morning, as Captain Castelazo has indicated, is "The Vital Role of Western Europe."

In recent years, those in charge of American foreign policy have been giving somewhat less attention to our Western European allies than was their wont immediately after the First World War. Those were the days when we came face to face for the first time with the implications of the cold war, and they were relatively stark days. We felt we needed allies and we needed them quickly. And so, we turned to the traditional sources of world power in Western Europe.

Moreover, at that time we acted expeditiously and generously to make Western Europe a bulwark against the threat of communism. We established the Marshall plan, as you recall; took the lead in creating NATO; and deliberately encouraged the states of Western Europe to integrate, to take the first faltering steps toward unity.

Our recently more relaxed attitude toward Western Europe has many causes. Khrushchev may still be threatening to bury us, but the cold war does not seem to have quite the centigrade temperature near absolute zero that it had just after Stalin. Moreover, it has been a period which has witnessed the final stages of the liquidation of the world's colonial empires. These have been primarily European colonial empires. So many new states have been created, or are being created all over the world at the present time that according to the "New York Times," the flagmakers are running out of ingenuity required to make one national flag differ from another national flag. Science and technology combined with the old-fashioned concept of nationalism--the impact of these two upon former colonial peoples--has been what we call the "Revolution of Rising Expectations." We--and this has been especially true of our State Department--have been fascinated by this revolution.

The newspaper pundits, inspired by the same revolution, have been counseling our State Department to create a north-south axis and place less emphasis upon our existing east-west axis. In view of all these circumstances, those that I have cited and others, it isn't surprising that we should have paid, and are paying, these pundits some heed and we are placing Western Europe somewhat lower down on the international totem pole.

Within the past year, however, and especially within the past few months, the decline of Europe in our scheme of international regional priorities has been grudgingly--I think, grudgingly--reversed. Officially, at least, Western Europe is once more at the top of the pole and bids fair to remain there for some time to come. Part of the reason for this shift is the Soviet Union's apparent decision to shift

major direct challenges to the free world from the periphery of the Communist empire, to Europe. In Berlin we have, again, a classic confrontation of East and West, that reminds us of the days of yore, and it's right in the heart of the Continent of Europe.

But what has really turned our attention once more to Western Europe and given that area primacy in our thinking, at least for the time being, is another revolution of rising expectations. And I expect that this is the greatest of those revolutions of the post-World War II generation. It is the revolution that is leading Europe toward economic and eventual political unity, and toward new heights of social and economic well-being. Had anyone prophesied in 1957, at the time the Rome Treaty was signed, that the concept of Western European integration as presently institutionalized in the Common Market, could have reached the stage that it has in 1962, he would have been dismissed as a sentimental optimist if not a mere soothsayer. I can speak from experience there because I made that kind of prediction and no one would review my book. Certainly he would have been given the palm as an impractical politician.

Nevertheless, in spite of all the obvious reasons advanced by hard-headed politicos in 1957 to explain why the Common Market could not possibly succeed, the fact is that it is moving ahead steadily. Recently, as we all know, it has jumped ahead. After having wrestled for two months with a major hurdle faced by those trying to implement the Rome Treaty, namely agreeing on a common agricultural policy, Western European leaders took a leaf from the procedural pages of the American Congress. They stopped their clock at midnight on 31 December 1961 and for a time they refused to recognize the Gregorian Calendar. What they did may be symptomatic of the alleged American influence upon what is going on in Western Europe and the objectives of the Common Market. But in any case, out of these timeless deliberations of the three weeks which followed, came decisions on agricultural policy in Western Europe which, in the course of the next 10 or 12 years will average out intracommunity duties on agriculture between high-cost states like Germany, and low-cost states like France, and establish price supports for agriculture on a community-wide basis. Thus, for the foreseeable future, there will be intracommunity free trade in agricultural staples, as well as in manufactured products. And the principle of the efficiency of production will decide the future distribution of the agricultural effort within the Common Market States, or of most of Western Europe.

This was indeed a courageous decision. I don't think that we have properly assayed the element of courage that was involved in making it. It was a decision requiring more political courage than any taken by the Common Market Community so far. Adenauer, for example, has lost more than a few votes among Swabian peasants, many of whom in the future, will have to use their front yards for some other purpose than rotting manure; install some other domestic heating equipment than farm animals on the first floor of their cottage, and yoke up something more efficient than a team consisting of one ox and one grandmother to convey their carts to their holdings outside their villages.

But the decision on agriculture means more than a more efficient agricultural system within the so-called Common Market. The very dedication with which the negotiators continued their task on agricultural policy until in good time they arrived at victory is notice to the world that the concept of unity among the original six members of the Market is no longer academic. Rather, unity is an enduring, practical ideal toward which the community's leadership will struggle, whatever the short-term sacrifices.

In an editorial on 15 January, the day after the new Western European agricultural policy was announced, the "New York Times" summed up the significance of this step toward a unification of agricultural policy in the Common Market. The Times writer said, and I quote: "It is virtually certain that the tempo will be quickened in Britain's negotiations for entry into the Market, and that a similar stepped-up pace is likely also for the efforts to gain Common Market admission for other nations associated with Britain in the European Free Trade Association." Now, the prospect looks brighter than ever before, that the 1960's will witness the economic and perhaps also the political unification of almost all of Western Europe.

The "New York Times" may be a bit optimistic in its editorial pages; it often is on matters of international policy. A more conservative evaluation of the Common Market developments will always find supporters so long as German leadership rests on the aging Adenauer and so long as French leadership rests on the also aging and distinctly mercurial DeGaulle. Conservatism is also indicated by the policies of Italy, which are at the mercy of what appears to be an increasingly chaotic party struggle, a struggle which, as you know, in the last few weeks, has caused the Christian Democratic Party to give

up its dominance over the government, open a window to the left, and bring in Nenni and his Communist-oriented Socialists.

Nevertheless, there is reason for tempered optimism. We can, I believe, assume with the "London Economist," that 1962 will be the year of decision for Britain as regards the Market. Barring unforeseen developments or an increase of Labor and rightwing Conservative opposition to MacMillan's integration plans, we can assume, I believe, that very shortly Britain will become an outright member of the Market. With Britain must go the six other members of the former "Outer Seven." Some, like Denmark, may also become members of the Market. Others like the three neutral states, Sweden, Switzerland, and Austria, will inevitably seek some sort of partnership or association, provided, that is, that the United States interposes no objections as apparently it already has in the case of Austria.

