

THE FEDERAL REPUBLIC OF GERMANY IN
CONTEMPORARY WORLD AFFAIRS

9 March 1964

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NOTICE

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Washington, D. C.

Mr. Berndt von Staden, Counselor, Embassy of the Federal Republic of Germany, was born in Rostock, Germany, on 24 June 1919. He studied law at the Universities of Bonn and Hamburg during the periods 1938-1939 and 1946-1948. In 1951 he entered the Foreign Service of the Federal Republic of Germany. From 1953 to 1955, Mr. von Staden was second secretary at the Embassy in Brussels, and from 1955 to 1958 he was first secretary, eastern department, of the Foreign Ministry in Bonn. During the period 1958-1963, he was assigned to the European Economic Community Commission in Brussels as chief executive assistant to the president of the Commission. In May 1963 he was assigned to his present position in Washington. This is Mr. von Staden's first lecture at the Industrial College.

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GENERAL STOUGHTON: Gentlemen: Continuing in our program of hearing from our principal allies, we turn this morning to the Federal Republic of Germany, which is represented by the Counselor of the Embassy, Mr. Berndt von Staden.

I would like to also recognize the presence of some of his confreres from the Embassy.

As you have noted from his biography, Mr. von Staden is not only an experienced career foreign service officer but has had extensive experience in the field of European affairs through his recent assignment with the EEC.

I am sure we can look forward to his remarks today as he talks to us on "The Federal Republic of Germany in Contemporary World Affairs."

Mr. von Staden.

MR. VON STADEN: General Stoughton, Gentlemen: Let me first express my thanks for having this opportunity to speak to you, which I very much appreciate. I hope it will contribute a little bit to the understanding of our problems.

Let me then add one remark. I have to apologize because, as I have to speak in a language which is not my own, unfortunately I have to read this speech, which always is rather unpleasant for the audience, but I am afraid it would be even more unpleasant if I did not read.

I think, in order to contribute to a discussion of Germany's role in world affairs it is first of all necessary to define the elements which determine her policy. Germany's position in international as well as in national affairs is mainly determined by

three major factors. She is, because of her population and of her industrial capacity, an important partner in the free world and, more specifically, in the Atlantic alliance. Secondly, she geographically is located in the center of Europe, which is between East and West. Finally, she is furthermore a divided country.

Let us have perhaps a closer look at these three elements. With a population of about 56 million people, with West Berlin included, the free part of Germany is second to the United States among the highly industrialized nations. Japan, incidentally, would be the only exception, but the level of industrialization is not yet exactly the same. She is second as well to the United States in GNP, with about \$100 billion, and she is second in trade, with about \$13 billion of imports in 1963 and about \$15.5 billion of exports in 1963. Accordingly, to this economic extent, her contribution to Western defense is important, too.

These achievements, in view of the utter destruction from which the rebuilding started after World War II, are notable, and they were brought about first of all--thanks to the generous help granted by the United States through the Marshall plan, but equally thanks to the way in which it was made use of this help. These achievements contributed to lead Germany back into the family of free nations but they also imposed upon her the necessity to play her full part in this family and to have her full share of the responsibilities and the burdens within the free world and in the alliance.

This, if I may remind you, was not so easy, even as it may be seen in retrospect. There were quite a few in our country who would have preferred in 1945 and after this tremendous catastrophe to stay out of the limelight of history and to avoid commitment beyond a limited, private sphere and to devote their energies to their private lives rather than to their country, let alone the community of nations.

But the call of history does not wait for the consent of the individual. It thrusts itself upon him. And so Germany has made the adjustments required of her by history and geography and is now an active partner in the European communities and in NATO and in her relations with the United States.

Now, more specifically, Germany's role as a partner is determined by her geographic position. Situated between East and

West, currently as a divided country, it is Germany's fate to be a link between East and West and not an obstacle. This major role is rendered extremely difficult by the persistent adherence of the Soviet Union to the ideas of world revolution and to the traditions of power politics.

