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REPORT
to the
PRESIDENT

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by

AMBASSADOR WILLIAM H. DRAPER, JR.
UNITED STATES SPECIAL REPRESENTATIVE IN EUROPE

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August 22, 1952

Paris, France

REPORT
OF THE U. S. SPECIAL REPRESENTATIVE IN EUROPE
TO PRESIDENT TRUMAN

Mr. President:

I submit the following informal report and commentary covering the first half-year of my tenure as United States Special Representative in Europe, following my arrival in Paris on January 28 last. Since the Office which I have the honor to head represents our Government on a regional basis, I have attempted to picture my overall impressions of the play of events on the European scene during recent months.

The Trend Toward Integration

The fourteen countries banded together in the North Atlantic Treaty Organization have been moving steadily forward during 1952 and have made substantial progress toward their common objectives. As a political group, NATO is becoming

stronger and more closely united. In the economic field the severe financial crises which were brewing last winter have been kept within bounds, the European standard of living has been maintained, and a clear-cut movement is under way toward closer economic integration. At the same time the mutual effort to build a strong collective defense has been gaining ground slowly but surely.

Above all, I have been greatly inspired by the dedication of all fourteen NATO Governments to their primary and common purpose of maintaining their free way of life and preventing World War III. These governments understand that only by presenting a united front in both the political and the military sense can they hope to counteract the threat of internal and external Communist aggression. This understanding has permeated and inspired every important discussion and conference I have attended during the past six months.

It was this spirit of give and take in the common need for unity that brought successful agreement at Lisbon in February after failure had been openly predicted. This same driving force has now brought the Schuman Plan into being, with six countries joined together to develop their basic economic resources through the European Coal and Steel Community. Under the pressure of events, Germany and the three Western Powers have composed many outstanding differences and have signed agreements which should soon end the long occupation of Western Germany and peacefully integrate its fifty million people into the rest of the free world. Already two powers, the United States and Great Britain, have ratified these agreements.

With even more striking historic implications, six governments, France, Germany, Italy, Belgium, Holland and Luxembourg have signed mutual pacts intended to establish a European Defense Community and the European Army. I look for early parliamentary ratification of these treaties. Then we shall see countries which twice in a generation have been mortal enemies join together in a common army and adopt a common defense budget. These six countries are now discussing even closer political ties and may merge more of their national sovereignties in the mutual effort.

Even those of us who have been closely observing these recent developments here find it difficult to realize how far along the road to military integration, economic unification, and political federation the nations of Western Europe have really come. Measured in terms of history the pace has been incredibly rapid. This European movement has been influenced by the efforts and the active good will of thinking people from many nations. Even more, it has been motivated by the inexorable forces of natural progress and of the political and economic pressures of the post-war period.

In the free world the trend toward unity and strength is now clear. If this trend can be maintained, we can see ahead the changes in world relations for which free men everywhere have waited since Soviet imperialism unmasked its evil intentions.

United States Agencies in Europe

The creation early this year of the Office of the United States Special Representative in Europe was

made necessary by the growing scope of our national responsibilities. In the mutual security field, this Office provides civilian coordination and supervision on a regional basis of the political, economic and defense activities of our Government in Europe. This objective cannot be fully achieved quickly, nor can we remain static. As problems arise and conditions change, existing policies and organizations must be responsive to the new needs.

As Special Representative I report to the several departments of our Government in Washington, and work through and with our Ambassadors and "country teams" in Western European capitals.

Our regional Office is now established in Paris and resulted from merging the U.S. political and defense activities in NATO, until recently in London, with the U.S. economic and mutual aid activities already located in Paris. Ambassador Frederick L. Anderson serves as my general Deputy and takes turns with me in visiting the various European countries. Our office is divided functionally into three divisions—political, economic and defense. Ambassador Livingston T. Merchant, with long and varied experience in the State Department, heads the Political Division and handles matters arising in the North Atlantic Council. Mr. Paul R. Porter, formerly in charge of Mutual Security Agency activities in Europe, deals with problems of the Organization for European Economic Cooperation and directs the Economic Division. Mr. Luke W. Finlay, a reserve Brigadier General, was recently in charge of European offshore procurement for the Army. Now as Deputy for Defense Affairs, he is

responsible for coordinating military assistance and production problems.

