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# THE CRISIS OF

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## INTERNATIONAL COOPERATION

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**The Trilateral Commission**  
A Private American-European-Japanese  
Initiative on Matters of Common Concern

This Report has been prepared for the Trilateral Commission and is published under its auspices. It was thoroughly discussed at the Trilateral Executive Committee meeting held in Tokyo on October 22-23, 1973, and a statement of the Commission's purposes was derived from it. The authors, who are experts from Western Europe, Japan and North America, have been free to present their own views. The Commission will utilize the Report in making any proposals or recommendations of its own. It is making the Report available for wider distribution as a contribution to informed discussion and handling of the issues treated. In so doing, it makes note of the fact that the timeliness of the Report's analysis and recommendations was borne out by events surrounding the renewal of hostilities in the Middle East in October 1973 and the ensuing energy crisis in the industrialized world. While responding to the urgency of such immediate problems, the Report's long-range aim is to lay the groundwork for an effective structure of trilateral cooperation in the coming decades.

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*The Trilateral Commission was formed in 1973 by private citizens of Western Europe, Japan, and North America to foster closer cooperation among these three regions on common problems. It seeks to improve public understanding of such problems, to support proposals for handling them jointly, and to nurture habits and practices of working together among these regions.*

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# THE CRISIS OF INTERNATIONAL COOPERATION

A Report of the  
Trilateral Political Task Force  
to the  
Executive Committee of  
The Trilateral Commission

TOKYO  
OCTOBER 22-23, 1973

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## The Rapporteurs

FRANÇOIS DUCHÊNE was born on February 17, 1927. Educated at the London School of Economics, he worked as a leader writer with *The Manchester Guardian* from 1949-1952, and subsequently served as press attaché for the High Authority of the European Coal and Steel Community until 1955. From 1956 to 1958 he was based in Paris serving as a correspondent for *The Economist*. In 1958, he became the Director of the Documentation Center of Jean Monnet's Action Committee for the United States of Europe, a position he held until 1963. Mr. Duchêne was an editorial writer for *The Economist* from 1963 to 1967, and came to the United States on a Ford Foundation research grant in international affairs for two years starting in 1967. He has been the Director of the International Institute for Strategic Studies in London since 1969. He is the editor of *The Endless Crisis* (1970) and the author of numerous articles on international affairs.

KINHIDE MUSHAKOJI was born in Brussels in 1929. He received his B.A. from Gakushuin University in 1953, and from 1956-1958 studied at the Institut d'Etudes Politiques in Paris. He was appointed Assistant Professor at Gakushuin University in 1963, and was a Visiting Scholar at Northwestern University in 1965. He has been a Professor at Sophia University, Tokyo, since 1968, and since 1969 has served as Director of the Institute of International Relations for Advanced Studies on Peace and Development in Asia at Sophia University.

HENRY D. OWEN was born on August 26, 1920. He obtained his B.A. at Harvard in 1941. He was an economist in the Office of Price Administration from 1941-1942, and served as a Lieutenant in the U.S. Navy from 1942 to 1946. Subsequently he joined the Department of State, serving first in Intelligence and Research (1946-1955), then as a member of the Policy Planning Staff (1955-1962), as Counselor and Vice Chairman of the Policy Planning Council (1962-1966), and finally as Chairman of that body (1966-1969). Since 1969 he has been the Director of the Foreign Policy Studies Program at the Brookings Institution. Mr. Owen is the editor of *The Next Phase in Foreign Policy* (1973).

## The Trilateral Process

The report which follows is the joint responsibility of the three rapporteurs of the Trilateral Task Force on Political Relations, with Mr. François Duchêne serving as the principal drafter.

Although only the three rapporteurs are responsible for the analysis and conclusions, they were aided in their task by extensive trilateral consultations held during 1973 in Brussels, Tokyo and Washington, which at various stages in the development of the report included a number of government officials as well as the following:

Graham Allison, *Professor of Politics, Harvard University*  
Georges Berthoin, *Former Representative of the EEC to the United Kingdom*

Robert R. Bowie, *Professor of International Affairs, Harvard University*  
Zbigniew Brzezinski, *Director, The Trilateral Commission*  
Peter Dobell, *Director, Parliamentary Center for Foreign Affairs and Foreign Trade, Ottawa*

George S. Franklin, *North American Secretary, The Trilateral Commission*

Wolfgang Hager, *Director of Studies, European Community Institute for University Studies*

Kazuhige Hirasawa, *Political Commentator and former Editor, The Japan Times*

Norman Jacobs, *Editor-in-Chief, Foreign Policy Association*

Karl Kaiser, *Director, German Institute for International Affairs*

Antonie Knoppers, *President, Merck & Company*

Max Kohnstamm, *President, European Community Institute for University Studies*

Anthony Lake, *Executive Director, International Voluntary Services*

Cesare Merlini, *Director, Italian Institute of International Affairs*

Kiichi Miyazawa, *LDP Deputy and former Minister of International Trade and Industry*

Yonosuke Nagai, *Professor, Tokyo Institute of Technology*

John Pinder, *Director, Political and Economic Planning Institute, London*

J. Robert Schaezel, *Former U. S. Ambassador to the EEC*

Isaac Shapiro, *President, Japan Society*

Gerard C. Smith, *North American Chairman, The Trilateral Commission*

Yasuo Takeyama, *Chief Editorial Writer, Nihon Keizai Shimbun*

Pierre Uri, *Professor, Atlantic Institute, Paris*

Jiro Ushio, *President, Ushio Electric, Inc., and Executive Member,*

*Japan Committee for Economic Development (Keizai Doyukai)*

James Woolsey, *Staff Member, Senate Armed Services Committee*

Takeshi Watanabe, *Japanese Chairman, The Trilateral Commission*

Tadashi Yamamoto, *Japanese Secretary, The Trilateral Commission*

**SCHEDULE OF MEETINGS AND CONSULTATIONS:**

1. Trilateral planning consultations among the three rapporteurs and Brzezinski, by conference call, May 9.
2. Meeting of the North American Task Force and Brzezinski with the European rapporteur and principal drafter, François Duchéne, to discuss the preliminary draft, Washington, June 28.
3. Meetings of the Japanese Task Force with the Japanese rapporteur, Kinhide Mushakoji, June 8 and September 12.
4. Meeting of the European rapporteur and Task Force with Brzezinski to discuss the preliminary draft, Brussels, July 18.
5. Trilateral meeting of the Political Task Force and final trilateral drafting consultations among the rapporteurs, Washington, September 20-21.