No other country, therefore, feels more exposed to the challenge of Soviet imperialism, and no other country has more interest in making viable the only means by which it can be met successfully, which is in Western and Atlantic unity.

In this context we as Germans have to solve a special problem. We have to put an end to the partition of our country. This gives us more of a stake in the peaceful Western engagements in central and Eastern Europe than perhaps any other country in the free world. If there is any nation that has cause to believe in the importance and inescapability of evolution within the Soviet empire it is the German people, because it is indeed a law of our nuclear age that change--and reunification means change--in international relations can be brought about only by evolution in a peaceful way. Thus it is from the particular situation of our country that we are faced with two major problems: How to build up Western unity and thereby preserve our freedom and liberty, and how to obtain lasting peace and to end the partition of our country by helping to bring about peaceful change.

I would like to deal now with the implementation of this policy. Let us first take up the problem of Western unity. Here again let us start with NATO. NATO without any doubt is a cornerstone of Western unity. Without NATO Soviet power in Europe would have become overwhelming. The freedom of Western Europe would not have been preserved, and power relations in the world would have thereby been completely changed, to the detriment of the free world. NATO therefore is and remains the very basis of our policy.

At the same time we know that NATO has its problems. The defense of the territory encompassed by NATO, including West Berlin, confronted by the threat of Soviet power, constantly changing in nature, has been very successfully achieved in the past 14 years in political as well as in military terms. This has been achieved because in this respect the identity of interests of the various partners has endured. The unanimity of the alliance in

this vital question, however, was not the only reason for this success. For all practical purposes, it was only possible because of the overwhelming importance of the United States and of its policy. Europe could pose no alternative except in terms of a future and possibly distant possibility to the leading and determining nature of American influence and its importance for the alliance. This fact constituted a major element in the success of the alliance because it made defense physically possible, and it reduced the difficulties of the decision making in the alliance.

It does, however, present serious problems in the long run. I think no alliance has ever worked over a longer period of time without leadership. It is, however, questionable whether it can work smoothly when sustained by one partner only. The straits of the alliance are, so to speak, not artificial ones but built in because of disproportionate political and military strength on both sides of the Atlantic which again lead to an unequal sharing of burdens and responsibilities.

These problems have to be solved in the long run, and the objective of strengthening Europe and of uniting the European states has had this goal very much in view. Viewed from this angle, it is obvious that the striving at European integration cannot have as its objective the building up of a third force between two big powers, but can only have as its objective the completion of the alliance by realizing what the late President Kennedy, in his speech of July 4, 1962, defined as Atlantic partnership. Let me try to repeat this definition and what it means in more concrete terms by quoting from the speech which the President of the Commissioners of the Common Market, Professor Halstein, made at Columbia University in New York on March 2, 1963. He said:

Given a fully united Europe, should it be a so-called third force? Should it be integrated, or, some would say, dissolved into a so-called Atlantic community? Or should it form with the United States another so-called Atlantic partnership? If by a third force is meant a force outside the Western Alliance, seeking to perform a balancing act between the world's great power blocs, then it is true to say that none of the present member governments has publicly endorsed such a policy. Indeed, according to public-opinion polls in the six countries of the Common Market, the vast majority of the citizens overwhelmingly reject this notion.

Halstein adds,

So do I. If by an Atlantic community, on the other hand, is meant a community on the federal pattern, similar in aims and structures to the European Community, then I think we must face the inescapable fact that this ideal, noble as it may be, is very far from realization. It is true that the principle of NATO is that defense is indivisible, and it may be that in certain fields hard military facts compel a more rapid political evolution than we can now envisage. But the notion of the community, as I have tried to show, is one that involves the pooling of sovereignties in innumerable, detailed, intimate matters of a whole society's life. It means subsuming the personalities of member states within the larger personality of the community itself. So far as one can see now, there is no evidence that such a process is yet conceivable on an Atlantic scale.

We are left, then, with the third option, that of Atlantic partnership. This, as I understand it, is a choice not only of Europeans but also of the American Government. It seeks to put in place of a system which harnesses one giant with a number of comparative dwarfs a new system which joins in partnership, in consultation, and in competition two, twin units which today are already comparable and which one day will be equal.