Additionally, other states, for example, Turkey, Ireland, Spain, and Greece, will seek some form of accommodation or an extension of the association already achieved. And finally, clustered around the periphery of the Common Market--and I think that this is something we should bear in mind about the potential economic strength of this economic unit in Western Europe--will be many former French Colonies now independent, and presumably also, some of the former British Colonies and members of the British Commonwealth.

Moreover, what really sounds like something out of "Alice in Wonderland" in international politics, is the estimate that by 1965--and I think this is a conservative estimate--internal tariffs within the area of the market will have been virtually eliminated--three years from now. Within a year they'll be down by about 50 percent. By 1965 a common commercial policy, a common tariff, and even a common social and labor policy will have been developed within the bloc, or will be well along in its stages of development. Within that same period, up to 1965, artificial limitations upon productive efficiency, interposed by national trade barriers and subsidy policies, will have been largely removed. By that time this great area will have become permanently exposed to the stimulating influence of true competition and comparative advantages of production. Those are the conditions which, as you know, Adam Smith said were the only true guarantee of national wealth. In other words, what we are witnessing in 1962 is the process toward integration in the economic sphere in Western Europe which has been accelerated beyond our hopes. Within a decade this process bids fair to change the whole economic structure of the western part of the European Continent, and apparently

some other parts of it too. It is a process which, in a very few years, will create on the Continent an immense producing and trading bloc catering to a population of more than 250 million.

The success of this movement toward European integration owes much to the impetus given that movement by the United States. In many ways European integration is the child of American foreign policy since World War II. It is our child, and it isn't a bastard child either. We became genuinely interested in promoting European unity in 1945 because we thought the policy would rescue Europe from the destruction wrought by war, and also because we thought it would eventually transform Europe into a more effective ally against communism. In the pursuit of this policy we gave unstintingly to the Marshall plan between 1948 and 1952; to various plans to shore up individual Western European currencies; to the rehabilitation of West Germany; to the organization and arming of NATO; and lately to the expansion of the Organization for Economic Cooperation and Development, the former OEEC. Nonofficial America has been equally generous in the way of money and support to foster the unification of Europe. Hence, we are now facing what should be regarded as the most successful outcome for our efforts.

Far from being embarrassed at what is happening at Brussels we should, therefore, be jubilant. It is not often that a great nation can, in so short a time, achieve such successful results for any policy as we have attained for our policy of supporting Western European unity. On the other hand, now that we are face to face with what appears to be an irreversible trend toward a new political and economic bloc in Western Europe there are many among us who feel we may have created a Frankenstein. This monster, if it does not destroy us, may injure us seriously. Of course, our trouble is, that for the first time in our efforts to promote Western European unity we are being called to look squarely at those advantages of European union which interest Europeans, instead of merely the advantages that suit our policy. In fostering European unity our aim has primarily been that of augmenting Western strength against communism. That policy led to NATO, to the defunct European Defense Community, to the arming of the Germans as allies against Russia.

Now, however, we are face to face with results of the European movement that express not our priorities, but the priorities which the Europeans themselves assign to that movement. And these are mass production, mass markets, increased economic efficiency that counts in international markets, and economic progress and prosperity. And

with this new knowledge of what Europe itself wants from union goes knowledge that the price of this union for America is a little bit higher than some of us bargained for back in 1945. From now on we are beginning to understand that we are not making contributions from our national cash-box toward unity in Europe in a way which affects the American taxpayer and the American job-holder only incidentally. From now on we are being called upon to play a game in which the sacrifices--the short-term sacrifices, at least--affect the average American directly. The stakes are now American jobs in private industry, the profits of American enterprise, and the economic well-being of many American communities. In other words, what we are being called upon to do in 1962 in the interests of European unity is to make an historic readjustment of our commercial policy to bring it into accord with Europe's evolving economic unity and the implications of that unity. In making such an adjustment we must face sacrifices that hit American businessmen and the wage earners directly. If we make that adjustment we shall not only call for personal sacrifices on the part of many citizens; we shall also have to scrap many of our illusions about our foreign trade and our past commercial policies.

To be sure, those who advocate making these revolutionary adjustments point out that in making them we are promoting our own long-term economic self-interest. They argue that unless we seize upon the opportunity presented by the evolving community in Europe and make the necessary long-term adjustments, we may lose our markets and our economic position in the world. Nevertheless, in 1962 we have a little difficulty in adjusting to that sort of thinking, for we know that whatever wisdom may dictate for the long-term, for the short-term adjustment may be painful indeed.

In any attempt to adjust American policy and economics to this latest phase of Western European unity, it can at least be said that we have not decided to act without careful study. We do not lack experts and recommendations. Moreover, on this occasion we have more experts than the writers on the "New York Times" and the "London Economist," although we have them too. Recently we have obtained the views in extenso, of dozens of specialists. I refer especially to the wisdom which has flowed from the advisers of the so-called "Boggs committee," officially known as the "Subcommittee on Foreign Economic Policy of the Joint Economic Committee of the House and Senate." I prefer the briefer title, "Boggs committee," and my preference is inspired only partly by my admiration for the Representative whose name is used in that title.

The separate studies provided by this committee, almost a dozen in number, constitute imaginative and optimistic excursions into the future of America's international economic policy. Probably the best-known of these reports is the one written by Messrs. Christian Herter and Will Clayton--the Herter-Clayton report. Not the least of its advantages is that it was brief enough to have been printed in 14-point type. The remaining essays being rather well-documented and rather carefully reasoned, well-illustrated--and let us admit it--rather discursive, had to be printed in 10-point type.

The whole body of this material is an intellectual tour-de-force. I strongly recommend that you obtain this 3-inch shelf of paperbacks on foreign economic policy from our benevolent and respected Government Printing Office, if you have not already done so. On this occasion, at least, the Government Printing Office "has it all over" Dell Books, or Barnes and Noble, both as to the price and as to the significance of content.

