COLLABORATION WITH
COMMUNIST COUNTRIES IN
MANAGING GLOBAL PROBLEMS:
AN EXAMINATION OF THE OPTIONS

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The Trilateral Commission
This report has been prepared for the Trilateral Commission and is released under its auspices. It was discussed at the Trilateral Commission meeting held in Tokyo, January 9-11, 1977. The authors, who are experts from North America, Western Europe and Japan, have been free to present their own views. The Commission is making the report available for wider distribution as a contribution to informed discussion and handling of the issues treated.

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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.

THE TRILATERAL COMMISSION

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COLLABORATION WITH COMMUNIST COUNTRIES IN MANAGING GLOBAL PROBLEMS: AN EXAMINATION OF THE OPTIONS

A Report of the Trilateral Task Force on Constructive Trilateral-Communist Cooperation on Global Problems to The Trilateral Commission

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The Rapporteurs

Henry Owen has been the Director of the Foreign Policy Studies Program at the Brookings Institution since 1969. He was on leave from Brookings in early 1977 to coordinate U.S. preparations for the Downing Street Summit Meeting of seven industrialized democracies in London in May. Born in 1920, Mr. Owen obtained his B.A. at Harvard in 1941. He was an economist in the Office of Price Administration in 1941-42, and served in the U.S. Navy from 1942 to 1946. Subsequently he joined the Department of State, serving first in the Bureau of Economic Affairs (1946-51), then in Intelligence and Research (1951-55), as a member of the Policy Planning Staff (1955-62), as Vice Chairman of the Policy Planning Council (1962-66), and finally as Chairman of that body (1966-69). Mr. Owen edited and contributed to *The Next Phase in U.S. Foreign Policy* (Brookings, 1973) and *Setting National Priorities* (Brookings, 1976, with Charles Schultze).

Andrew Shonfield has been Director of Studies (1961-68) and Director (since 1972) of the Royal Institute of International Affairs, London (Chatham House). He was Chairman of the British Social Science Research Council, 1969-71. Born in 1917 and educated at Oxford University, Mr. Shonfield served in the British Army, 1940-46; he was Foreign Editor of the *Financial Times* from 1949 to 1957 and Economic Editor of the *Observer* from 1958 to 1961. He was a member of the Royal Commission on Trade Unions, 1964-67. His books include *Europe: Journey to an Unknown Destination* (1973, Cortina-Ulysse Prize); *Modern Capitalism: The Changing Balance of Public and Private Power* (1965), and *The Attack on World Poverty* (1960). His most recent publication is an essay in a two-volume survey, *International Economic Relations of the Western World, 1959-71* (1976), which he edited for Chatham House.

Chihiro Hosoya is Professor of International Relations at Hitotsubashi University (Tokyo). Mr. Hosoya graduated from the Faculty of Law of the University of Tokyo in 1945 and studied in the United States as a Rockefeller Scholar in 1955-1957 and 1962-1963. He was a member of the Institute of Advanced Study, Princeton (1971-1972) and Vice President of the International Studies Association (1975-1976). Since 1976, he has been the President of the Japan Association of International Relations, an organization for which he served as Vice President between 1972 and 1976. His publications include *Japanese Intervention in Siberia* (1955); *The Road to the Pacific War* (Vol. 5, 1962); and a four-volume history of U.S.-Japan relations.
The Trilateral Process

The report which follows is the joint responsibility of the three rapporteurs of the Trilateral Task Force on Constructive Trilateral-Communist Cooperation on Global Problems, with Henry Owen serving as principal drafter. The rapporteurs have been aided in their work by consultations in each of the three regions. In each case, consultants spoke for themselves as individuals and not as representatives of any institution with which they are or were associated. Those consulted included the following. Affiliations are shown as they were at the time of the consultation.

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William Taubman, Amherst College
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Joseph Yager, Brookings Institution
Tadashi Yamamoto, Japanese Secretary, The Trilateral Commission

Unsuccessful efforts were also made to arrange a series of consultations with Soviet and Chinese experts at various stages of the rapporteurs' work. In particular, a meeting with a group of agricultural experts from the Soviet Union, initially scheduled for 1976, had to be postponed until after the publication of this report.

SCHEDULE OF TASK FORCE ACTIVITIES:

December 7, 1974—preliminary discussion of task force concerns in trilateral "brainstorming" session in Washington, D.C., including Owen, Shonfield and twenty-four others.