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# SUMMARY OF THE REPORT OF THE POLITICAL TASK FORCE:

## The Crisis of International Cooperation

Growing interdependence and the inadequacy of present forms of cooperation are the principal features of the contemporary international order. Moreover,

- 1) Rapid economic growth and the emergence of new means of communication have thrust together hitherto isolated parts of the world and intensified the existing pattern of relations among the developed countries, resulting in acute strains both within and among nations;
- 2) International interaction has developed furthest among the advanced industrialised areas of North America, Western Europe and Japan; unless these regions cooperate, problems involving money, trade, investment, resources, and peace cannot be tackled effectively; if collective action in this crucial area of interdependence were to fail, there would be little reason to expect it to succeed in other areas where links are more tenuous;
- 3) Trilateral cooperation, however, has now reached a crossroads on a number of fronts: *security* factors resulting from detente have encouraged unilateralism and a degree of manoeuvre in U.S. foreign policy that is frequently detrimental to Japanese and West European interests; the *economic* balance of power has shifted against the United States as Western Europe and Japan have consistently expanded trade and growth, while the U.S. finds itself less willing to shoulder past burdens and increasingly subject to rising protectionist pressures at home; *social and political* changes have led to a new self-assertiveness based on the view that all problems can be solved and it is intolerable if they are not, a view conducive to greater competition both within and among countries; *general interdependence* has increased enormously in such areas as multinational business, air travel, and the vulnerability of all advanced economies to inflation and changes in the supply of vital resources; finally, *welfare* considerations have shifted the preoccupation with growth as an end in itself to an awareness of the need for greater governmental direction in shaping growth for social, environmental, and other requirements, thus giving rise to disparities in the policies

and priorities of governments. Faced with these problems, the trilateral regions must either cooperate or allow countries to exploit the 'asymmetries' of the situation for their own national gain;

- 4) Cooperation between rich and poor remains woefully inadequate, in spite of the network of agencies created after the war to promote development and dramatic increases in aid to the developing world by Japan and Western Europe; there also exists the danger of neo-colonialist *chasses gardées* emanating from regional trade agreements between the advanced countries and the LDC's.

In view of the foregoing analysis:

- 1) There is a need for new forms of common management and structures of decision-making in order to cope with the requirements of a common future; there is a need, too, for changes in the outlook and habits of humanity for which little has prepared it;
- 2) The world monetary system must be reformed so as to improve the present system of flexible exchange rates, permit sufficient flexibility to allow for differential economic policies, reinforce recent moves towards a managed international currency, and provide LDC's with more abundant finance;
- 3) Governments must be held accountable to one another for their actions; at a minimum, they should not be allowed to get away with unilateral or bilateral faits accomplis that are irreversible; more generally, they should take account of their partners' preoccupations when formulating domestic policies; the same applies in relations between the advanced countries and the LDC's;
- 4) There is an urgent need for an informal public process of collective self-education to generate the joint perspectives from which joint policies can spring;
- 5) Ultimately, the final aim must be collective action to formalise consultation among the trilateral areas; perhaps an international Advisory Commission headed by, say, three highly respected statesmen can be created in future to clarify political stakes and pave the way for domestic acceptance of concession and compromise;
- 6) To help achieve these goals, the Trilateral Commission was created with the intention of publishing timely reports on various aspects of contemporary affairs and of involving private citizens in the quest for a more harmonious process of policy development based on trilateral cooperation.

## I. THE CRISIS OF INTERNATIONAL COOPERATION

Economic and technological progress is now posing problems for mankind that dwarf those which led to the catastrophes of the first half of the century. The rate of productive growth, worldwide, has, in the past generation, reached an average about twice as high as in the most advanced regions alone in any previous comparable length of time. Electronic communications are thrusting ever closer together communities which have, throughout history, developed their social patterns, political institutions and cultural outlooks in relative isolation. This acceleration of the industrial revolution, encompassing virtually the whole world, has had immense effects. It is creating intense strains between societies with highly diverse traditions, perspectives, and needs. It is fueling the growing social aspirations which take different forms in different places, from the revolt of the young against materialism in "post-industrial" societies to the hunger for goods and equality in poorer ones. Moreover, the advances of industry and urbanism, especially in wealthier communities, are such that the capacity of the planet to accommodate the accelerating demand for resources and the growing degradation of the environment is for the first time being plausibly called into question. As if all this were not enough, Man's capacity to destroy his creations has also increased by several orders of magnitude: the discovery of nuclear fission and fusion has multiplied the destructive power of Man's "infernal machines" by ten thousand times.