If in time this should ultimately make possible an Atlantic community, that would be a further question to consider.

Now, the essential thing here, I think, is the notion of building up a partner. This certainly is not something which can be accomplished rapidly. It can be done only in steps. This partner, according to the definition I just tried to give, should be equal or comparable. I am not sure whether it is advisable to use these expressions. I think it is perhaps more meaningful to describe objectively what requirements the partner must fulfill. I think in economic, political, and military terms he must develop sufficient strength and capabilities to make a major contribution to the common endeavors, sufficient to solve the problem of sharing burdens in a satisfactory way. This is one element. I think the second element is not less important. He must develop sufficient strength and cohesion to provide for internal stability and to give him the necessary amount of confidence in his own force which is a prerequisite for resisting outside pressure and fully sharing responsibility even in critical situations. This second element is not less important, in my opinion, than the first one.

This, under the conditions of the 20th century, could never be accomplished by merely combining the unintegrated capacities of small or medium-sized nation states even if economically they were highly prosperous. What is needed to meet these requirements is real integration and this on a continental scale. That is exactly what we have been striving for since Robert Shuman, the then French Foreign Minister, in May 1950 proposed the so-called Shuman plan which, under the leadership of Jean Monnet, ultimately became the European Community for Coal and Steel.

As you know, the efforts which were then made to make the Coal and Steel Community be followed by other communities like the European Community of Defense and the European Political Community failed. . . Finally one came back in 1955 to the idea of a new and broader economic community, and so in 1955 it was decided to negotiate the Treaty of Rome, which in fact was signed 2 years later, in 1957.

The fact that integration could not start, as it was hoped, in the field of defense and policy, did not quite correspond to the original intentions of the European leaders, who aimed, as I mentioned, at the creation of defense and political communities. But one might nevertheless ask whether this development was not necessary and was not more logical even. What does it mean to start European integration in the economic field? It means to create facts. It means to create a solid basis from which one day political integration, political union, could emerge. It means, in the words which Dr. Halstein from time to time uses, to scramble eggs in a way that you cannot unscramble them again. In this process, the German Government always played a major role and often a leading one. This is particularly connected with the name of the first Federal Chancellor, after the war, with the name of Konrad Adenauer.

I do not intend to enter into a detailed description of the European communities but let me point to one characteristic of these communities which I think is of considerable importance and which from time to time I think is a little bit neglected, because we concentrate more on actual economic problems with which we have to deal now.

This is the institutional or, if you like, the constitutional aspect of it. Whenever we deal with international organizations we clearly see that the most sophisticated problem is concerned with reconciling the idea of national sovereignty, still the basis

of national life all over the world, with the building up of true international authority which alone can overcome the otherwise often paralyzing effects of diverging national interests. This problem, in my view, is really a vital one because, given the technical development of our times and given the means for self-destruction which we possess today, mankind's future in the long run may well depend upon its ability to bring about a true international order, that is, an international order which is stable and reliable. But to achieve this we will have to resolve the problem which I just tried to describe, because only an international order which permits decision making and which, at least to a certain extent, is enforceable will in the long run provide us with the stability and the reliability we need.

Now, so far as I can see, the European Community is the only international organization which by its institutional structure at least has begun to solve this problem, which is the problem of pooling sovereignty, if not in an ideal way then perhaps in a most ingenious way. In this respect it constitutes, I think, the most progressive phenomenon in international development.

I will try to describe this process at least in some words. The decision making power which, in the community in fact, is a law-making power, because the decisions do not need ratification on the national level, lies with the Council of Ministers, but the Council of Ministers--and this is a big difference between the communities and other international organizations has in some cases the majority vote, and the field to which this majority vote applies becomes larger and larger with every stage of the transitional period.

To give you one example, which is not only important in itself but important in a very actual sense, from January 1, 1966, on, all decisions related to trade policy, agriculture included, will be taken by majority vote. This means in practical terms, for instance, that all decisions to be taken by the community in the context of GATT negotiations will be subject to this rule.