February 1975—Owen prepares preliminary outline of report.

March 4—Owen and Shonfield meet in Washington to discuss outline.

May 14—Shonfield meets with European consultants in London.

June 3—Hosoya and Shonfield meet in Tokyo to develop task force concerns, after meeting in Kyoto of Trilateral Commission.

July 23—Rapporteurs meet in Washington, D.C., with North American consultants to discuss their preliminary papers.

October—Fuller outline of report prepared by Owen.

October 13—Hosoya meets with Japanese consultants in Tokyo.

November 30, December 2-3—Rapporteurs meet in Paris, at time of Trilateral Commission meeting.
May 11, 1976—Owen reports on tentative conclusions of rapporteurs to meeting in Ottawa of members of Trilateral Commission.

June—Owen completes preliminary draft of report.

July 15—Hosoya meets with Japanese consultants in Tokyo.

July 22-23—Rapporteurs meet in Baden, Austria, to discuss preliminary draft of report.

Early November—Owen completes first full draft of report.

Late November—After receiving comments from Hosoya, Shonfield, and others, Owen completes second full draft of report, which is circulated to members of the Commission.

January 10, 1977—Discussion of draft report at Tokyo meeting of Trilateral Commission.

Late March—Third draft of report completed.

July—Final draft completed for publication.
SUMMARY OF THE REPORT

Collaboration With Communist Countries in Managing Global Problems: An Examination of the Options

Constructive cooperation with Communist countries in a number of areas of global concern could make a significant contribution to solutions of the substantive problems involved without causing undue risks or intrusion in the internal affairs of participating countries. This report examines nine such areas. Potential Trilateral-Communist cooperation is worth continuing attention in all of them and, in some cases, deserves a major effort.

Food, nuclear exports and non-proliferation, oceans, and trade policy (Chapter II) emerge as the most promising areas for cooperation:

- The development of an international system of national food reserves is an important part of the attack on global food problems. Soviet participation in such a system would be important to its success. Large swings in Soviet import requirements will probably continue for some time, and without participation in a reserve system, these swings will continue to disrupt the world food market. The problem was not met by the 1975 five-year bilateral U.S.-Soviet grain agreement. The Soviet Union is a member of the International Wheat Council, in which the principal reserve system discussions have been underway since early 1975, although without any positive Soviet response so far. It appears to be in the Soviet interest to participate in a reserve system; it is not clear, however, that the Soviet Union recognizes this interest. If the U.S.S.R. did not participate, the countries forming the system would have to give first priority in fixing their export policy to other members in times of global shortage. China figures less heavily in the international grain trade than the U.S.S.R. Chinese participation is not essential to the reserve scheme, and is unlikely to occur.
• Common concern over the risks of nuclear weapons proliferation from nuclear exports has led to regular discussions in the London Nuclear Suppliers Group including most Trilateral countries, the Soviet Union, and some Eastern European states. The Group has demonstrated that East-West cooperation is possible in this area; differences have been greater among the Trilateral participants than between them and the Communist participants. The May 1977 Downing Street Summit of seven Trilateral countries agreed to launch an International Nuclear Fuel Cycle Evaluation Program. In view of the large capacity of the Soviet Union in this field—it already possesses extensive reprocessing and enrichment facilities and has its own fast breeder reactor program—it is essential that the U.S.S.R. be actively involved in the projected studies. China has played no role in international nuclear commerce, but has the potential to become a supplier country. It has not signed the Non-Proliferation Treaty, and has denounced attempts by others to restrain proliferation.

• With regard to oceans management, prospects for cooperation appear more promising in the immediate future with the Soviet Union and Eastern Europe than with China. If the United Nations Conference on the Law of the Sea reaches agreement on a treaty, cooperation will be needed in its implementation and enforcement. If the Law of the Sea Conference cannot agree on a treaty, cooperation will become all the more important: developed countries will need to set broad norms of conduct for themselves and work out more detailed means of implementation in order to avert conflicting unilateral claims and policies.