In each NATO capital the United States plays its part and exerts its influence in strengthening the military and economic effort through a so-called "country team". This "country team" is headed by our accredited Ambassador in each country, and includes, in addition to diplomatic officials for political problems, a mutual security mission in the economic field and a military assistance advisory group in the defense area. These three elements receive policy guidance and direction respectively from the Department of State, the Mutual Security Agency, and the Department of Defense in Washington.

On the military side, General Matthew B. Ridgway, as Supreme Allied Commander, Europe, commands allied forces in Europe assigned to NATO, including the United States military forces so assigned. General Ridgway, in his capacity as Commander-in-Chief of all U.S. Forces in Europe, has delegated to his Deputy, General Thomas T. Handy, coordination of command and administrative matters for the forces, as well as appropriate coordination with this office.

The effort to integrate U.S. policy in Europe through the Office of the Special Representative would not have been possible without the complete cooperation and support of the armed services and of the several agencies and many individuals concerned with the program in Washington and throughout Europe. This cooperation and support we have had in the fullest measure, and for this I am deeply grateful.

The North Atlantic Council

The reorganization and physical concentration of our regional activities in Paris has paralleled the move of the North Atlantic Council, NATO's high political body, from London to Paris. The Lisbon Conference created a civilian Secretary General for NATO who directs an International Staff in carrying out the decisions of the North Atlantic Council. Lord Ismay, of the United Kingdom, as the first Secretary General, brought to the newly created office a long and valuable background of military experience and civilian government responsibility. Under Lord Ismay and the Deputy Secretary General, Mr. H. van Vredenburg, are three major divisions headed by Mr. René Sergent of France, Assistant Secretary General for Economic Affairs; Mr. David Luke Hopkins of the United States, Assistant Secretary General for Defense Production; and Mr. Sergio Fenoaltea of Italy, Assistant Secretary General for Political Affairs.

The Council, now in continuous session in Paris, has easy informal contact with Supreme Headquarters, Allied Powers in Europe, under General Ridgway, although the Council's formal relationship with the military is through the Standing Group and the Military Representatives Committee in Washington.

Through participating as United States Permanent Representative in the discussions of the North Atlantic Council, I have been impressed with the deep desire of all the National Representatives to avoid bickering and dispute, to find common ground for agreement, and generally to pursue the same basic objectives.

The Lisbon Conference

The Lisbon Conference last February marked a milestone of great importance for NATO. Approval was given to the Temporary Council Committee recommendations providing for a systematic strengthening of the NATO military forces in combat-ready units, and establishing the necessary organization and procedures for annual revaluation and planning of the military build-up. Approval in principle was given to the European Defense Community, designed to make possible Germany's participation in the western defense effort. Turkey and Greece, with large ground forces in being, became full members of the North Atlantic Treaty Organization.

Under the leadership of Mr. Averell Harriman, of the United States, Sir Edwin Plowden, of Great Britain, and Mr. Jean Monnet, of France, an intensive study has been made by the Temporary Council Committee of national military capabilities and of available budgetary resources. This represented a NATO-wide effort to plan the maximum combined build-up of NATO's military forces within the capabilities of the member countries. For the first time in history a group of countries made available their military programs and their military budgets to an international body for review and recommendation.

At Lisbon the various nations agreed to provide to NATO by this year end approximately fifty combat-ready ground divisions (half of them active divisions and the balance readily mobilizable reserve divisions), about four thousand combat airplanes and a comparable naval strength. These goals were

exclusive of Greek and Turkish forces. Developments since February indicate that these goals may not be met in full by the end of this calendar year, but any slippage is of relatively small proportions and, with intensive effort, it should be possible to complete the 1952 goals early in 1953.