The second element which distinguishes the community from other international organizations is the role of the independent Commission. I do not like to go into details here but I may mention only that this independent Commission has what in constitutional terms is called the right of initiative, that is, it can propose laws. The Council is bound to deliberate on such a proposal if it is made. The Council may adopt it or reject it, but to change it it

needs a unanimous vote. So the position of the Commission which embodies the common interest is independent and strong enough to make it an effective motto of the development.

Now, before leaving this subject, the subject of European integration and Atlantic partnership, let me make a few further remarks. The buildup of an Atlantic partnership is, as I have tried to show, a most important objective for European integration. It is, however, not the only one. European history for centuries has been marked by what historical books used to call wars but I would prefer to call civil wars. These not only brought about awful suffering for nations as well as for individuals but they led to an unbelievable decline as well of Europe's position in the world in political, economic, and even moral terms. After World War II Europe was economically virtually helpless, and militarily, without the protection of the United States, it still is to a large degree.

Thus, European integration from its very beginning has been designed to end once and for all these civil wars, to make them not only psychologically but even physically impossible, and to restore Europe's position in the world which is a position in keeping with the real capacities of their own continent.

I thought it useful to call attention to this because the very fact that an inter-European war today is unthinkable often seems to be taken as something which needs neither an explanation nor further efforts to perpetuate it, but in fact it is a major historical achievement, while European integration is at the same time one of its prerequisites and its most important result.

Again, nowhere is this more obvious than in the development of Franco-German relations. I certainly do not need to explain in detail what this change means in terms of historical development, if one considers the terrible, turbulent, and unhappy history of the relations between these two nations. But it might be useful to point to what it means for the present and the future of the free world.

Franco-German friendship and cooperation unquestionably is one of the basic conditions of European integration. Without it the building up of a European Community and thereby of a true Atlantic partnership would not be possible.

This is so because of the inescapable fact of geography and demography, and it is so furthermore because in economic terms these two countries together represent a decisive factor on the continent.

Franco-German cooperation, thus, is a vital element of the policy of both countries--and we can never consider it as an option between alternative choices. Our national security, the security of Europe, and the future of an Atlantic partnership depend, as far as my country is concerned, on our community of interests with the United States on the one hand, and on the preservation of Franco-German cooperation on the other. Therefore our policy could never be based on a choice. On the contrary, all our efforts must be directed toward reconciliation of the sometimes divergent views which are involved.

Now, let me turn to East-West relations, viewed from the viewpoint of my country. The situation we have to face shows, as far as I can see, two important and somewhat contradictory characteristics. There can be no doubt that the Communist world is undergoing changes. At the root of these changes, I think, are basically three factors--the rapid transformation of the Soviet Union into a highly industrialized society, the development of modern armament, with all its consequences, and the emergence of Red China as a second Communist great power.

The results of these developments, as far as one can see, are a slow progress of liberalization in the Soviet Union and its Eastern European satellites, a better understanding of what policy in the nuclear age means--to which, incidentally, Khrushchev's experience in the Cuban crisis, I think, has very much contributed--and, finally, a general lessening of cohesion in the Communist world movement due to the Sino-Soviet rift.

These developments are certainly positive. Together with growing difficulties of the heavily overstrained Soviet economy, they give us a chance to preserve peace, and this in the nuclear age certainly is by far the most important goal of foreign policy.

But, if this is true, then it is equally true that, as I put it in the beginning, the Soviet Union still persistently adheres to the idea of world revolution and to the traditions of imperialism and power politics of past centuries. It is exactly this aspect of the

Soviet threat which makes it so deadly dangerous. Behind the ideology of world revolution which perhaps in the long run may fade away, very slowly, certainly, hides Russia, still an imperialistic great power which as far as we can discern today would be quite prepared to play a hegemonial role in Europe.