• The volume of East-West economic transactions has greatly increased during the 1970’s, particularly with the Soviet Union and Eastern European countries. It is a matter of common interest that this trade be subjected to minimum agreed ground rules, in order to secure the expansion of transactions with more confidence than at present. A commitment to abide by an internationally-negotiated set of trade rules, or at least an internationally-negotiated set of procedures for arbitrating trade disputes, might be sought by Trilateral countries as a normal part of any bilateral commercial agreement with members of COMECON. This need not mean full Soviet participation in
GATT. We should seek agreement on broad criteria of performance to meet the special practices of state-controlled economies, but be prepared to settle initially for a well-articulated international complaints procedure. In Europe, new approaches to closer East-West economic collaboration are likely to be impeded, so long as the Soviet Union does not recognize the European Community. It should be no part of Trilateral policy to push for the establishment of new East-West trade contacts and arrangements at the expense of the EC common external commercial policy. Equally, Trilateral interests would not be served if the institutional arrangements for the conduct of East-West trade on the Soviet side served to promote the power of a centralized organization in COMECON over the trade of individual Eastern European countries.

The areas of earthquake warning and energy (Chapter III), although offering somewhat less promise, warrant serious exploration.

- China's achievements in the field of earthquake prediction have been significant; it seems eager to share its experience with other nations. A number of exchanges have taken place between Chinese specialists and their counterparts in Japan, Canada and the United States. Chinese participation in a Japan-U.S. Seminar on Earthquake Prediction scheduled for 1978 would be an important breakthrough.

- Recent experience and future prospects make it difficult to be optimistic about early large-scale energy cooperation with either the Soviet Union or China. The political obstacles, on both the Trilateral and Communist sides, are formidable, but the subject warrants continuing exploration. Large-scale cooperation is more likely to follow rather than to precede a further easing of political tensions.

Development aid, space, and weather (Chapter IV) are the least promising areas for cooperation with the Communist countries, though such cooperation remains desirable. Aid cooperation is likely to be very limited given the essentially political considerations which have dominated Soviet aid and the absence of any sign of serious interest in joint efforts with Trilateral countries. Weather modification could eventually become a major field for international cooperation, but the technical progress needed to give scope to such activities is not likely in this century. In global space
cooperation, the conservative Soviet policy makes it unlikely that large early opportunities will arise to involve the U.S.S.R.

Some of the constraints on Communist involvement in these global problems are determined by the political environment. The report discusses briefly (Chapter V) a few ways in which the parameters of the problem might be altered, over the next five to ten years, by political change in the U.S.S.R. and China. Likewise, the style and conduct of East-West relations by the Trilateral countries may also change. At present, some of the policies proposed in the report, particularly cooperation in establishing an international system of national grain reserves, appear sufficiently promising to be vigorously pursued. In the long run, even modest successes may change the atmosphere in which the wider problems of global management, likely to increase in importance as this century comes to a close, can be collectively addressed.
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I. INTRODUCTION

This report was prompted by a desire to exploit any opportunities in relations with the Communist countries for cooperative management of certain international problems. Our concern has not been with security matters, although some of the subjects which we have examined, notably the development of international trade in nuclear power plants and materials, impinge on international security. The purpose has been to see whether there are prospects for easing the tasks of global management, in an increasingly crowded world, by drawing a Soviet and/or Chinese partner into the process.

Cooperation between Trilateral and Communist countries is not without risks. Some analysts have expressed concern about the consequences that are likely to flow from successful East-West collaboration in strengthening the economic capacity and therefore the international power of the Soviet Union. These consequences are likely to be limited. Moreover, failing to exploit opportunities for cooperation between the Communist and Trilateral countries could result in our foregoing chances for increased communication which might reduce misunderstanding among these countries. But our main goal in seeking East-West cooperation is to manage the world's problems more effectively. Communist cooperation could be important in dealing with some of these problems. To ensure that this cooperation is effectively addressed to that purpose and does not generate undue risks, there is much to be said for a more systematic monitoring of the process.

This report examines potential Trilateral-Communist cooperation in nine areas of global concern: food, energy, oceans, space, weather, earthquake warning, aid for development, trade policy, and nuclear exports and non-proliferation. We judge cooperation to be desirable in each of these areas, if it can be secured on appropriate terms; some will offer more promise than others over the next several years. Chapter II discusses the four most promising areas, each worth a major effort. Chapter III deals with two areas of somewhat lesser promise, though worth serious exploration. Chapter IV concerns those areas in which efforts to develop cooperation, while desirable, are not likely to yield major results in the near future.