All these developments call for a change in the habits and outlook of humanity for which little has prepared it. They also call for changes in the structures of decision-making, which are not adapted to the requirements of a common future. A world which has reached current levels of interdependence and is condemned by technological and economic progress to still more complex relationships in future, must devise new forms of common management. This is crucial if technical progress is to provide not chaos and injustice but a wider and deeper civility. The dangers of failing to adapt social, political and economic policy to industrial and technological change have been demonstrated at least twice this century. The generation that blundered into the

First World War failed to realise that industrial power had changed war from an eighteenth-century luxury, which may have marginally reduced the strain on scarce food supplies, into a machine for wholesale murder. The next generation, between the wars, immensely aggravated, if it did not actually create, the Great Depression. In both cases, confusion about the needs of modern interdependence, at least as much as deliberate policy, produced disaster.

If the postwar period offers a striking contrast, this has been at least partly because the lessons of prewar failures bit deeply into the consciousness of statesmen. The governments of major powers made unprecedented commitments to the joint international management of their common problems. The deliberate collective pursuit of policies of economic growth has probably been as responsible as nuclear weaponry itself for the remarkable paradox that the cold war has been for the advanced industrial societies a time of relative peace and prosperity without parallel, of economic "miracles," a *belle époque*. Even the less developed countries, the underprivileged two-thirds of mankind, have been able as a result of this economic buoyancy to keep alive their aspirations to share one day in the benefits of affluence. It is this progress that provides the basis for hopes that the coming crisis of industrial civilisation may yet be creatively mastered in the interests of humanity as a whole.

The realisation of these hopes depends in large measure on whether mankind can muster the political will to manage common problems collectively. The outlook is uncertain.

The immediate postwar efforts to make the United Nations the focus for worldwide cooperation founded on the schism between revolutionary and evolutionary states. The nuclear inhibition has moderated this split — driving the superpowers towards contractual arrangements that ratify their strategic parity. But this management of what has been called the "central balance" is itself very limited. It is confined to the superpowers; it does not end the rivalry between them; it does not of itself create (though it encourages) forms of cooperation which reach out towards other fields and other countries; and it does not touch the problems which the new technologies pose, and will increasingly pose, for all societies, irrespective of their social and political systems.

Cooperation between rich and poor has also been woefully inadequate. The postwar period has seen the development of a network of agencies of great potential — the World Bank; the regional banks; the

specialised agencies of the United Nations, from FAO and WHO to the United Nations Organisation for Cooperation on Trade and Development (UNCTAD). But the fact is that the rich industrial nations of the West have, on the whole, made too little effort to intensify their cooperation with the less developed countries. It is hard to avoid the conclusion that once empire or cold war no longer demanded it, most rich societies lost interest in the poor. There are signs of change. Japanese and Western European aid to developing nations is growing; external private investment in these areas is on the increase; and exports of their manufactures have been expanding at the rate of 15% annually in recent years. Slowly and painfully, the beginnings of a kind of trade unionism are also developing among the less developed countries. But these changes are not enough.

Interdependence between rich industrial societies is necessarily more intense than between less developed ones, each of which tends to be isolated by its poverty. In addition, cooperation between mainly market economies is more permeating and socially all-embracing than between centrally planned state systems: in market economies, relations depend on the myriad decentralized activities of groups and individuals and penetrate far more widely and deeply than even modern governments can reach. As a result, international cooperation has developed furthest among the advanced industrial societies, especially North America, Japan and Western Europe. If collective action were to fail in this crucial area of interdependence, what confidence could there be that it would succeed in others where links are more tenuous?

There is every reason to expect that cooperation between the industrial democracies will be just as central to the future world system as it has been to world peace for the past generation. To be sure, there are great differences of power, geography, outlook, and interests between North America, Japan and Western Europe. Nevertheless, their collective behaviour must largely create the framework of opportunity for the world economy. The problems of money, trade, investment, resources, and peace cannot be creatively tackled unless they cooperate. This would be dramatically evident if they failed: rivalry and protectionism between them could constrain opportunities for everyone else. In short, international cooperation generated by the advanced industrial democracies has reached a crossroads. The great increase in the interdependence of the advanced industrial societies has generated new economic and social phenomena which cannot be dealt with through the old prescriptions.

## THE CHANGING BALANCE OF POWER

a) *Security.* The shift from the Manichean bipolar confrontation of East and West of the cold war to a politically mobile, multipolar world is in full swing. The fear of nuclear confrontation has increasingly constrained the rivalry of the superpowers during the past twenty years — leading first to great caution and then to an awareness of their potential common interests. The schism between the two great Communist powers, the Soviet Union and China, has removed the bogey of a monolithic Communist world, enabling the United States to initiate a diplomacy of manoeuvre and balance. The gradual revelation that the problems of advanced industrial societies, including socialist ones, cannot be finessed by revolution, has turned hostility between East and West into an awareness, however wary, that co-operation may in future be possible as well as desirable. At the same time, the ambiguities of the cold war persist in many ways. The superpowers are still competing for political and military power. The Sino-Soviet schism might veer to outright conflict, and Soviet-U.S. strategic parity raises doubts about America's security guarantees both to Japan and NATO which could lead to destabilising nuclear proliferation. The greater flexibility which now exists in the "strategic triangle" between the United States, the Soviet Union and China has somewhat reduced the urgency of America's concern to buttress its partners, Japan and Europe, in the "economic triangle": the world balance now seems more able to take care of itself. Moreover, the desire to retain freedom of manoeuvre at the strategic level encourages the U.S. to pursue a unilateral style of diplomacy. While this pays off in dealing with "limited adversaries" like the Soviet Union and China, it tends to create doubts as to where U.S. priorities lie and to inject suspicion into partnership relations. "Nixon shocks" are no breeders of confidence.