To enjoy security does not only mean to be secure from nuclear war. It means to build up sufficient stability and self-confidence equally for resisting all other forms of threat and pressure from an overwhelmingly powerful neighbor. That, I think, is one of our problems. So, although the danger of nuclear war may be considerably lessened, it would still be a heavy mistake to overestimate the changes in Soviet political thinking and to underestimate the Soviet threat, both in terms of revolutionary strategy and of Russian power politics.

We are thus faced with a double problem--to further the changes which unquestionably are under way, and on which I hope the future is based, and to resist the danger in its various forms firmly and cautiously. I think nobody gave this thought better expression than the late President Kennedy in his two historic speeches in 1963 of 10 June and 27 October. Let me quote here from a third speech he gave before the Joint Assembly of the United Nations, in which he said, speaking about the differences between the United States and the Soviet Union: "No service is performed by failing to make clear our disagreements. Essential difference is a belief of the American people in self-determination for all peoples." Then he went on to say, applying this principle to Germany, "We believe that the people of Germany in Berlin must be free to reunite their capital and their country." Finally, he concluded by stating, "These are basic differences between the Soviet Union and the United States, and they cannot be concealed. So long as they exist they set limits to agreement and they forbid the relaxation of our vigilance."

So this is the second aspect, the hope for change and the impossibility to relax.

The limits which Soviet policy sets to all Western efforts to relax tensions could not have been better described. In practical terms it means that we cannot have arrangements, for instance, in Europe without doing something about the causes of tension in Europe--that is, the German question, and in particular Berlin.

The more a security arrangement affects the present pattern of East-West relations in Europe the more necessary it is to make some progress on the essential political issues. This is why we believe, for instance, that a nonaggression arrangement should come at the end rather than at the beginning of a process of detent. As far as, for instance, ground observation posts are concerned, we are of the opinion that they should be evaluated on the basis of their potential military and political value.

Again, the causes of tension should not be lost sight of. Peripheral measures in the field of European security and prevention of surprise attacks and progress on the central political issues are like communicating pipes, so we feel.

You will forgive me when I briefly refer to the special psychological situation in Germany, because, however warmly our closest friends sympathize with our plight, it is almost impossible for somebody outside Germany to feel what it actually means to live in a divided country and to be daily confronted with the separation of so many natural ties of which the Wall in Berlin is only the ugliest symbol.

To a nation exposed to such an extraordinary situation, it means a lot to know that it is supported by its allies and friends. The more we are certain--and we are--that our allies share with us the common objective to end the partition of our country, the easier it will be for us to join them in their efforts to come to limited agreements with the Soviet Union.

Let me conclude by coming back again to something I said in the very beginning. All this must be seen against a background which is the very basis of our policy. We Germans could not perform a useful function in any part of the world if we were not sure of the support of our allies and partners, and particularly of the United States. Let me quote here a sentence from a most brilliant speech that Professor Rostow made in September last year at Dayton University, where he said:

We are ultimately bound together by loyalty to a larger vision. The vision has three parts: The unity of Europe, the building of the Atlantic Community, and the systematic deployment of the energies and the resources of the Atlantic Community for the larger purpose of world peace and prosperity.

European integration and Atlantic partnership, whatever setbacks we experience in trying to achieve them, have become indispensable elements of our fate as a nation. We are committed to them and we shall work for them, and we believe in their future.

Thank you.

COLONEL VAUGHT: Gentlemen, Herr von Staden is ready for your questions.

QUESTION: Sir, there seems to be quite a bit of concern in the United States that the European Economic Community is developing an inward-looking and protectionist attitude. Do you see much hope for the Kennedy round of negotiations so far as the reduction of tariffs and the terrible levies on agricultural products is concerned?