Although all of these experts favor a generous trade policy on the part of the United States and a benevolent attitude toward the emerging Common Market, they differ as to details. Some propose the radical solution of joining the Market. Others say we should cut American tariffs 10 percent each year for 10 years until they disappear. Still others like Messrs. Herter and Clayton propose a trade partnership; that is, a form of association with the Common Market which might mean assimilation to the Common Market commercial policies, but which would eschew the political aspects--the political commitments--that are inherent in the Market. Still others suggest a less drastic policy. They propose to renew our Reciprocal Trade Agreements Act, but give the President broader and more definite authority to reduce tariffs on a mutual basis.

The President himself, as you know, appears to support a fairly ambitious policy of adjustment as regards this issue. One of the recommendations is to eliminate altogether the tariffs on those manufactured products in world trade in which we and the Community countries supply 80 percent of the total. In other recommendations the President suggests a 50 percent reduction in our tariffs on a reciprocal basis at the rate of 10 percent per annum. In requesting such discretion he proposes that new legislation permit him to make reductions "across the board"; that is reductions in classes of products rather than reductions item by item. The latter has been the rule, as you know, in the past, in our various renewals of the Reciprocal Trade

Agreements Act. The President would also have Congress weaken what are known as "peril point and escape-clause provisions" of the present Trade Agreements Act. These provisions have permitted the Tariff Commission to stop reductions at points where particular industries felt themselves imperiled; or the provisions have permitted a particular industry to secure a relaxation of trade concessions. Under the President's plan, individual industries are not going to have such privileges in the future. Instead, they will have to seek satisfaction in some sort of national subsidy. And the employees who may be injuriously affected will have to look to some sort of retraining program or removal to other industrial pursuits.

Many of the arguments assembled to support the President's and the experts' briefs are difficult to refute. Whatever the injury locally, the fact remains that we are now faced for the first time with a potential industrial competitor striving for the same competitive advantages that have accrued in the past to the American mass producer. Historically this may indeed be our only opportunity to adjust on the ground floor, to this new economic unity coming into being in Europe. It can also be argued that if we do not act affirmatively and fairly generously with respect to our trade in manufactured products we may lose the opportunity to maintain our markets for agricultural produce in Western Europe. The kind of agricultural policy which the community has just adopted, stressing as it does, the ideal of efficiency and the loosening of subsidy props can mean real trouble for the American farmer in his attempt to compete outside this country. Likewise, if we do act now to promote and maintain competition in exports, we shall accelerate the export of American capital for direct portfolio investment behind the advancing tariff walls of the Common Market.

For labor this means the export of American jobs. In turn, this will mean continued aggravation of our balance of payments already in precarious condition, since the continued export of capital will inevitably exaggerate the debit balance in the international payments ledger for some time to come.

I would like to consider briefly this matter of the international payments aspect of our international economic policy. I think we have time. For several years now our international account, as you know, has been a major headache because of its persistent debit balance and the consequent outflow of gold. Our deficits have been running upward of $3 billion per year and they haven't been brought down to safe levels by any means. Last year, I

understand, the deficit was held around $2.5 billion--a little less than formerly--partly, I think because of special payments from abroad.

On one danger inherent in this drain, the Institute for Economic Research at Great Barrington, Massachusetts, has some interesting comment which I want to relay to you. This Institute is one whose publications have practically no subscribers in the economics departments of American colleges. And I am quite sure that you couldn't find a copy of it in any Government department here in Washington.

The drain of gold to pay deficits abroad, says the Institute, has meant a continuous absolute decline in our gold stocks. And that decline has now reached the point where the short-term demands of foreign citizens for gold, greatly exceeds what is left of our gold supply, when we have satisfied the legal requirements for a domestic reserve for our own currency. In 1950 we had twice as much gold as claimed, above and beyond our reserve--our legal reserve. In 1960 the situation was exactly reversed; that is, the foreign claims were twice the amount of gold available to satisfy them. And the situation, I suspect, will be worse a year hence, after a continued drain such as I have indicated. Conservative economists--not necessarily conservative in statement but conservative in outlook--say that the only immediate remedy may be the devaluation of our currency, and that the only real remedy is deflation. Others, not so conservative, think that the removal of the domestic gold reserve requirement is the thing to do, that is, get rid of the gold reserve requirements on our currency.

Of course, if we could muster the confidence that Mr. Kennedy and his advisers have, or appear to have, that a liberal trade policy on our part would result automatically in more liberal trade policies abroad and in a resulting vast expansion in our exports, we might have confidence in the liberal trade policy prescription for our adverse trade balance. We might then argue, as Mr. Kennedy appears to be arguing now, that a liberal trade policy and increased exports is the proper prescription for our ailing trade balance.

Of course, again, one cannot be sure where the President stands on this matter. I recall that some months ago, when concerned about this same debit balance in our international account, his Administration was apparently not at all optimistic about this liberal-trade-policy

prescription. Mr. Kennedy's lieutenants rushed through Congress a provision which, in effect, took tourist expenditures which is a form of import, off the free list, or at any rate, reduced them, in effect, from $500 to $100. There is ever so slight an inconsistency between that action and what is now being proposed in the way of tariff reduction to improve our balance of payments.

Of course, economists have a way of distinguishing between actions that are inconsistent and making them appear quite logical and quite consistent. They say that one sort of action is "short-term" and the other sort of action is "long-term." My students say that a long-term action is one whose effects are felt after you're dead. They say that a short-term action is the one that kills you.

So, we must consider also the more selfish, or at least the self-serving side of this problem. This may suggest a rather short-term view and also a shortsighted view. Nevertheless, it is a point of view that we had better consider, because in the weeks ahead Congress is going to give a good deal of thought to it. I refer, of course, to the obviously damaging impact which any real lowering of tariffs will have for certain of our industries, particularly specialties; extractive industries; textiles, etc. Both labor leaders and management in the threatened industries suggest that we are pursuing a policy wholly unfair to them. They say that in our proposed tariff reductions we fail to take into consideration the fact that such industries are competing with industry abroad where labor is cheaper, worker benefits are less, materials less costly.