The behaviour of the U.S. affects the attitudes of its partners, in their turn. The first reaction to new doubts may actually be to increase their sense of dependence on the United States. In Europe, fear of American troop withdrawals has heightened the stress on the American link, to the point where the United States has been tempted to use the military needs of its allies as a bargaining point for economic concessions. This can, however, create a sense of inequity and poison the relationship as a whole. So a further stage is conceivable, for instance in the case of Japan, where the ally may consider itself less beholden and shift to a non-committal or neutral position

and even acquire its own nuclear arms. Thus, whereas security factors at first powerfully reinforced all the industrially advanced societies' commitment to economic internationalism, they have now introduced into it an element if not of contradiction at least of permanent ambiguity.

b) *Economics.* As a result, the economic patterns of cooperation must in future justify themselves much more on their own isolated merits than in the past. But here, too, conditions have changed. The United States is no longer willing to manage the system without close attention to strict short-term reciprocity. The dollar deficit, at first deliberately incurred, proved in the period after 1960 to be highly intractable to the limited remedial measures America was ready to undertake. Its partners now have vast hoards of dollars, which central banks keep because the dollar is the world's reserve currency but which are an embarrassment because it is also a national currency.

Moreover the revival of Europe and Japan has profoundly changed the system. Japan, which has long been the most dynamic economy in the world, has now become the third greatest economic power and a major industrial competitor of the United States. The spectacular impact of Japan's exports on highly visible sectors of America's economy like synthetic fibres, colour television, and cars has prompted a protectionist revival in American opinion and raised questions in the minds of some Americans about how Japan can be related to the more slowly growing economies of the other industrial powers.

As for the enlarged European Community, it is now the world's second market and much the greatest international trading group, handling almost 40% of world trade. Its creation changed the economic balance of power against the United States, as was evident in the Kennedy Round negotiations to cut trade barriers in the mid-1960's. The policies pursued by the Europeans in their quest for political unity have also created problems. The Common Market has, almost spontaneously and without deliberation, tended to generate spheres of economic influence, particularly among the Mediterranean and African states, which seek association agreements with it in order to preserve their advantages of access. The result has been to raise fears of neo-colonial *chasses gardées* between the great economic powers — Europe, the United States and Japan — and the regions to the south of them, Africa, Latin America and south-east Asia. Were such a development to occur, it would be a disaster. It would arouse among the ex-colonial peoples fears for their independence and divide those

that seek association from those that do not. It could also encourage beggar-my-neighbour relations between the rich and lead to a scramble for dear or scarce raw materials or fuels, like oil.

Faced with these challenges, the United States has started to behave more like an ordinary member of the system, entering into competitive devaluations, placing unilateral restraints on imports and more recently exports, and generally using the bargaining power inherent in its monetary, economic, and political strength — and even in its overseas troop deployments — in efforts to obtain concessions from its partners. These manoeuvres have been only partially successful, but they have shown that once the United States ceases to provide necessary backing, the system must either be reformed or founder in a rebirth of economic nationalism. Simply stated, the problem is a structural one. The international system, which depended heavily on U.S. leadership and sustenance, now requires a truly common management to which North America, the European Community and Japan must — in view of their large economic power — make a special contribution. For the United States, this means a sense of loss of power because decisions have to be shared more than in the past; for the European Community and Japan it means a sense of burden, because new responsibilities have to be assumed and, in some cases, paid for. For all three, the shift from a leadership system to one of genuine collective management, involving not only the three main industrial market economies but other countries as well, calls for what Robert Frost called "the courage to be new."

#### QUALITATIVE CHANGE

a) *Interdependence* is nothing new — its existence was implicit in prewar failures — but its present scale certainly is. Phenomena indicative of interactions across national frontiers have grown during the past generation even faster than output as a whole. Trade between the major economies, for instance, has increased about 8% annually, against an average annual growth of the global economy of about 5%. International production by integrated multinational companies has risen even faster, about 10% per year; over a fifth of the industrial output of market economy countries is now controlled by corporations which plan their investment, their fiscal transfers, their use of production capacity, their sales policies, etc., on a transnational basis. Air travel, symbolic of the increasingly global activities of elites, has grown even faster — about 15% yearly. The exponential rate of growth of

the Eurodollar market and of funds which are not effectively under national controls is another mark of this main trend.

It is difficult to imagine the ties thus created being unwound into national or regional self-sufficiencies. The system that has engendered these transnational links was, after all, set up to meet powerful aspirations for full employment, mass consumption, free travel, and even free access to ideas. The prosperity of Japan and the European Community is bound up with that of the general international system, the core of which is their relationship with the United States and each other. Though the United States is apparently far less dependent on its foreign economic relations — they account for a mere 4-5% of the U.S. GNP — all its major corporations are deeply committed to foreign investment and markets, its balance of payments heavily depends on their income, its people expect freedom to consume foreign goods, its industry needs foreign fuels and raw materials, and their relative cost and weight in the economy is bound to grow. The whole dynamic of business activity is moving toward greater, not less, international involvement.

At the same time, in an interdependent world, shocks are transmitted from one society to another with great intensity and speed, without each government acknowledging, or perhaps appreciating, its own role in the vicious circle of transnational disturbance. Behind collective appearances, the early postwar system was one of relative isolation. Japan and Western Europe entertained bilateral relations primarily with the United States, whose strength was such that it did not feel the strain. Now, the situation is quite different. Trade flows can change rapidly and massively, and even in the United States certain sectors are powerfully affected by these changes. The sheer amount of trade between members of the European Community is such that one country, even Germany, cannot isolate itself, say, from neighbouring inflation. Central banks trying to restrain internal booms by raising interest rates find capital funds flocking to profit from the better returns and so reinforcing domestic inflation. The list of inter-actions which produce situations no one has consciously desired is almost endless, and qualitatively new items are coming to swell it even now. For years the United States has been trying to increase its farm markets in Europe and Japan to help balance its payments and the soyabean has been among products spearheading the campaign. But sudden shortage in the United States in 1973 produced an export ban, to increase supplies and damp down prices in America,

so increasing the problems of shortage and inflationary pressures in countries that import soya and shifting the burden onto them. This kind of autarkic reaction could become increasingly prominent, now that the problems of scarcity are being added to those of abundance.