MR. VON STADEN: Well, let me first of all answer the first half of this question, whether the Community is developing into an inward-looking entity, as it is sometimes feared. You just had in this Capital the visit of three Common Market Commissioners, M. Rey, M. Marjolin, and Mr. Mensholt who is responsible for agriculture. They were put the same question and they quoted some very interesting figures which I would like to repeat here. The imports of the Common Market from its beginning, in 1958, to the end of 1963, from the outside world, that is, the whole of the outside world, rose by 51 percent, which is considerably more than the average rise of world trade. The imports of the Common Market during the same time from the United States alone rose by about 80 percent, and the imports of the Common Market from the United Kingdom rose by about 105 percent, which I think is remarkable, and I think one may even say is unique in economic history.

So, even the Common Market's tariffs as they stand today are not a hindrance for international exchanges but on the contrary the building up of the Common Market has had the effect of a stimulant.

Now, as far as the Kennedy round is concerned, I think we have to distinguish between industrial products and agricultural products. As far as industrial products are concerned, as you know, one of the main problems is the problem of disparities. It is a complex subject and I do not like to go too much into the details of it, but what in fact it means is that tariffs are not always

comparable. If you have a tariff for a product in the Community, for instance, of 10 percent ad valorem, and you have for the same product a tariff of 20 percent ad valorem in the United Kingdom or in the United States, then it is difficult to reduce both tariffs by 50 percent without creating a disequilibrium. This is one of the problems which until now caused many difficulties and has not yet been completely overcome. But as far as I can see the prospects are good to find a compromise here. And so I think we can be quite optimistic as far as the Kennedy round for industrial products is concerned.

The situation is somewhat more complicated in the agricultural field. Agriculture in the United States has undergone a real revolution during the last decades, and you have today a productivity which is quite incomparable. You not only feed the whole population of your country with, as far as I know, about 6 or 7 percent of your agricultural population but you even have surplus production and are a great exporter of agricultural products.

On the contrary, in the Common Market the percentage of population occupied in agriculture varies from one country to the other. It is about 17 percent in Germany, 20 percent in Italy, and about 25 or 26 percent in France. But the productivity is much lower.

Now, the problem is how to deal with such a situation. This can be done only in a slow process of adaptation. That is, industry has to absorb a part, in the long run, of this agricultural population. But the progress in productivity on the whole is faster than the absorption of agricultural population by industry. So in some fields a considerable augmentation of production in the Community is unavoidable. This I think creates our problem. What is called the Mansholt plan is the proposal of the Commission for these agricultural negotiations in the framework of the Kennedy round. It provides for a system which we hope will maintain, on the whole, American agricultural exports to the Community for about the forthcoming 10 years, but it may decline in one field, and it may rise in other fields. This is not very easy to predict.

Anyway, whereas I think we can say today that the tariff problem will be resolved, it is premature to be equally sure as far as agriculture is concerned. But we are only at the very beginning of the negotiations, which certainly will last a considerable time.

The three Commissioners from the Common Market, whom I mentioned, calculate, or guess, that the negotiation will last until the end of 1965, and I am personally convinced that we will manage to find a solution during this time, for there is no trade problem, I think, for which a solution cannot be found.

So this is the only answer I can give for the time being. It is not entirely satisfactory, but at the very verge of a negotiation it would be asking too much to have a quite exhaustive and definite answer.

QUESTION: The weekend press reported that Germany was subjected to a rather vitriolic attack by the Soviet Union over the Erhardt policy. I wonder if you will comment on the significance of this attack.

MR. VON STADEN: Well, attacks of this kind have been made several times. This is not the first time. So the question is not whether the attack as such has a particular significance. The question is more why this particular attack came just at this time. It is hard to say why. In fact, for the past 2 years we have done all we possibly could, under the present circumstances, to come to better terms with the Eastern European countries. As you know, we established a trade mission in Warsaw, we concluded agreements with Hungary and Rumania, and, some days ago, with Bulgaria to establish similar trade missions. Similar negotiations with the Czechs will take place in the near future, I hope. So, within the limits of our possibilities, these limits being set by Soviet policy itself, and particularly by the fact that a part of our country and our people is denied self-determination, we are doing all we can to come to a sort of modus vivendi. But it has for many years always been the tactic of the Soviet Union to try to isolate Germany and to try in a way to break Germany away from the alliance.