The North Atlantic Council, together with the NATO military headquarters, are currently reviewing the progress being made toward these agreed goals. The Council is now carrying out an Annual Review to set firm military goals for 1953 and to reconcile the cost of proposed military forces with economic capabilities on the basis of the experience and information developed since the Lisbon meeting.

U.S. Military Aid and Offshore Procurement

European defense budgets have more than doubled since the Korean War. These increased resources have been used to build up, train and equip the armed forces of our NATO partners. The United States has supplemented the European effort by furnishing heavy armament and other equipment that cannot be produced in Europe in the time and quantities required.

The military assistance from the United States in the form of tanks, planes, artillery and other weapons is indispensable in bringing NATO forces quickly to a status of greater combat readiness. The flow of military weapons and equipment from the United States is increasing but must increase still further in order to provide the European defense forces with the substantial quantities of modern weapons required.

As part of our military assistance, a large-scale

program of procurement in Europe was adopted a year ago. The primary objective and the great significance of this step is that it will contribute to the development of a production base that will make it possible for the countries of Western Europe in the future to provide more fully for their own defense requirements. In addition, these offshore procurement contracts will contribute materially to the effective use of labor and resources in Europe and will help make dollars available for imports needed for defense and civilian production.

Last fall Army, Navy and Air Force procurement officers were authorized to begin the placement of offshore procurement contracts in Europe. A multitude of major and minor difficulties and delays was necessarily involved. Specifications and blueprints had to be translated into many languages; measurements had to be converted from inches and feet into the metric system; contracting procedures normally followed in the United States had to be adapted to conform reasonably with contracting customs and procedures of the NATO countries; special tax agreements had to be negotiated, under which governmental and local taxes were waived on military production financed by the United States. Time was also necessarily spent in determining appropriate delivery schedules and sources of production, and in getting competitive bids from the various plants and countries.

Nevertheless, the three military services carried out the program and actually placed contracts before the fiscal year ended on June 30th last, for nearly \$700,000,000 of military production in Europe. Practically all of this huge total is being

produced in nine NATO countries, broken down as follows:

Belgium	\$ 46,000,000
Denmark	6,000,000
France	335,500,000
Greece	11,000,000
Italy	129,000,000
Luxembourg	300,000
Netherlands	38,000,000
Norway	6,000,000
United Kingdom	69,000,000
Non-NATO Countries	43,000,000
TOTAL	\$683,800,000

About \$600,000,000 of this total is being financed from 1952 Mutual Security Funds appropriated last year, and the resulting military end-items—auxiliary combat ships, ammunition, electronic and other equipment—will be allocated to our NATO partners as part of the collective effort to rearm. The balance of these orders were financed from regular Defense Department appropriations and will provide military hardware and ammunition for the use of the United States forces.

The procurement agencies of the Army, Navy and Air Force and the United States Joint Coordinating Board for Offshore Procurement are to be congratulated for overcoming the many obstacles to achieving this important program which only a few months ago appeared insurmountable.

More than half of the \$335,500,000 of procurement orders placed in France represented fulfillment

of the commitment undertaken by the United States to the French Government at Lisbon. The French Government pledged itself to firm military goals for 1952 and undertook to increase its own defense contribution beyond that recommended by the NATO Temporary Council Committee. The United States Government agreed that as part of its total aid \$200,000,000 of military and economic assistance would be provided in the form of military procurement in France, largely for Indo-China, designed to give budgetary as well as dollar assistance to France.