In a world where economic interchanges are increasingly international but responsibilities are national, each government, and even more each legislature, experience the new development as a loss of control. In its efforts to ward off external complications a government tends, at least in part, to take defensive measures — which export them back to the outside world, that is, to the other participants in the system. Not surprisingly, the level of confrontation rises to the detriment of the general interest. This loss of national sovereignty, painful to each society and government individually, must lead in one of two directions in an interdependent system which is unlikely to break up. Either there will be progress toward international cooperation or, dealing with the symptoms rather than the under-lying disturbances, national governments will seek to exploit the so-called “asymmetries” of the situation. Less euphemistically, this means that governments will exploit each situation with an eye to the maximum gain for themselves even if it means loss for others and the system as a whole. This is the crude power politics of an interdependent age, carrying the seeds of domination and inequality between societies.

A complicating problem is the increasing involvement of public authorities, national and regional, in the whole economic process. In Europe, many governments now channel almost 40% of the GNP through their budgets and by the 1980's the proportions are expected to rise towards 50%. In Japan and North America the proportions are lower but, as social demands become more insistent, they are also rising. Regional policies, subsidies to particular industries, government markets, measures to protect the environment or to humanise the assembly line, policies to protect underprivileged groups or ones that have a particularly strong bargaining power, all these impinge, or can impinge, on international economic relations. As the partial replacement of Economic Man by the Welfare Society progresses, there must be some collective arena for confronting the consequences of the economic and social policies of national governments as they affect, or are affected by, their partners.

b) *Social and Political Change*. These problems are compounded by the revival of social turbulence after a generation of exceptional domestic quiet. For a time, the blossoming of the mass consumption society

seemed to still social turmoil in and between industrial market economy countries. This social quiescence now seems to have been considerably eroded.

This is partly due to the impact of interdependence, which has stirred up protectionism — for example, in American labour; partly to progress itself, for instance with farmers who feel its victims; and partly to the emergence of new self-assertive groups, such as skilled workers in many industries. But, over and above all these, there has developed a new social climate, the feeling that all problems *can* be solved, so that it is intolerable if they are not. A new self-assertiveness demands that policies should be related to the individual as the measure of his rights instead of to the state as the measure of his obligations or to the market as the measure of his earning power.

Within societies, this trend has led to competition between different groups, including strong industrial and labour lobbies. It has also led to implicit competition between societies, of which the export of inflation is a symptom. It has, not least, had a great deal to do with the growing indifference of advanced industrial societies, in practice if not in theory, to the far worse problems of poverty of the Third World. Indignant lobbies within the developed societies have far more political clout than indignant ones outside.

The increased role of governments in production and welfare adds to the problem: in the past, the fortunes and misfortunes of producers could be ascribed to the abstract and impersonal forces of the market; today they are more and more traceable to deliberate governmental choices, and to that extent are politicised, both at home and in the international arena. As a result, increasing governmental centralisation produces a paradoxical weakening of authority in the face of the ever increasing range of articulate and assertive lobbies. Societies become internally more turbulent and externally less responsive to each others' needs. Charity beginning at home is associated with national truculence in dealings with others, even though nationalism as an ideology of the major industrial powers has probably reached its lowest ebb since the French Revolution.

In the first postwar enthusiasm to reconstruct the world, the preoccupation of leaders of the industrial countries was with creating a better system, on the assumption that the general interest mattered more than relative gains and losses between partners. Today there has been a reversion to the attitude which pays attention to relative rather than global benefits, suggesting a general loss of perspective. This may

be linked to the revival of traditional state structures which, in Europe and Japan, had been rocked to their foundations by the war. The U.S. case is a special one. The United States emerged after the war from a period of isolationism and domestic reform, and sought to reshape the world in the mould of the New Deal. But the practice of world power has cooled America's crusading ardour, as evidenced by concepts of Realpolitik which have bloomed in the academic community and in Washington in recent years and the prestige of political theories based on bargaining between "adversaries."

Given all these pressures, it is not surprising that the postwar system of the advanced industrial democracies should now be in crisis. The whole situation is finely balanced between contradictory trends and opposing forces, and political goodwill cannot be taken for granted as in the past.

#### A MORE VULNERABLE WORLD

Although the balance of nuclear prudence makes war much less likely between major powers, the world may well be moving towards a more vulnerable era. As the planet grows more crowded and progress moves from an extensive to a more intensive phase, the competition for advantage risks becoming more acute. Currently such issues as fishing rights off Iceland are still treated with the regard for public opinion and due political process characteristic of contemporary domestic political behaviour rather than of interstate relations in the past. But if nationalism on the high seas were to become the norm, this restraint could come to an abrupt stop. If one looks further ahead, disproportionate bargaining power may accrue to the few. World food production will be increasingly dependent on the capacity of a handful of large modern economies such as the United States, Canada and Australia to provide surpluses. The dependence of world activity on a few oil producers will grow, and the less developed countries could suffer most from a clash between these producers and the major industrial powers. Or in the fields of the more futuristic technologies — particularly those dependent on space, such as communications or weather control — the superpowers, particularly the United States, could well accentuate their lead over other societies. If the world is to be dominated by power politics, many societies will suffer, or fear that they are about to suffer, and, since security is a subjective matter, the insecurity of humanity will increase.