The argument of these people is that we are proposing to ask a sacrifice of such industries that is entirely inequitable. While we are on that subject it should be added that these generalizations about differentials in cost of labor and other costs are anything but academic. A day or two ago the Common Market executive staff issued a survey of labor and materials costs in their six states, comparing them with other areas and with the United States. A summary appeared, I think, in the "New York Times" on 11 February. According to that report the average industrial wage with fringe benefits for some 4 million industrial workers in the Common Market area of the six states--not the peripheral areas--was only 80 cents in 1959 as compared with $2.19 per hour in the same year for industrial workers in the United States.

Fringe benefits for American workers, which have been calculated by various organizations, both private and public, would raise the American figure substantially, perhaps by as much as 30 cents per hour. Thus, the American wage would be in the neighborhood of $2.50. This is a conservative statement because I noticed the other day that General Motors had indicated that its average hourly earnings were $3.50--well above the Bureau of Labor Statistics average. The average figure of 80 cents applied to France, Germany, and Belgium--in other words, the high-cost countries in the Market. For the others--Italy particularly--the average wage was lower.

Of course, the reason why America can still export a billion dollars worth of industrial goods to the six Common Market countries resides in the vastly greater productivity of the American worker. In turn, this is due to more sophisticated capital equipment. That is, to more mechanization, more automation, more effective selling, broader markets, and sometimes--at least so we like to think in America--to good management. Cheaper raw materials and cheaper power may also be factors.

The liberal antitariff advocates will say that the lower labor costs abroad are relatively meaningless, for it is an economic law borne out by history--especially in the United States--that the wages simply keep pace with productivity. Hence, they argue, there is really no difference between labor costs in Europe and America--no real difference--only a statistical difference. The unit cost of production remains substantially the same. Such an argument, however, is not going to convince workers in some industries, at least some of the workers whom I know, especially in the less-efficient industries in America. Nor is the argument going to convince some industrialists. The practical evidence which they would cite against the validity of the equalization of productivity argument would be the volume of American investment in recent years in the Common Market, and the establishment there of American production on the spot.

The American industrialist investor who sets up his factory in Europe says he must do it to overcome the disadvantage of labor and other cost differentials that favor Europe as against the United States, as well as to overcome the barriers created by tariff walls. Actually he has a few other reasons, but these are the ones he is likely to voice rather emphatically when pushed. It is indeed quite likely that during the course of the next few weeks we shall find that there is still a good deal of life in the advocates of high tariffs. We shall learn that the

protectionist interests in this country did not retire from the field along with Senator Grundy. Some newspaper columnist, in a joking mood, asked the other day in his column, "Whatever happened to Messrs. Smoot and Hawley?" It is my expectation to hear quite a lot about Smoot and Hawley in the next few months. The "New York Times" says the President's trade program appears certain to be his major legislative effort of this year; perhaps of his Presidency. I wouldn't be at all surprised if it became the major issue of his Presidency.

But the fundamental question before America--especially before an audience of this sort--is not whether America can afford to make the economic sacrifices of adjusting to European unity, but whether America can afford not to make them. Whatever the industrialist and the trader may think, their interests and the interests of those dependent upon them, do not furnish the prime criterion of America's national interest. Those concerned with the broader questions of the integrity of the state and of national security must always place political considerations in the forefront. The real question before us, the one that is not developed in the national debate--or only incidentally developed in the national debate--is: What policy shall the United States adopt toward the integrative movement in Europe in the interest of national security of the United States and the security of the free world for which we have a sort of guardianship?

When we ask ourselves that question we have somewhat less difficulty in finding answers for the future, even answers as respects our future economic policy. To be sure, integration poses some possible embarrassments for us in the political and security area. We may, for example, assume with some confidence, the elimination of the historic political competition between the three great states of Western Europe, France, Germany, and Britain, and the growth among them of economic and eventually even of diplomatic unity. We must also acknowledge that, as a result of this unification among the great states of Western Europe, there will come into being, in international politics, a kind of third force with an independent policy. It can, and probably it will, act as an equilibrating agency between the United States and Russia, and perhaps mitigate the sharpness of the polarization of power which has characterized international politics, particularly in the contest between the free world and the unfree world since the end of World War II.

But with these potential political embarrassments we shall probably have to learn to live, and in so doing, conclude that such adjustment is good for us. For the plain facts of international life for the United States in 1962 are that we cannot very well afford to do less. If we needed Western Europe in 1946 we need Western Europe doubly today. Relatively, in an economic sense, America is much weaker today vis-a-vis the states of Western Europe, and other states that belong to the free community of nations, than it has been at any time since the end of the war. America is relatively weaker because of the extraordinary recovery that other free nations have enjoyed in the last few years. She is absolutely weaker because of the serious drain which we have been experiencing during the past four years in our international balance of payments account, and in the weakness that suggests as respects our financial strength and perhaps also our internal economic policy. America is weaker also, in a relative sense, in that she no longer has a monopoly on the bomb. Today we share the scientific secret of that terrible weapon not only with our opponents, but also with our allies.

Still another factor contributing to America's relative weakness is the preeminent influence in the maintenance of the military integrity of the West that the past few years have awarded to our former foe, the Germans. Having rearmed them and made their cooperation with NATO indispensable to the success of that enterprise, we have re-established the potential bargaining position of the Germans in Europe. I mean by this an independent bargaining position for Germany between East and West. Events in the past year have indicated rather clearly that we can no longer count wholly on maintaining the undying support of the Germans for the Western Alliance vis-a-vis the Russians.

We may, of course, be overemphasizing the potential danger of a "go-it-alone" policy between Bonn and Moscow. All the special passes from Khrushchev to Kroll to the German Foreign Office have apparently not changed the old Chancellor's mind that the best recourse for Germany is to stay with the West. On the other hand, only recently, following various unsuccessful, or allegedly unsuccessful, talks between Ambassador Thompson and Gromyko, Bonn has indicated that it would not rule out a purely national contact with Moscow if the Western talks should get nowhere and it should appear to Germany that there was some value in direct talks. For our comfort it might be interpolated here that for the time being the discussion about vast German markets in the East ought not to be allowed to cause the West to lose too much sleep. The fact is that West Germany's NATO allies

still account for about 50 percent of Germany's international trade. Only 5 percent goes to Russia. Of course, when Russian trade is at so low a figure, almost any move upward would represent improvement. Nevertheless, even Germans can be expected to remember that it would be poor policy as well as poor business to jeopardize or sacrifice a bird in the hand that is 10 times as valuable as a bird in the bush, especially when the bird in the bush is a Khrushchev species which no Western ornithologist has as yet been able to identify.