At the Lisbon meeting France also requested "offshore procurement" assistance for additional production in France which the budgetary limitations of even the increased French budget would not cover, but which had been already programmed as part of the French effort. The United States pointed out that it could not undertake any commitment for this additional production but agreed to examine specific French proposals as they were presented. Contracts have since been placed for a number of auxiliary combat ships so requested by France, and are included in the totals given above. In addition the United States has now agreed, subject to satisfactory conditions and prices, to place \$186,000,000 of additional offshore procurement in France in response to the French request for much larger procurement. The fact is that the French production program, as originally planned, is still not fully covered by the increased French budget, even with American military assistance which can be made available to France from the appropriations actually voted by our Congress.

Procurement of Planes, Tanks and Ammunition in Europe

The Office of the Special Representative, in coordination with the military services, is now preparing to recommend the broad outlines for a comparable offshore procurement program for the 1952-53 fiscal year. The NATO International Staff, which is steadily becoming more effective, has very usefully cooperated in developing a proposed program of production in Europe of combat airplanes to meet part of the existing deficiency in NATO's air power and also to strengthen Europe's aircraft production industry. This program calls for the expenditure of some \$400,000,000, partly contributed by the United States and partly by the European nations themselves. Approval in principle has been given to this important program by the United States Government and negotiations have begun to solve the many financial, technical and production problems involved. Negotiations are also under way for the production in Great Britain of Centurion tanks for certain NATO countries as part of the offshore procurement program.

A considerable part of the offshore procurement contracts already placed will provide needed ammunition for NATO forces. The NATO International Staff is now preparing to recommend an ammunition program for the current fiscal year in which the national ammunition programs will be integrated with and supplemented by additional offshore ammunition production financed by U.S. military aid funds.

Since offshore procurement serves many de-

sirable long range U.S. objectives and at the same time effectively accelerates the short term defense build-up. I believe it should be continued as an important and integral part of our military assistance program to Europe.

Organization for European Economic Cooperation

The United States, as well as Canada, is an associate member of the Organization for European Economic Cooperation. This organization, established in 1948 to concert the recovery aims and actions of the nations receiving Marshall Plan aid, continues to play a major role in creating the basis for an integrated and self-supporting European economy. Among its other major activities the OEEC has rendered invaluable service in helping member governments reduce trade barriers and expand intra-European trade through a system for settlement of trade balances, partly in cash and partly in credit. This system is administered by the European Payments Union, which the OEEC created and supervises. Mr. Anthony Eden, British Foreign Secretary, has recently succeeded Dr. Dirk U. Stikker of the Netherlands as Chairman of the Ministerial Council directing OEEC.

The United States maintains close and friendly relations in the economic field with Sweden, Switzerland and Ireland, and has similar relations with and special responsibilities toward Austria and the territory of Trieste, all of which are members of OEEC but not of NATO. Western Germany is also an active member of OEEC, and its economic development is closely related to the course of production, trade and general prosperity in Western Europe.

The German Federal Republic as a prospective charter member of the European Defense Community should soon play its part in the common defense effort as an integral element of the European Army. Although Yugoslavia is not a member of either NATO or OEEC, United States military and economic assistance is now being made available to that country. Negotiations are currently under way regarding military and economic assistance for Spain. There are, therefore, aside from the United States and Canada, 12 countries in NATO, 6 additional countries in OEEC, Yugoslavia and Spain, or a total of 20 countries in Europe with which the Office of the United States Special Representative deals on one basis or another.

Intra-European Economic and Financial Problems

It is clear that Europe, in building its defenses and in strengthening its will to resist possible aggression, must maintain strong national economies and reasonable standards of living for its peoples. Only through increased total production can Europe continue to meet both its military and civilian requirements.

Since the war, European production has in fact made remarkable strides. Wartime destruction has been largely repaired. Industrial production has for the past many months been above prewar, and recently agricultural production has risen slightly above prewar totals.