There are signs that the advanced democratic societies might be all too easily infected by such an international climate. There are a

number of causes for this. One of them is the failure, or rather the disappointing fulfillment, of the utopian hopes of a generation ago. Revolutionary Communism has foundered in bureaucratic conservatism and Realpolitik; the non-industrial countries have seen the heady political liberation of the colonial peoples subside in poverty and a sense of economic victimisation; and even the more moderate expectations of Western social democracy have soured into distaste with the materialism of the mass consumption society. These hopes were attached to ostensibly "rational" secular ends; in fact, they masked a millennialism which re-emerged immediately after the End of Ideology. The fascination with nuclear Apocalypse, despite the actual and unprecedented retreat from adventure in great power politics, is rooted deep in the consciousness of an age which has produced movements like the hippies or playwrights like Samuel Beckett. There is a constant temptation in a world whose complexities defy common understanding to alienation and politically dangerous oversimplification. Moreover, these cultural forces have been matched by such mass social changes as the sudden depopulation of the land in every industrial country, or the appearance of large minorities of migrant workers, all of which encourage both radicalism and backlashes, alike favourable to extremist politicians.

## II. TOWARD A COMMON APPROACH

### WELFARE AND THE WORLD ECONOMY

In a complex world with many actors, new forces can only be controlled by a coherent view of the problems that one confronts. Today, more than ever before, a broad view of needs and consequent goals is a prerequisite of progress.

One dominant characteristic of society today is the shift in preoccupation from growth as a social policy in itself, to a belief in the need for more governmental effort to direct and shape growth — either as a result of social competition for wealth; or to meet particular regional, social or industrial needs; or to satisfy environmental priorities; or to deal with new constraints — such as in the supply of raw materials — in ways which societies accept as domestically just. This does not deny the value of growth; the majority of the world's peoples are still living at or near the subsistence level; and even in rich countries large minorities, of a fifth or more, live in poverty by local standards, and those just above the poverty level also aspire to higher living standards. Nor does it deny economic priorities: It is as important as ever to seek to open, and keep open, the international economy. But it is necessary to see this goal in new terms, if new priorities are to be served. From one point of view, inflation resulting from social competition has to be accommodated or controlled. From another, there is an analogy with the problem faced by the architects of the European Community when they set up their common market. With the opening up of a new European arena of economic interdependence, it became potentially impossible for each country to maintain its own domestic policies unless these were shared by the system as a whole. Domestic political priorities had to be reasserted at the new international level. The difficulty, then and now, is that priorities vary from country to country. Nevertheless, unless they can be at least partly reconciled in a positive way, it will be difficult to avoid a vicious circle in which either the uncoordinated international system breaks the capacity of each nation to control its environment or the nations break the system. *The Advanced Industrial Societies* must reform their system on two levels in particular.

One is the monetary framework of the international economy. In many ways the world has outgrown the postwar monetary system and

this has produced considerable confusion on the international exchange markets. A situation must not be allowed to evolve in which monetary developments undermine the confidence in prosperity and the economic optimism built up over two decades. The immediate need is to improve the working of the present system of flexible exchange rates. Over the longer term, the monetary system must be consolidated on terms which satisfy three aims. One is to confirm sufficient flexibility in the system to allow for differential economic trends and policies from one country to another, but not so much as to lead to national self-sufficiency under a new guise. The second is to reinforce recent moves toward a managed international currency in ways which provide a new standard of value and a new capacity to deal with short-term capital movements. The third is to provide the less developed countries with the more abundant multilateral finance from the advanced industrial societies which they need.

Collective action has also become necessary at the level where new forms of control over production impinge on the international economy. This applies both to national economic policies and to such private transnational actors as the multinational corporations. In an intensely interdependent world, it is important not to allow national or private authorities to act without taking account of the inter-action between the societies involved and without recognising some responsibility for the distortions that they engender for everyone. Regional policies to maintain activity and employment in a backward or threatened area should not be carried to the point where subsidised competition creates similar social and industrial problems for others. On the other hand, experiments in social progress, such as attempts to humanise the manufacture of motorcars by breaking up the assembly line, should not be precluded by the fact that they may defy the laws of comparative costs, without some consideration of possible public policies to subsidise or otherwise encourage experiments. Similarly, multinational corporations should not be allowed to spread their tax loads irrespective of their economic and political consequences for individual host nations or the system as a whole. None of this calls for formal international controls, except perhaps as a last resort. It does, however, demand that governments should effectively confront the consequences of their national policies in the international arena, case by case, and take account in their domestic policies of their partners' preoccupations. As a recent study of these issues concluded: 'If we want to domesticate the nascent anarchic ways of the makers of foreign eco-

nomie policy, we must domesticate the international economy itself.”\*  
*The Less Developed Countries*. Reciprocal accountability as the basic principle of cooperation should apply equally to relations between the advanced industrial democracies and the less developed countries. The less developed countries are the guilty conscience of the rich, though in practice the rich have listened to their conscience as little as they dared because of competition between underprivileged groups at home and the much poorer poor abroad. But newly emerging forces will raise the price of such indifference. Developed countries’ industries, which are already beginning to manufacture products in developing countries to benefit from lower costs and advantages of access, will become so many future hostages. Monetary and trade negotiations will be difficult to prosecute successfully without the cooperation of developing countries — as will efforts to reduce worldwide pollution and preserve global resources.

For these and other reasons, what will increasingly be needed in the period ahead is real cooperation between the industrial and pre-industrial societies. It should be based on the projection of latent common interests and joint activities arising out of them, and involve not only the transfer of capital but also the sharing of markets and skills in production and distribution, and help with infrastructure and technical assistance of all kinds. This approach, going beyond aid to cooperation, needs to inform all relations with less developed countries. It is clear that most less developed countries are determined to be helped only to help themselves. Attempts to establish spheres of influence through investments or trade are likely to boomerang. They will not only draw the hostility of the more vigorous LDC’s; they will also divide the advanced industrial societies. The approach then must be multilateral.