Still another political factor that complicates the formulation of American policy for the maintenance of Western unity is, of course, French leadership and the threat of national anarchy that persists in hanging over France largely because of her delay and difficulty in settling the Algerian issue. It remains to be seen whether DeGaulle or Salan will prove to be the chief thorn in the flesh of Western unity even though most friends of France would have no difficulty in choosing between the two if pressed to do so.

Finally, among the factors which create the new political climate in which American leadership must exert itself is the growing spirit of accommodation on the part of Western Europe toward Soviet Russia and toward the Communist world. I have in mind here not merely the trend toward neutralism, which is a trend rising out of a fear of a nuclear holocaust and a kind of instinctive and irrational desire to promote the policy sometimes called "disengagement." I have in mind also, and perhaps preeminently, the willingness of our allies to engage in business as usual with the Communist world; to look askance at our narrow interpretation of strategic exports and to take the chance of strengthening the military power of the East in the interest of maintaining domestic production and prosperity.

I was interested to note in this morning's "Washington Post" that the seventh in a series of articles that former Vice President Nixon is contributing to that paper, has to do entirely with this subject of strategic exports. Mr. Nixon also discusses the difficulty of securing an accommodation on the part of our allies to our particular point of view on this subject not only as regards Cuba, but also as regards the heartland of communism. I notice that Mr. Nixon is suggesting the possibility of using this as one of our bargaining points in our forthcoming discussion on the matter of adjusting our policy to the Common Market economic developments.

To counter all these weaknesses we need the unity of West Europe. We need the political and strategic advantages of that unity. We need to foster Franco-German unity. We need Britain closely allied to the Continent whatever our fears as to what will happen once Whitehall begins to issue orders from Brussels. On that point there are American observers who suggest it is difficult enough now to deal with the Common Market executive. They shudder to think what the situation will be when Mr. MacMillan's myrmidons join the "European civil service" in Brussels. Even so, British association with Europe is in the American interest politically. It is doubtless true that as a nation we may not be able to pay any price for greater unity in Western Europe, but we can afford a high price. Let us hope, moreover, that in determining upon what price we can pay in the days ahead, we do not allow our domestic politics or our short-term economic well-being to take priority in our thinking over our real and permanent national interest in promoting the union of Europe.

Forthright and generous action by us now, especially in the economic realm, would pay vast dividends in insuring uninterrupted progress of the movement toward unity in Europe, now apparently at a floodtide. Both Tory and Labor opposition to the policy of Messrs. MacMillan and Heath will have greater difficulty in justifying itself in British opinion, if American action is decisive and liberal. If, on the contrary, the action is not decisive and is illiberal, it is going to strengthen the hand of those in Britain who oppose British unification with the Common Market countries. That kind of action by America will be equally advantageous in reducing the impact of the Soviet siren song in West Germany where, as already suggested, many politicians, particularly those among the Free Democrats, irked by Adenauer's longevity, or anticipating Adenauer's demise, are talking of accommodation with Khrushchev and making vague references to the Treaty of Rappallo and the vast Eastern Market, etc . Indeed, forthright and generous economic action by the United States will be a trump card in the hands of the Europeans. In the whole history of the effort toward more effective unity in Europe, America has never had such an opportunity to exert a constructive influence as is being presented to her right now by this issue of what our tariff and trade policy shall be toward the European Common Market.

In the development of national policy, it is never realistic to draw an alignment between nations or systems on too rigid a basis. In the evolution of a nation's foreign policy the aim should always be flexibility. It must always be remembered that politics is the art of the

possible; and whatever the moralists may say, moral indignation cannot be allowed to become a substitute for political accommodation. This is as true of the present struggle with Russia as in the evolution of any other policy. In this instance, moreover, the stakes involved in maintaining a sound and flexible policy are very high indeed, since failure could lead to thermonuclear destruction.

But once we've said this, the fact remains that the great issue on the world scene today remains the issue between the East and West, between Russia and the free world. No amount of thaw in the Russian system and none of the changes in such continents as Asia and Africa, revolutionary though they may be, have altered the essential outline of this basic alignment which has been with us since World War II. As long as this remains the fundamental schism in the world, that portion of it which remains free and intends to remain free, must place its primary reliance upon the unity of the West. By the West I mean the peoples of Western Europe primarily, but also those nations and peoples which are intimately identified with the Greco-Roman tradition wherever they may be. Oswald Spengler may have somewhat too Teutonic an interpretation of the significance of this cultural heritage of the West in his "Untergang des Abendlandes" ("Decline of the West"). But it remains true that the maintenance of freedom and the values of free societies are likely to be preserved only if we can maintain the integrity of this association which we have come to call loosely the "Unity of the West."

Hence, whatever the cost domestically, and however extensive the adjustments which must be and will be required intramurally in our economic life in this country, those concerned with the larger interests of American leadership in the world today can scarcely come to any other conclusion than that we must suffer that cost. We must suffer the cost for the greater value which economic and political unity in Europe contributes to the cause of the West. In the end it would appear that over and above the immediate debate about our economic interests, both national and private, there must be consideration of the broader implications of this whole problem, particularly the implications for American political leadership in the free world. The unity of Western Europe, only a dream a generation ago, has apparently become a reality. Today that unity may embarrass the United States. We may be justly fearful of its economic implications for us. We may be justly fearful of what it can mean as an independent political force with a potential voice as loud as, if not louder, than ours in the world's councils. But in a way, whether we like it or not, we are stuck with

European unity. We helped to create it and now that it is coming of age we shall have to acknowledge it. If we are wise we shall, in acknowledging it, try to tie ourselves to it firmly so that above the new unity of Western Europe there will be an equally indissolvable unity of the major nations of the free world.

In the prosperity of Western Europe lies the hope of much of our own economy, and in the strength of Western Europe and the free world lies much of America's strength.

I thank you very much, gentlemen. I have deliberately proceeded with the manuscript with few interpolations of an oral nature as I've gone along, on the assumption that after you have recovered from this attack, with perhaps a draft or two of the brew that comes from the axis that runs north and south, I might be able to talk to you more or less informally in a question period. I believe there is to be one. This, therefore, concludes the first phase of the discussion.