Despite this progress in physical production, financial and payments problems of the most serious character continue to trouble Western Europe. Soaring raw material prices following the Korean

War and the cost of rearming have aggravated inflationary pressures. At the same time the necessary expansion of trade and conversion of currencies have become more difficult. The trading problems inherent in the dangerous shrinkage in British reserves of gold and dollars late last year and the severe financial problems of the French Government last winter illustrate the difficulties.

To combat these particular problems the United Kingdom has adopted stricter budgetary measures, raised the bank rate and sharply restricted dollar and other imports. The Prime Minister, for reasons of economy, has also announced a "stretch-out" in the timing of the British defense build-up. The French Government has reduced capital investments and certain other expenditures and has also adopted emergency trade restrictions to protect its foreign exchange position. Some reduction may also be necessary in the scale of French defense production.

The European Payments Union

A particularly knotty problem plagued many European Finance Ministers this spring. For two years the European Payments Union had provided an orderly basis for settling the monthly trade balances of nearly a score of countries. It had given real relief from the bilateral trade agreements and bilateral settlements of the years immediately following the war. But the agreement ran only to June 30, 1952 and the extreme creditor position of Belgium threatened its very existence.

Belgium faced a special difficulty since its exports to European countries and to the sterling area greatly exceeded its imports of goods from

those areas. For a considerable period of time these excess exports were running \$30,000,000 to \$40,000,000 a month. These mounting credit balances meant a constant drain on Belgium's financial resources, since the European Payments Union only provided partial payment, intended to cushion temporary ups and downs in foreign trade. Unfortunately, the Belgian export surplus was constant and soon outran the agreed quotas. The European Finance Ministers, sitting in the Council of the Organization for European Economic Cooperation, struggled in May and June to solve Belgium's need for greater payments without seriously straining the gold and dollar reserves of the European Payments Union.

They finally found an acceptable solution, under which Belgium (1) received an additional partial payment, (2) increased her own imports by placing defense production orders in France and the United Kingdom (offset employment-wise in Belgium by U.S. offshore procurement orders placed in Belgium) and (3) agreed to extend additional credit to the EPU countries. Moreover, the International Monetary Fund assisted in making the entire arrangement possible by providing \$50,000,000 in standby credits to Belgium.

As a result, the European Payments Union was enabled to continue its useful operation, and another demonstration was given of the real will to cooperate which exists in Western Europe today. However, a trade clearing and credit arrangement such as EPU which covers only a limited currency area can only be temporary. Some more permanent solution must eventually be worked out.

The cooperation extended indirectly to EPU by the International Monetary Fund was a good augury for the future. Certainly discussions of currency and related problems which might result between these two organizations could not but be helpful in analyzing the present disparities between the EPU and dollar areas, and in clarifying the conditions of external trade and payments, and of internal financial stability that must be realized before the currencies of the two areas could become mutually convertible.

Inflationary developments in both the United States and certain European countries since the Korean War have re-emphasized the need for economic and financial stability throughout Europe. The OEEC Council has recently completed a study of this problem by a group of outstanding international financial experts, reviewing particularly the situation in the United States, the United Kingdom, France and Belgium. The report reviewed the steps already taken with some success in the several countries to check inflation, and suggested the directions in which fiscal policy and monetary controls should deal with this problem in the future. A Ministerial Committee has accepted the report as a useful contribution in pointing the way to a greater degree of internal financial stability, and the Council has forwarded it to all OEEC countries for further consideration and comment.

The Chronic Dollar Balance-of-Payments Problem

The internal and intra-European financial and payments problems, serious as they are, nonetheless are overshadowed by the balance-of-payments prob-

lem of Western Europe vis-a-vis the dollar area. This phenomenon, which has its roots in the huge excess of United States exports over its imports, has persisted in varying degree over a period of years. Unless a balance can be restored there is real danger of a deep and perhaps disastrous fissure between the economies of Europe and America. The lack of balance in Europe's foreign trade manifests itself in a perpetual shortage of dollars needed to buy raw materials, machinery and other commodities in the Western Hemisphere.