We do not claim to have examined all possible areas. Pollution control, for example, deserves further attention, and may open up interesting possibilities for cooperation between Western and Eastern Europe.
As indicated earlier, the main purpose of cooperation between Tri-
lateral and Communist countries should be to help resolve global problems. Cooperative ventures proposed with the aim of shaping the internal affairs of other countries would be rejected by Communist countries. Given the open nature of Trilateral societies, this purpose would be evident if it were adopted. Only if cooperative ventures commend themselves to the Commu-
nist, as well as non-Communist, countries are they likely to prosper.

We have judged Trilateral-Communist cooperation in the nine areas
according to the following criteria:

— The problem should be important from a global standpoint.

— The problem should be one to whose solution Trilateral-Com-
munist cooperation can make a notable contribution.

— The venture must be one that can be pursued without undue
intrusion into the internal affairs of the participating states.

We have not found areas that substantially meet these criteria other
than those indicated in this report. Cooperation in these areas is, of course,
dependent on a large measure of agreement among the Trilateral countries.
Only if these nations actively favor joint action in these areas—with the
Communist countries if possible, and if not, among themselves—is it likely
to be achieved.

We have not sought ventures that would exacerbate Sino-Soviet rivalry.
We have thus focused, for the most part, on projects that would involve
either the U.S.S.R. or China, but not both. This does not mean that
cooperation with the Soviet Union and China cannot be pursued simultane-
ously—only that it should not focus on the same projects.

The chances of Soviet or Chinese agreement are, of course, uncertain;
our assessments are tentative, based on such limited evidence as exists.
Only by seeking cooperation can its feasibility be ascertained.
II. MOST PROMISING AREAS

A. FOOD

The food problem is less one of global imbalance between supply and demand than of potential or actual food shortage in developing countries. A stable and adequate per capita food intake in these countries requires three things: some control of population growth, increased food production in these countries, and some system of food reserves to cushion the effect of bad harvests.

There are only limited opportunities, if any, for Trilateral-Communist cooperation in the limitation of population growth in developing countries. Prospects are somewhat more substantial for cooperation in the realm of increasing food production. Production increases require both more effective domestic agricultural policies on the part of developing countries and enlarged provision of outside capital and technology to them for agricultural development. The Trilateral and the Communist countries have each developed different techniques for coping with their agricultural problems. Each, therefore, has some capacity for providing different technical insights to developing countries. As discussed later, there has already been some U.S.-Soviet cooperation in satellite monitoring of crops. U.S.-Soviet technical agricultural cooperation has been going on since 1973. Japan and China both have developed special agricultural skills; again, cooperation in sharing these skills with other Asian countries is feasible, if political circumstances are favorable. These possibilities should be explored, as part of the larger effort to cooperate in providing aid to developing countries discussed elsewhere in this paper.

The prospects for cooperation are more promising with regard to the third objective: the development of adequate food (particularly grain) reserves.* A reserve stock policy that could keep cereal price changes within a less disruptive range than in the recent past could make a considerable contribution not only to restraining inflation in the developed and developing worlds, but also to ensuring that adequate food supplies are available to developing nations at prices that will not impose an undue drain on foreign

*This discussion draws on Philip H. Trezise, Rebuilding Grain Reserves (Brookings Institution, 1975); and Edward R. Fried, “Qualms About the U.S.-Soviet Grain Agreement,” (a statement before the International Finance Subcommittee of the Committee on Banking, Housing, and Urban Affairs of the United States Senate, December 9, 1975.)
exchange reserves. In the past, this need was met by large North American reserves, but the United States and Canada do not maintain such large reserves any longer. Bilateral supply and purchase arrangements between a few large exporters and importers will not fill this gap: Without provision for stocks, such arrangements will only shift burdens to others in periods of short supplies, with potentially disruptive effects on established trade patterns and perhaps international comity. If such bilateral arrangements were buttressed by agreements among the parties to hold stocks, they would raise most of the problems of joint management of a multilateral reserve scheme to meet global needs, but without the advantage of an agreed multilateral framework to ensure fair burden-sharing.

In early 1975, interested countries began consultation in the International Wheat Council, of which the U.S.S.R. is a member, about a possible international system of national grain reserves. There was some discussion of an initial contingency reserve of about 30 million tons, including 25 million tons of wheat and 3 million tons of rice. Contributors would include all the industrial countries, Trilateral and Communist, as well as Argentina and South Africa. Stocks would be nationally owned and, according to choice, nationally located. Participants would be committed to acquire and release stocks according to agreed guidelines, depending on supply, demand, and prices in world markets. A price range, with the maximum price set at a substantial margin above the minimum price, has been suggested as one possible trigger mechanism for stock acquisition and release. An alternative proposal would rely on a quantitative trigger based on deviations from trend levels of world grain supplies. Discussions languished, but President Carter’s administration has shown more interest than its predecessor and the discussions are now reviving.