QUESTION: Just slightly outside the Common Market area, sir, there have lately been rumors in the press relative to Portugal and Spain--something along the integration line. Would you comment on that, please?

DR. ZURCHER: I would like to comment on it, but I don't really know anything about it. I don't think, therefore, that what I say would be of any advantage. I have been given to understand that an effort is being made by Spain to establish some sort of association with the EEC, but I do not know anything about the Iberian union concept which you just mentioned. And lacking any information on it I don't believe it would be worth your while or the while of those present, for me to comment. I don't really know anything about it.

QUESTION: Sir, there are a number of organizations--semioffical and unofficial organizations--working toward the integration of Europe. I wonder if you would clarify for me the difference between the Atlantic Union, the Atlantic Congress, and the Atlantic Convention. Mr. Herter and Mr. Lodge, I believe, are working in those organizations. What impact will they have?

DR. ZURCHER: Well, that is a difficult question because I've had somewhat the same difficulty that you've had, in the last few weeks, trying to make up my mind as to just what these organizations are. As some of you may know, I am with a foundation in New York and

I faced the question as a result of a request that was made to supply funds to one or more of these institutions to keep them going. I must confess I never did find out what the relationships are between the three organizations that you have mentioned.

However, I have been given to understand that the organization in Paris, originally established under Mr. Lodge, the former U.N. Ambassador and the Secretary General, is to be called "The Atlantic Institute," and that it will eventually become the working or administrative agency of the other two organizations. These will either merge or will simply serve as a sort of quondam organization. In other words, they won't function regularly. The really central organization will be the Atlantic Institute run by Mr. Lodge, Mr. Herter, and others. This has a very sizable budget.

What surprised me, as a matter of fact, in connection with the investigation was that private sources in Europe have contributed a very substantial proportion--I have forgotten what the percentage was--approximately three-fifths of the total budget. And the budget runs to very sizable figures; it runs into the neighborhood of $200,000 a year.

The purpose of this organization, as I understand it, is to follow through with the ideas that have been associated rather vaguely with the Atlantic Union organizations of the past and with the resolution passed two or three years ago when a meeting was held in Britain, as I recall, representing the movement toward integration of the Atlantic Basin States.

The Institute will be essentially a propaganda organization to promote association on a more intimate basis politically and economically, of the European organizations, OECD, and Atlantic States generally. This is my understanding of the purpose of it. I don't believe I ought to go any further than that because I don't believe that the institution itself is quite certain as to the direction in which it is going.

I was impressed, however, with what might be called the somewhat parochial attitude, or regional attitude that was exhibited by some of the spokesmen of this organization. They developed a series of premises. One of these premises was that we had largely neglected the importance of the team of the United States and Western Europe--what I called the east-west axis in my earlier remarks. We had neglected the cultural supremacy and inventive and technological supremacy of this area and the only salvation of the world, therefore,

would be found in exploiting this preeminence or supremacy of this particular area. This, to me, sounded somewhat parochial--somewhat limited. Nevertheless, there appears to be an element of that involved in the thinking of some of the people in the organization.

QUESTION: Would you give us your evaluation of the French man in the street, the German man in the street, or the grassroots support for the political integration of Europe?

DR. ZURCHER: Well, that is a very difficult question to answer because there are really no substantial sources of information on what the public attitude toward this kind of thing is. Polls have been taken by American organizations and also by European apers of American organizations. Such polls in France, Germany, Holland--usually in restricted areas, a town or district, not on a national basis--have invariably been favorable to this sort of thing.

The second criterion that has been assembled to indicate that there is a great deal of favor on the part of the man in the street toward the question of integration--the second element of information that has been furnished--has been, of course, the ability of people like the European Action Committee that Monnet headed some time ago, to bring together representatives of all the parties--the complete spectrum of parties from right to left, including the Socialists but excluding the Communists--and also the representatives of the major national trade union organizations. This has suggested that at least the spokesman for the man in the street does support the concept of growing integration.

Actually I think that the proper answer to your question would be that the man in the street probably has very little to say about it, and if you asked him he would probably know little about what you are speaking. I doubt that the press pays too much attention to this problem in France and in Germany. As a matter of fact, I know it pays very little attention to it. Most of the discussion occurs in specialized magazines and specialized publications; not in the regular press. Consequently, this is still a movement that is confined largely to intellectuals and experts. I don't think that the man in the street has any particular opinion.

I suspect that if you listened to a debate within a trade union in Great Britain or within the Labor Party in Great Britain, and you were talking to what might be called "the second level," you would probably find a great deal of discussion about the danger to jobs and the level of

income that might result if a common labor and social policy were adopted for all of these nations, including Italy. I think that the high income states in this area would find spokesmen among the ordinary workingmen who would be inclined to look with disfavor upon this sort of thing.

The attitude might be somewhat similar to the attitude that I voiced this morning in the lecture as regards American workingmen, American trade unions, and American management in the textile industry.

QUESTION: Dr. Zurcher, I find it extremely difficult to share your optimism on this political integration. With the prospect that EFTA countries might possibly come into the EEC, and maybe Spain, Greece, and that area, would your optimism be dimmed any by that?

DR. ZURCHER: I don't think so. It seems to me that this is inevitable; that if this concept succeeds in Western Europe it is going to attract those elements among the Western European States that can gain advantage from it. It seems to me that it is quite conceivable that Spain's economy could be made complementary to the economy of France; that even Greece might find it to her advantage to join. Wherever there is an advantage, it seems to me we're going to have to accept the consequences of the movement.

I am not quite sure I understood your question; that is the reason I am hesitating. Are you suggesting that there are two possibilities: (a) That this integration is not likely to occur among the European States that are potentially involved? Or, (b) That it will occur among them and that we, therefore, are going to try to resist it? Which is it? I am not quite sure.

QUESTION: No. Specifically, I can't conceive of Spain surrendering the sovereignty that exists down there now in that dictatorship. Secondly, I see nothing other than the economic gains that are certainly being made, to give them a common denominator for forming a confederation--even a loose confederation--if they can have the economic gains without the political liabilities that go with them.