This dollar shortage has developed during the past thirty years from the huge investment losses, trade dislocations and physical damage caused by two world wars. In contrast, our own dynamic economy and production have enjoyed the advantages of a large internal market, keen competition, and expanding consumer buying power, and have far out-distanced European competition. Since World War II, Europe has been forced to rely more than ever before on imports from the dollar area. Fortunately, the economic assistance provided by the Marshall Plan has helped to meet Europe's dollar shortage during the recovery years, and has prevented possible economic and social disaster. Moreover, European Economic Recovery, aided by the Marshall Plan, has brought about a very considerable reduction in the dollar shortage compared with the early post-war years. During this coming year, defense support assistance and offshore procurement will again supply some part of the dollars Europe must have to carry on an adequate defense effort while maintaining a tolerable standard of living.

"Trade Rather than Aid"

Important voices on this side of the Atlantic are urging that sounder economic and trade policies be undertaken in both Europe and America to reduce the need for economic assistance. The Chancellor of the British Exchequer, Mr. Richard A. Butler, at a recent meeting of the OEEC Council of Ministers, re-emphasized the need to close the dollar gap as soon as possible by "trade and not by aid."

Balanced trade is obviously the best solution. But this solution is not easy to achieve. It will require drastic and complementary actions on both sides of the Atlantic: both Europe and the United States must make fundamental changes in present uneconomic practices.

Western Europe must steadily become more productive, and produce at more competitive prices. European producers need within Europe a market that is both wider and deeper, in which the spur of competition and new opportunity would yield major gains in higher productivity and lower prices. The European market, separated in small compartments, no longer adequately serves the needs of the people. Existing trade restrictions and cartel arrangements fail to stimulate either mass production or mass selling. More production and better markets are essential if the economic development of Europe is not to lag still further behind that of the United States.

The free trade unions of Europe, which are steadily becoming more effective, are giving consistent support to the Mutual Security program. They can make an important and useful contribution in

solving these difficult economic and political problems.

We, too, must face hard facts. Settlement for the net export balances to the United States, running now at the rate of billions of dollars a year, can only be made, as I see it, in one of three ways. First, we can buy more in European countries, which would permit those nations to earn their own way, and at the same time would improve our own American standard of living by making more imported goods available for consumption. Second, we can invest abroad some part of the large amounts due us each month either through governmental or private investment channels, and look to the future for repayment. And finally—the third alternative—we can continue indefinitely military and economic grant programs.

During the past few years, we have been following the last of these methods of settlement and have been taxing our own people to pay for the huge excess volume of resources—both raw materials and manufactured goods—which we have been shipping to Europe. To maintain our present volume of export trade, and at the same time be paid in full, we must greatly increase our imports from Europe and from other parts of the world.

If this simple truth were clearly understood and accepted by our own people, regardless of party, the next Administration and the new Congress would doubtless find ways and means to gradually accomplish the desired result. Among other methods to this end, I would suggest reaffirmation and extension of the reciprocal trade agreements program, enactment of the proposed legislation for simplified

customs procedures, and the progressive lowering of other import restrictions and duties. Such a policy would increase Europe's capacity to pay without correspondingly reducing our exports. I believe adoption of this policy would directly benefit the United States by increasing its economic and eventually its military security. The existing "dollar gap" threatens not only our own export trade, but if not reduced may unfavorably affect the mutual defense effort as well.

Clearly the present trade imbalance cannot be reversed overnight. The necessary adjustments in our own industry and our own markets can only be made equitably over a period of time. This fact, and the relatively greater productivity in the United States make it very unlikely that the existing gap can be closed by increased American imports alone.

