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17 June 1959

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director (Plans)

SUBJECT: Luncheon Meeting of the Committee on United Europe for the Presidents of the Three European Communities

1. This memorandum is for information and possible action on the part of the DCI. Such action is suggested in paragraph 2.

2. The luncheon meeting with the heads of the three European communities given by the American Committee on United Europe was a considerable success. William Foster did a very effective job in preparing for it and in the presentation made during the luncheon. You may wish to mention this to him when you next see him. I intend to do so myself in the near future. You may also want to express your appreciation to Mr. Thomas Dewey for his help in arranging the event.

3. The attached clippings from the New York Times are indicative of the publicity received.



Chief

International Organizations Division

1 Attachment

cc: DDCI

*cc: secretariat*

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# The New York Times.

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## The European Community

While the Western foreign ministers battle at Geneva to ward off the Soviet challenge to the North Atlantic alliance, the shield for all free Europe, the free European nations move steadily behind that shield toward closer integration. This is in turn designed to strengthen them economically and politically and is therefore also a target of Soviet attack. Unfortunately, because of divergent interests, these nations move not in one but in two separate columns. Their leaders hope and work for mutual cooperation and freer trade but face the danger of rivalry and even of a trade war.

The two movements are symbolized by two separate meetings, one in New York yesterday, the other concluded at Stockholm over the weekend. In New York the three Presidents of three European communities expounded anew, at a luncheon given them by the American Committee on United Europe, the aims and methods of their organizations and besought continued American support for them.

These organizations are the European Economic Community, inadequately described as the Common Market; the European Atomic Energy Community and the European Coal and Steel Community. Comprising France, West Germany, Italy, Belgium, the Netherlands and Luxembourg, with a combined population of 170,000,000, these organizations already represent a formidable economic bloc. What is more, they function under pre-federative, supranational authorities, including a common Executive, Parliament and Supreme Court.

Under the guidance of these authorities, and in a functional approach to European unification, they have started to establish among the six nations a customs union that will abolish all tariffs and other trade barriers within it but maintain a common tariff toward the outside world, using atomic energy as reserve power. But the supranational authorities are tokens of a far greater aim which, in spite of some resistance in France and Germany, remains a United States of Europe open to all European states.

At Stockholm, on the other hand, economic experts from seven other European nations have just worked out a blueprint for a free trade area among them to be completed by a meeting of their Cabinet Ministers next month. The seven nations are Britain, Norway, Sweden, Denmark, Portugal, Switzerland and Austria, with a combined population of 85,000,000. Like the European communities, they propose to abolish all tariffs within the area, at least for industrial products, with the aim of either defending themselves against the "discrimination" of the Common Market or at least bargaining with it more effectively. But they will not form a customs union; rather each member will keep its own separate tariff, which will enable Britain to maintain its empire preference system. Likewise, they reject supranational "authorities" and will follow the British principle of "association" among nations.

The United States has urged European unification ever since the Marshall Plan. We must hope, therefore, that Europe will find a way to reconcile its trade interests and its political necessities—for, indeed, it must "unite or perish."

## EUROPEAN UNITY IS SALUTED HERE

### Luncheon Honors Heads of Trades, Nuclear and Steel Communities

The president of the European common market told businessmen here yesterday that the six nation organization was more than just a customs union.

He described it as a political force, a reaction against the past and an important step in the direction of a united Europe.

The official, Prof. Walter Hallstein of West Germany, spoke at a luncheon given at the Waldorf-Astoria Hotel by the American Committee on United Europe. More than 400 business leaders attended. Former Gov. Thomas E. Dewey presided.

Etienne Hirsch of France, president of the European Atomic Energy Community, and Paul C. E. Finet of Belgium, president of the European Coal and Steel Community, were honored with Professor Hallstein at the luncheon.

Far from being protectionist, Professor Hallstein said, the common market is essentially a "liberal and outward-looking" community dedicated to freer trade everywhere.

### Tariff Cuts Favored

He said the common market welcomed the proposal made last year by Douglas Dillon, then United States Under Secretary of State for Economic Affairs, for a new round of tariff-cutting negotiations among the signatories of the General Agreement on Tariffs and Trade.

Professor Hallstein noted, however, that the height of the European Community's common tariff would "depend upon the American Government's authority to make reductions on a reciprocal basis."

He promised that American companies undertaking to develop production in Europe would be treated fairly.

"Any American investment in the common market will be governed by the same rules as our own investments," he said.

The presidents of the three communities were honored by Mayor and Mrs. Wagner at a reception at Gracie Mansion yesterday afternoon. In the evening they attended a dinner at the Overseas Press Club.

M. Hirsch told the club that economic motives alone could never have brought the European Community into existence.

He said the movement for a European Community had also stemmed from a desire to "improve the hazardous posture in which the free world finds itself."