DR. ZURCHER: Well, as you study the attitude of France you have a classic illustration, it seems to me, of this dichotomy in outlook; that is, the desire on the one hand to retain the advantages of sovereign action and all of the accoutrements of the sovereign nations, and at the same time secure the advantages of association that result in the EEC.

It seems to me that this formula in part, is an answer to the question that you have raised; that is, the faith of a man like DeGaulle that this kind of dichotomy can persist indefinitely without any potential danger to French sovereignty; in other words, that France can continue to maintain Brussels and at the same time push forward the Fouchet plan for a mere "confederation of fatherlands."

This is the sort of thing DeGaulle worked up two years ago and in which he still persists and on which subject he and Adenauer met only about two or three weeks ago. The French attitude toward this thing is an ambivalent one and it is very difficult for an outsider to fathom. But insofar as it seems to have any meaning at all, it seems to have this meaning: that the French believe it is safe enough for them to proceed with the partners within the Common Market and at the same time have France maintain its integrity as a state, maintain its sovereign authority, and produce politically, something approximating only a loose confederation--looser, even, than the United Nations. This, as far as I can see, is theDeGaulle policy.

If this is the kind of thinking that is going on among the leaders of Western Europe, then one can understand the possibility of Spain joining, or any other state that is sensitive about its sovereignty--as sensitive as France. And I don't think that any state in Western Europe is more sensitive than France on this question of the integrity of sovereign authority.

My own belief is that if this dichotomy is persisted in, and if there is integration economically, inevitably the political control will follow. In other words, I don't think that Mr. DeGaulle is being too bright about this or too wise about it, if he proceeds with this kind of view. This would be my answer to the question. I don't believe that there is any public opinion supporting this sort of thing. That is the reason I hesitated on the answer a moment ago to the question that was raised over here on my right. I don't think there is any broad-scale public opinion in Europe supporting the idea of European union. I don't think there is any conception of Europe as a state or as a society or cultural entity among the ordinary people in the street, or even in the manufacturers of opinion. I think it is still a highly specialized concept among intellectuals and experts in the economic realm particularly.

But once you get a democracy going you begin to issue documents; you begin to develop a philosophy--a point a view--and you inspire pontificators like myself to come and lecture on a thing of this sort.

And inevitably, it seems to me, you create a climate, which climate affects the thinking with regard to institutions. And institutions, to me, invariably follow upon the creation of the economy. That, I think, is the answer that I would make to the question you have raised. It is pretty involved!

QUESTION: Carrying this one step further, would you look into your crystal ball and speculate as to whether the United States might have to follow in the footsteps of England in joining this Common Market?

DR. ZURCHER: Well, I don't think the United States is going to have to follow England's footsteps with regard to the Common Market right away. I think the reason for that is that we are less dependent upon the Continent so far as markets are concerned than England is. We are strong enough as a continental entity, to go it alone. There are other advantages that we have over the British, and that is, of course, the extraordinary productivity of our factories. We have a much greater productivity than the British.

We have insulation as regards our markets, that the British do not have. I think if theBritish could guarantee the continuation of the sort of arrangements that they had with their Commonwealth and their empire in the last hundred years, they wouldn't be in the fix they are in today. But from their point of view it seems to me that they have seen the handwriting on the wall--that is, the more far-seeing of their leadership has seen the handwriting on the wall and they don't believe that they could survive economically if this thing abroad--that is, across the Channel--actually gets going.

The tariff wall is erected as free trade is developed within this group, and the tariff wall is erected against Britain. And if the group begins to attract other areas that are in the British markets on the Continent; if this happens, and I think the British can sense that it is going to happen, there is only one recourse for the British, and that is to join. I don't think that we face that kind of challenge. I am sure we don't, as a matter of fact.

On the other hand, our friends who have created this Atlantic Institute, Messrs. Herter, Eric Johnson, Clayton, and dozens of other names that are more familiar to you than they are to me, have as you know, in recent months insisted that in the ultimate there is only one real solution to this matter and that is the establishment of a common tariff or commercial organization that involves the Atlantic Basin.

This group looks with confidence to the assimilation of the United States to a sort of thing in Western Europe that is going to be created within the next decade.

If you asked this question of Mr. Herter I expect that his answer would be, "yes," that in another decade we will be doing exactly what the British are doing for more or less the same reason, because you can't avoid it, and because our interests lie in that direction. I don't feel that way about it. I think that we are still in the era of the creation of regional aggregations for market exploiting purposes. I think that the evolution of the European group is perhaps the first step in that direction.

QUESTION: Sir, my understanding about the Austrian application for associate membership is that originally they would have applied for full membership except for pressure from the Soviet. And this stems from the original occupation. Did you indicate that the United States had also expressed opposition to their joining?

DR. ZURCHER: It is very difficult for anybody to take a position on that because all that you have is rumor. But the kind of expressions that one has heard from certain Austrian statesmen in the last 2 or 3 months would indicate that they have at least had advices from American leaders indicating that Austria should pursue a very slow policy with regard to its application to joining the EEC, on the ground that politically it might inspire a great deal of opposition so far as the Soviet is concerned. This is the point I had in mind. Whether it is legitimate or not, I am not quite certain.

QUESTION: We recognize that EEC has grown up in the past 10 years since the beginning of the Marshall plan, in a period of prosperity. What would be the effect on the European Community in a period of non-prosperity; that is, with a reduced economy? Would these countries be willing to give this form of their sovereignty to the control of labor, the control of economic well-being; to an organization of this type in a period of depression?

DR. ZURCHER: Well, that, of course, is an excellent question. It is more than a $64 question. I think it can be disposed of very quickly as far as my own opinion is concerned. If we enter a recession--if the Western World enters a recession--if the industrialized technological world enters a recession--if we go through in the next 5 or 6 years with anything comparable to what we went throught between 1930

and 1935, I have no doubt whatsoever that this whole thing will go "up the spout."

There are many safeguarding actions in EEC that play a protective role, providing for independent national action if there is a severe economic strain in this area or that area. I have no doubt that those provisions would be invoked and invoked very quickly indeed. Moreover, the dominant organization within the EEC is still a sovereign organization and that is generally forgotten; that is accorded the Council of Ministers. It would be almost impossible for the EEC Commission to act independently of the Council. I can't visualize it. I don't think there's as much independence as the General Assembly of the United Nations has vis-a-vis the Security Council of the United Nations within the European Organization at the present time.