#### TOWARD A “PLANETARY HUMANISM”

In the last resort, a “planetary humanism,” to use Zbigniew Brzezinski’s phrase, offers the only common goals for societies as diverse as those of the advanced industrial democracies. The colonisation of the oceans and space, the impact of new technologies, and the control of the environment and the biosphere in an overwhelmingly industrial, urban, and crowded world will all create new opportunities for conflict or

\*“The Community and the Changing World Economic Order,” by Theo Peeters and Wolfgang Hager, in *A Nation Writ Large? Foreign Policy Problems before the European Community*, edited by Max Kohnstamm and Wolfgang Hager (Macmillan, 1973).

cooperation. There is no doubt of the divisive potential of such issues, for example, between the industrial powers anxious to reduce “pollution” and the pre-industrial ones anxious to produce more. It is all the more important, therefore, to reinforce the frameworks of cooperation that already exist. Once it was thought that economic needs were essentially divisive: Cecil Rhodes, Lenin, and Hitler all shared that view. Postwar cooperation has shown its essential falsity. It is clear now that whatever the conflicts over fair shares, all have an interest in the system’s working well. In a crowded world, the goals of planetary humanism must be sought through the rules, institutions, and contracts of common management.

### III. TRILATERAL COOPERATION

A broad vision of goals is necessary, but it must be complemented by procedures which give a sense of participation in a common effort to overcome common problems. Most current difficulties are due less to the issues in themselves — they are manageable — than to the problem of making the general interest emerge in a period of confusion. In the metaphor often used by Jean Monnet, negotiators usually confront one another across the table when in fact they should sit on the same side of it and confront the problems on the other side.

Despite its recent statements regarding trilateralism, the United States Government has preferred in the last few years to deal bilaterally with individual European governments and Japan, and to centralise relations on itself, as in the past, believing that this maximised its bargaining power and prolonged its leadership. The Europeans and Japanese fell in with this. The Europeans not yet having achieved the unity to speak with one voice, individual European governments are fearful that their particular views will be submerged in the general negotiation and prefer to deal directly with the United States, a pattern of behaviour which encourages them to see their context as essentially Atlantic. Some European governments also prefer to deal bilaterally with the United States and Japan because they fear that U.S. influence would be dominant in any trilateral arrangement. Japanese governments also have preferred to deal bilaterally with America, and use a pragmatic form of policy-making which studiously avoids explicit statements in order to build up the domestic consensus; they are reluctant to take initiatives unless they must. And the cool reactions which greeted Prime Minister Tanaka's recent discussions of trilateralism in Europe have probably tended to discourage future Japanese initiatives in this direction.

But the drawbacks of bilateralism are great. It is not surprising that the Japanese and Europeans, though of great potential importance to each other, both in themselves and in the effect they have on America, have very little sense of each other or their potential role together in the international system. The necessary development of a Europe able to speak with a single voice is made more difficult. And the United States is encouraged to underrate its partners' adaptations to a changing context. It sees itself all too easily as the only power with an adequate world view, an attitude which buttresses its unilateralism and desire to maintain the privileges of leadership, even when it is less and less able to exercise leadership responsibilities by itself.

The worst dangers of bilateralism are psychological: it always excludes someone. The feeling on the part of any nation that it has been left out, misinformed, or informed after the crucial moment of decision sows distrust and prepares further discord. This is a particular problem in view of the very different historical backgrounds of Japan and the Atlantic societies. It is natural that Japan should feel easily discriminated against by its newfound partners with a very different cultural tradition. It is also natural that there should be confusions of perspective to be taken into account. Japan's definition of what is "fair" assumes that latecomers have the right to be attributed a kind of "handicap" to make the game an equal one; the others feel that if there is any inequality, in economics at least, the boot is on the other foot. There are also differences in political style. Most (though not all) Europeans and Americans tend to formulate problems in specific terms and to subject them to universally applicable rules. The Japanese, with the instinctive unity of an island culture, keep situations fluid and revisable. These differences are surmountable, but to violate sensibilities can only complicate the task and divide what has only been newly joined. The problem is not limited to Japan. There are wide differences of perception between Europe and the United States about such issues as social justice and the role of governments in the economy — at home and abroad.\*

Such political, diplomatic and psychological problems need careful handling. It is true that there is a community of the advanced industrial states in the sense that failure to agree on common issues will be detrimental to all of them and to their partners in the wider world. But it is also true that relative gains and losses to each party need not seem the same. It will not invariably be self-evident to all that global perspectives are more relevant than regional or national ones. Nor will it be recognised without question that some groups should bear the real or fancied costs of general benefits for all. In an intricate situation such as this, strong representation must be given to the general interest, while it should be accepted that harmony at all levels cannot be consistently attained. What can be hoped for is forms of consultation which do not merely avoid fractures in cooperation between the trilateral partners but positively promote a view of the general interest and so help them to formulate policies "from the same side of the table." The minimum is that governments should not present their partners and be

\*See the Table on Page 29 for the very different images of each other and the situation entertained by the United States, the European Community and Japan.

allowed to get away with unilateral or bilateral faits accomplis which are irreversible. This may not be easy to accomplish because governments are likely to transgress precisely when they feel the most pressure to do so.

Promoting a positive awareness of the general interest is not susceptible to governmental rules or a high degree of institutionalisation for a variety of reasons.

One is the existence of a variety of international functional bodies, such as GATT and OECD, which are the right places for formal cooperation, precisely because they are functional, and therefore include all the interested parties, trilateral or not. To cut across them with trilateral bodies would be divisive — and is in practice impossible because it would oversimplify the diverse interests and relationships of the advanced industrial democracies themselves.