The Possibility of Increased Foreign Investment

A significant part of the remaining dollar gap could perhaps be filled by increased overseas investment by the United States. Under present world conditions, the normal flow of private capital is seriously impeded by political instability and existing world tensions. In the interest of our own balance of payments position, of tax reduction from lessened foreign aid, and of our own need for a stable western world, we should seek all possible means for promoting additional private investment abroad, including the strengthening and extension of the provision for governmental guarantees. The private investor obviously should bear the normal business risks, but our own national interest requires that

unusual political and exchange risks, properly and carefully defined, be assumed to a greater extent on a governmental basis.

The Organization for European Economic Cooperation is now studying, and planning later to recommend, certain changes in economic policy which, if accepted, and implemented on both sides of the Atlantic, should help in reducing Europe's dollar gap. The Mutual Security Public Advisory Board, in accordance with a Presidential request, is undertaking to review American economic policy in the field of foreign trade, taking into account the curtailment of trade between the Western nations and the Soviet bloc, and the trade vacuum that might result. These somewhat parallel studies should clarify the economic and financial problems discussed in this report and will, I hope, lead to constructive action next year in both Europe and the United States. It could be very useful, either in connection with the studies already instituted by the Mutual Security Public Advisory Board or separately, to investigate thoroughly future possibilities for increased American overseas investment, with and without some form of governmental guarantee. Organizations such as the International Chamber of Commerce, the National Foreign Trade Council, and the Investment Bankers Association would undoubtedly cooperate in making an exhaustive study of this subject, including an evaluation of the need and the productive possibilities of such investments, and of the further safeguards with which they could be surrounded if appropriate action were taken by foreign governments and by our own government. The importance of increasing

foreign investment by the United States was recognized by the Congress itself in the present Mutual Security legislation.

Conclusion

The developments emphasized in the earlier parts of this report are on the whole distinctly encouraging. But I do not underestimate the hazards and difficulties of the coming months.

Even with American military and economic assistance, a number of European countries have felt compelled to alter and delay their defense efforts, particularly in the field of military production. The slippage in attaining our own production goals in the United States, as well as the requirements of the Korean War, have slowed up to some extent the delivery of military end-items. The higher priority given to military deliveries to Europe last January provides the framework within which further improvement must take place. However, the action of Congress in reducing the appropriations requested for military and economic assistance to Europe for the current fiscal year will be another influence tending to spread the defense build-up over a somewhat longer period than originally planned.

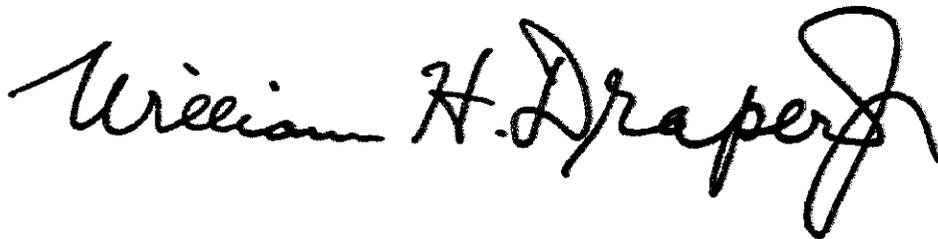
In the economic field, a better solution for Europe's chronic trade and financial problems must be found soon, or the long term consequences for the strength and solidarity of the free world could be damaging indeed.

One cannot deny that, aside from ratification of the European Defense Community Treaty and the Contractual Agreements with the German Federal Republic, many problems remain to be

dealt with. For example, Italy has a special problem in its large unemployment which is being attacked both through attempts to increase jobs internally and to increase the rate of emigration to other countries. Problems like these cannot be solved by one nation alone.

Nevertheless, I am convinced that given the cooperation, good will and understanding among the members of the North Atlantic Community that have successfully overcome so many obstacles in the past, the difficulties that lie ahead can and will be resolved.

Faithfully yours,

A handwritten signature in cursive script that reads "William H. Draper". The signature is fluid and includes a large, stylized loop at the end of the last name.

U.S. Special Representative
in Europe.

The President
The White House
Washington 25, D.C.