This new attack, I think, must be seen in the context of this continued endeavor from the Soviet side. I cannot see any actual reason why this attack came now. For me it is only one repetition of something which happened many times in the past.

QUESTION: We here have watched with interest the agreement between Germany and France. I wonder if you think it would be of advantage to Germany and possibly aid in strengthening NATO if Germany and Great Britain entered into a similar agreement.

MR. VON STADEN: As I tried to show, a very close Franco-German understanding is one of the prerequisites for European integration. At the same time it is equally true, that this particular German-French treaty as it stands today was conceived in the framework of an already existing community.

The situation with the United Kingdom which is not a member of the community is somewhat different. As you know, the German Government always tried to bring the British in. This certainly is a most important step to be made. This endeavor at the beginning of 1963 failed. We certainly did not give up and we won't give up our hope to have the British in the Community, finally. This is a problem which cannot be resolved in the very short run, certainly not before the British elections.

But I am convinced that some day, after these elections--and this may last a certain while, because the British Government has to make up its mind, too--I think we should and we will try again to bring this about. This is about, I think, the very basic and the most important step.

As far as current cooperation between the United Kingdom and Germany is concerned, we have no consultation treaty as we have with the French. But you remember, perhaps, that when the Chancellor and the Foreign Minister, some time ago, visited London, it was in fact envisaged to meet at regular intervals in order to consult on political problems of mutual interest.

So, as a basic situation is somewhat different, so are the particular forms of bilateral English-German cooperation too. But--how should I say it? --the attitude toward Great Britain is guided by the same basic considerations as the attitude toward France.

QUESTION: Sir, for a nuclear deterrent to be effective in preventing a Soviet attack on NATO, the Soviets, of course, have to believe that if they initiate an action, nuclear weapons will be used against them. In this connection would you discuss the role of adequacy and effectiveness of the various systems of nuclear control, singularly by the United States, and by a number of NATO nations in a multilateral force?

MR. VON STADEN: I am afraid I cannot, I have been forced in my professional life to acquire from experience in many fields. I worked for years in charge of the Soviet desk in my Ministry, and I worked for years in the European Community. But I have not yet had the opportunity to work in NATO, so I am not an expert on questions of defense. But it is perhaps useful to make at least one remark concerning MLF, because MLF is a new approach and it is an approach which is, I think, very much different from what we have today. It is to be the first really integrated element.

I used one sentence in my introductory remarks which I think characterizes our thinking in this field. This was that defense in our view is indivisible. This means that the more we can have it in an integrated form the better it is. That is the reason why from the very beginning we were much in favor of the multilateral force, which I think is the first step in this direction.

Whether the present setup of the NATO defense system is appropriate to cover all sorts of possible Soviet strategy and all sorts of threats, I cannot tell you. That is a question which is very much for an expert in these matters, but my feeling is that MLF not only has very high political significance, my feeling is that it would contribute something significant in terms of defense, too.

QUESTION: There seems to be a problem of inflation in many of the Western European countries. How much of a threat does this pose in Germany now, and what is being done to avoid the inflation?

MR. VON STADEN: That is a very important question, certainly. You cannot have a Common Market, as we are trying to build up, in the long run if you have an economic disequilibrium. In 1963, for instance, Italy had a trade deficit with Germany of about 1 billion Deutschmarks, which is about \$250 billion, and so had France. These deficits are due to certain inflationary tendencies in these two countries.

The Treaty of Rome provides for a mechanism of compensation, but the articles which refer to this are very general in nature. They have to be implemented by additional and further decisions, and until now these decisions have not yet been taken.

So we have the real problem. It is quite obvious that a situation as we have it for the time being cannot continue without disrupting effects. Now, in the case of both countries, I mentioned that the governments have taken quite a series of measures and steps in order to prevent a further escalation of this inflation, and by doing so to prevent the balance continuing to be unbalanced.

It is significant and it is perhaps typical for the situation we have today in the Common Market, that, for instance, the Italian Government, when recently it took such measures, consulted before doing so with the European Commission in order to see whether the European Commission considered these measures sufficient. The reaction of the European Commission on the whole was positive.