A second reason is equally basic: The problem is not to implement a consensus on policies, but to create one. Such a consensus existed among the postwar leaders, who had gone through the harrowing experiences of the 1930's and the war. Today the task is infinitely harder because the immediate past is a record of relative success and there has been no comparable failure — or even experience — which might induce a consensus on problems which are mostly new. In such conditions, the formal launching of ideas on an official stage would be a mistake: it would expose them prematurely to a mode of formal bargaining between governments without laying any of the political bases for their acceptance. What is most urgently needed is an informal process of collective self-education to generate the joint perspectives from which joint policies can spring. Such a process must be public, creating awareness of the need for international initiatives on international problems.

Of course, the final aim must be collective action by governments and eventually it should be possible to formalise consultation among them. It might, for instance, be possible to conceive of an international Advisory Commission of, say, three internationally respected statesmen with sufficient prestige to state the general interest, clarify the political stakes, and pave the way for the domestic acceptance of concession and compromise. But the time for this has not yet come. Today, such formalisation is not the only nor even necessarily the best way to promote a consensus. Leadership in such matters cannot be limited to politicians and bureaucracies whose responsibilities are rooted in historic systems which are institutionally separate from one another, and

who are therefore ill-prepared by their training and loyalties to deal with transnational issues. Leadership cannot be exercised without them, but it need not be generated by them alone. Private citizens also, with the freedom to look at international problems in terms of their impact upon the general interest and not as items of intergovernmental bargaining, should point to new opportunities and risks, and suggest new political directions.

It is in this spirit that the Trilateral Commission, with participants from North America, Japan and the European Community, has been set up to propose jointly considered contributions by their nations to the major international issues that confront mankind. The Trilateral Commission will consider and publish studies which illuminate these issues, and it will publish policy papers which reflect its members' views on, among other things, money, trade, resources, relations with the less developed countries and with the centrally planned societies. Studies prepared for the Trilateral Commission on the less developed countries will be prepared in consultation with non-governmental personalities from those countries.

This first report for the Commission constitutes a preliminary statement of some of the considerations which led to the formation of the Trilateral Commission and some of the principles which will be relevant to the Commission's work, now and in the years to come. Since the work of the Trilateral Commission will essentially constitute a joint search for new political perspectives and opportunities, this statement will be kept under review as conditions change.

Creation of the Trilateral Commission reflects an awareness that the present moment is of very great importance for the future of mankind. The bipolar leadership system of the cold war is diffusing into what may be the first truly global political system, with many actors playing significant parts at different levels.

The nations of the world are not used to competitive interdependence, and tend to relapse into traditional confrontation. The danger in these circumstances is that change may lead to anarchy and anarchy to repressive national and international politics. Most highly evolved civilian communities are unlikely to lose their balance if they are open to a healthy outside world. But if the international context is itself unhealthy and many countries are thrown off balance together, it becomes infinitely more difficult for any one of them to re-establish its equilibrium and a vicious circle of instability and hatreds may be set off, leading to catastrophe.

If, on the other hand, the advanced industrial societies succeed in advancing from previous forms of nation-state cooperation to new forms of collective cooperation, they will have created a framework to deal with the essential problems of the next decades. These include the maintenance of open societies at home; the gradual breaking down of the still existing frontiers between East, West and the poor; and the tackling of controlled growth in a "monde fini," as Valéry called it, where resources and the ecosystem have to be respected in order to be exploited for the benefit of mankind. If those conditions are met, trilateral cooperation will be a building block of a more harmoniously ordered international system, not a bloc as such. It will help to turn what Marion Doenhoff has called the "technical peace" of nuclear inhibition into a "political peace" of accepted international process. In so doing, the partners can give themselves a political purpose no longer provided by growth alone: at the further end of cold war, they can afford civilisation without fear.

TABLE: TRI-LATERAL PERCEPTIONS\*

View Concerning U. S.	View Concerning E. C.	View Concerning Japan	Extra-Trilateral World Priorities
(E): Global responsibility of \$ deficit due to US contribution to Free World security & development.	(E): Danger of closed regionalism. Euro-\$ monetary imbalance.	(E): Unrealistic strength of ¥. Too much restriction on own market & too much aggressivity in US market.	(E): Latin America.
(P): Tripartite leadership role in Free World.	(M): Increased security responsibility needed as well as cooperation with US nuclear and ACD policy.	(P): Should play a political role in accordance with no relevant economic diplomacy.	(P): USSR & China.
(M): US nuclear guarantee plus Free World countries contribution to security.	(M): US presence in Europe necessary for EC security.	(M): Same as the US.	(M): USSR.
(P): US nuclear guarantee in Free World.	(P): East-West European affairs' key role in the world.	(P): Same as above.	(P): Eastern European countries.
(E): Dominant economy. Economic & technological gaps; mic & technical challenges.	(E): EC integration stabilising factor for world economy.	(E): Deserving special treatment. Still growing economy.	(E): Asia, China & USSR.
(P): N. Atlantic hegemony questioned.	(P): Nuclear bipolar balance.	(P): Necessity to cope w. extreme dependence on foreign countries.	(P): China & USSR.
(M): Nuclear bipolar balance questioned.	(M): European regional security.	(M): Limited to self-defence.	(M): —
(E): Same as Europe, plus fear of protectionistic reactions.	(E): Profit from integration, danger of closed market.	(E): Deserving special treatment. Still growing economy.	(E): Asia, China & USSR.
(P): Special US-Japanese relations.	(P): Europe-centered. Not enough interest in Asia.	(P): Necessity to cope w. extreme dependence on foreign countries.	(P): China & USSR.
(M): Pressure on Japan for burden sharing unreasonable.	(M): Indifferent.	(M): Limited to self-defence.	(M): —

(As of January 15, 1974)

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