On the other hand, if this thing proceeds successfully over the course of the next 5 years--if we reach the pinnacle in 1965, and if we do get to the point of where we have established a customs frontier of free trade within the area and a customs frontier against the rest of the world, then it seems to me almost inevitable that you can't reverse this sort of thing no matter who has power or what the international situation may be.

Now, this is to me, the important consideration as regards the integration movement.

QUESTION: Should political union come to Western Europe, do you not see the growth of large multiparty systems because of persistent national instinct, and therefore would this not lend more so than perhaps you have today?

DR. ZURCHER: That is an interesting question. I am not sure that I accept the premise. We do tend to associate the multiparty system with the social and cultural climate of a country like France or Italy, and we have traditionally taught in our schools and colleges, using text books on government--I teach it myself--that it seems virtually impossible to develop the kind of polarization of opinion within these countries that produces the biparty system or something approximating it that is characteristic of our own society or the British.

On the other hand I feel that there are two forces that might mitigate this tendency toward multiplicity of organizations in a more integrated type of Western European organization. I think for one thing, if this

concept of economic unity finally achieves the sort of stature that we have been discussing here this morning, that the climate--the cultural and economic climate--will be such as to produce the point of view that will depress or reduce some of the classical forces that have been responsible for this multiplication--plurality--of political organizations.

The second reason why I feel that we are not altogether correct about this sort of thing is that we never give due consideration to institutional forces, particularly in the representative area. I refer now particularly to the work of a man like Ferdinand Hermans who used to teach at Notre Dame, and some of the institutions that he created or helped to create immediately after the war. His conception, of course, has been that we have deliberately developed institutions that tend to strengthen the tendency to disruption within the political framework of these countries. And that if we had used institutions that would tend in the opposite direction, we might have had more success in creating this bipolarization of opinion.

I think that the story in both Germany and Italy, since the war, suggests that perhaps there is something to this concept about the possibility of benevolent institutions producing bipolarization of political authority. That is another of the reasons that I feel as I do. I am not quite as concerned as you appear to be about the development of political instability that might reflect on a regional basis the sort of political instability that we have been associating with representative government in countries like France and Italy in the last decade.

Actually, if you study the European scene I think you will agree that in all Western European countries--Germany, France, and Italy--we have had a great deal more success in the last 15 years in concentrating political responsibility, in a partisan sense, than was the case prior to the war. In Germany this has been remarkable; in France, to a degree. In Italy, it has been remarkable, too, for despite the loss of votes for the Christian Democrats, they still have some 45 percent of the total electorate in the bag. No party in free Italy has ever had that up to now. I am not concerned about that problem too greatly.

QUESTION: With regard to the alternative of devaluation or deflation offered by the Institute for Economic Research, do you believe that a plan of controlled and directed deflation is practical and wise for the United States similar to the 5 percent revaluation engaged in by Germany recently?

DR. ZURCHER: No; I don't feel that a policy of that sort controls deflation in the general interest. I am not at all sure that I am sold on the ideas that have been presented by the source that I spoke of a little while ago. As a matter of fact, my concluding sentence was that there are others who feel somewhat differently; that perhaps the proper thing to do would be to take the cover off our reserve currency. I think there is something to be said for the general proposition that we've got to be a little bit more conservative, shall we say, about the way in which we make concessions on a national basis in the trade union-management issue that arises every year or every three years about wages and working conditions.

I don't believe that the problem is as great today as it was immediately after the war when there was a constant spiral every year--a shift upward. I think there has been a great deal more conservatism injected into that discussion. The newspaper headlines with regard to the present steel discussion would indicate that we are entering into a newly conservative stage in our relationships between labor and management, or basic industry. This is the area where we can succeed if we're going to succeed in this problem of maintaining equilibrium insofar as the price structure is concerned, and preventing the constant erosion of the dollar. I don't know what the index would indicate has happened now to the dollar. Of course, in the last 10 or 15 years--but you are as familiar with what has happened to it as I am.

It is this problem that has to be controlled. I doubt very much that it could be done by a controlled policy of deflation such as you have indicated. I think it is to be done in individual agreements; particularly in agreements that affect the wage structure in basic industries. I have the feeling that perhaps we are moving toward some relative success in that area if the headlines are to be trusted. This, to me, is far more crucial than what is going on in Pittsburgh. It is far more crucial than some form of program such as you have just described.

QUESTION: Dr. Zurcher, what do you think Russia will do to counter the success of this movement?

DR. ZURCHER: Well, I have wondered about that myself. They have an answer; I am sure I do not. I was interested the other day--and this is an indirect answer to your question--in the luncheon we had for a former Polish Minister of the Communist regime. We asked him that question, and he said, "Well, if you want to know how Poland feels, we would favor the continuation of the process of unification. Particularly we would favor England joining the union." He indicated

that this might be economically bad so far as Poland was concerned because of the trade with England, but politically it would be wise for England to join the union, from the Polish point of view. The reason, of course is rather obvious; that he feels that any grouping of the six--any continuation of that grouping--would mean that inevitably the Germans would run the show. And there are commitments so far as Poland and Germany are concerned both historic and also current--I am speaking of boundary lines and I am also speaking of the rape of Poland by the Germans--that would indicate why it is that he feels that England would exercise a tempering influence upon the Germans and upon the whole Western grouping of the states if England entered. This was his attitude.

Now, whether that is a typical Communist attitude, I am sure I don't know. I would judge that it would be and that Moscow would have a somewhat different point of view than Warsaw has toward this idea of an expansion of EEC to include Europe and increasing success for the union. Russia has always taken a very strong position against any effort toward Western integration. The story, of course, is on the books as regards Western European union. I doubt there is going to be any tendency on the part of Russia to assist the Poles--at least formally--in efforts in the direction identified by the aforesaid Polish Minister. What form the Russian attitude will take in terms of policy I really would not be able to comment on.

CAPTAIN CASTELAZO: Dr. Zurcher thank you very much for your excellent discussion on this complex subject.

DR. ZURCHER: Well, I thank you, and I thank these gentlemen for their patience. It has been a very pleasant hour and a half. Thank you very much.

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