As you know, the Italian Government approached now the unions, in order to see whether the unions would be prepared to come to a compromise. What is essential in this present situation is that the Common Market has unquestionably and evidently a stabilizing effect. The position of a government which has to take steps to stop inflationary trends today is different from its position before the Common Market came into existence. It has the authority of the Common Market, so to speak, behind it. It has a very strong argument in these dealings by saying, "If we don't find a solution we risk disrupting the Common Market."

What would this mean in the case of any member state? It would mean unacceptable losses. Italian exports to the other Community countries rose during the last 6 years by no less than 150 percent. You see, the danger of inflation, when it comes to inflation, is undeniable. But the means to deal with such a danger are today in the framework of the Common Market quite different than they were before. The moderating forces, the stabilizing forces, are much stronger.

This is a very important point. It must be seen that this stabilizing effect is a very important point. It gives us a chance to handle situations which, without the Common Market, perhaps would not be manageable.

QUESTION: As we see Germany today, we think of her more as a land power facing toward the East, yet Germany has always aspired to the sea, and over the last half-century her sea power or her influence on sea communications as buttressed by her naval force has peaked pretty high and come to a pretty low level. Now,

my question is this: Looking to the future, what do you see as Germany's hopes or ambitions, in the terms of sea communications, and is there possibly a change in German philosophy on this as a result of EEC?

MR. VON STADEN: Your question refers to commercial shipping?

STUDENT: I am speaking of sea power as a basic, generic term, which includes commercial shipping and, ipso facto, the attendant possible naval power to assume certain possibilities.

MR. VON STADEN: I can see here in the auditorium some officers of the German Bundeswehr but, as far as I can see, there are no Navy men here, so I feel free to give my answer. I think the goals of our naval policy in military terms are today limited to the protection of our part of the Baltic Sea and of the German Atlantic Coast and the passage between the Baltic Sea and the Atlantic. So I think the German naval policy today is limited and is a regional one and not a global one, as distinct from the naval policy of Imperial Germany before the First World War.

As far as commercial shipping is concerned, Germany again has a considerable commercial fleet, but I think it is only a fair statement to say that she has nothing like naval ambitions today.

QUESTION: Sir, as I see it, East Germany presents a dilemma economically speaking, in that, with all its economic problems, West Germany would like to see it flounder and bring the downfall of the regime, yet, on the other hand, you have some sympathy for your fellow countrymen and you do not like to see them in dire straits. Would you discuss briefly the present trade and credit arrangements with East Germany? And to what extent are you going to continue to underpin the East German economy?

MR. VON STADEN: Well, this question refers to interzonal trade. Interzonal trade has really all these years been on a more or less stable level. It does not decline very much and it does not rise. It constitutes a very small fraction in German external trade. It is, as far as I know, about one billion Deutschemarks, which is about \$250 million in every direction.

As far as credits are concerned, we are not extending credits. This has been under discussion. Some proposals, not official proposals but proposals from leading politicians in Germany, have been made, but the Federal Government I think will not decide to grant credits unless it gets concessions from the Ulbricht regime in the humanitarian field, that is, at the Wall in Berlin and at the equally existing but often forgotten wall between the two parts of Germany.

Now, as far as the economic situation in the Eastern Zone is concerned, I think nobody envisages a breakdown because of economic reasons. The real economic problem in the East Zone is that a highly skilled population with considerable natural resources doesn't produce very effectively because of an absurd economic system.

So, quite apart from the main goal of our policy, which is reunification, we would still welcome a change that would make life easier and would lead to a little bit less absurd method of economic planning and economic policy than they have today.

It should not be forgotten that on the whole the Eastern Zone of Germany, perhaps more than other parts of Eastern Europe, is exploited by the Soviet Union, has been very heavily exploited, and still is exploited.

COLONEL VAUGHT: Herr von Staden, we greatly appreciate you sharing your expert knowledge and opinions with us.

Danke schon.