Soviet participation in an international system of national grain reserves would be important, but not essential, to its success. During five of the last fifteen crop years the U.S.S.R. was a net importer of grain. In two of these years (1972/73 and 1975/76), its net imports exceeded 20 million tons. In other years it was a net exporter of about 5 million tons. The vagaries of Soviet weather, Soviet agricultural organization, and Soviet consumption policies will probably continue to generate large swings in Soviet agricultural import requirements for some time. If the U.S.S.R. does not participate in a reserve system, these swings will continue to disrupt the world food market.

This problem was not met by the 1975 five-year bilateral U.S.-Soviet grain agreement. That agreement commits the U.S.S.R. to buy at least 6 million tons of wheat and corn a year from the United States, and it commits the United States to allow exports of at least 8 million tons a year.
to the U.S.S.R. In a period of world food surplus, the Soviet Union could fulfill its commitments by purchasing the amount required from the United States and exporting equal or larger amounts of its own grain to other countries. In a tight market, the Soviet Union would be free to buy additional grains from the United States and other countries, and it could also persuade Eastern European nations to turn to other sources of supply. The trade position of the U.S.S.R. could thus continue to fluctuate as widely as before.

There thus remains a need for committing the Soviet Union, along with other countries, to an arrangement that would require acquisition of stocks in periods of surplus and disposal of them in periods of shortage. So far the U.S.S.R. has not shown any interest in joining such an arrangement. Without Soviet participation, such a system would work only if the countries that formed it were prepared to give first priority to other members in a time of global shortage; this would involve discrimination against non-members, including the U.S.S.R.

The U.S.S.R. would benefit from an international grain reserve system, since it suffers, along with other countries, from current fluctuating food prices and availabilities. If such a system of reserves were established, the U.S.S.R. would suffer from not participating since, as indicated above, it would have difficulty in satisfying its import needs in bad years—assuming that the participating countries agreed to give each other preference in selling grain exports in time of global shortage.

The main obstacles to Soviet participation in a reserve scheme are:

— The Soviet Union may fear that building up an international system of national grain reserves would lead to such rapid and large scale purchases as to create higher world prices. If it could be made clear that the reserves would be built up over a sufficient period of years to limit pressure on prices, and that the existence of reserves would prevent excessively high prices in times of shortage, this fear might be reduced.

— The Soviet Union may hope to avoid the cost of participating in an agreed international system of national reserves, finding it more economical to meet its occasional shortfalls by forays into the international grain market. It may count on the reluctance of some exporting countries to cut themselves off from a profitable, albeit irregular, market.

— The Soviet Union may prefer to build up a national reserve (in addition to the strategic food reserve that it already holds
against wartime contingencies) that would be available only to meet its own requirements—even though the size and cost of such a reserve would be greater than its share in a pooled world reserve. (There are indications that it is planning to install additional storage capacity for 30 million tons of grain in the next five years.) This preference might be due to distrust concerning the functioning of an international agreement in periods of stress or to a reluctance to share information on harvest prospects and reserve leads. These Soviet attitudes may be altered as it becomes clear that the U.S.S.R. would not have to provide information about the size of its strategic food reserve, since only the additional reserves established to meet periodic shortages would have to be covered by the provision of information.

— The Soviet Union may count on the U.S.-Soviet five-year grain agreement to assure it of adequate supplies in times of global shortage. If a multilateral system of national grain reserves is established and global shortages recur, it may expect the United States to choose to honor its commitments under bilateral, rather than multilateral, agreement. And it may expect this bilateral agreement to be renewed.

The grain reserve problem is important. Soviet participation would assist in its solution. The advantages to the Soviet Union would be guaranteed access to the world market and lower costs than those involved in building up an additional autonomous national reserve. The exchange of information that would be required would pose no real threat to Soviet security. It is unlikely that Soviet participation can be secured, however, unless the Trilateral countries are themselves clearly prepared to proceed in setting up a reserve, without the U.S.S.R. if necessary. The European Community has floated a proposal in the Multilateral Trade Negotiations in Geneva which is supported by Japan. Canada and Australia have indicated their willingness to negotiate a coordinated system of reserves as part of a new international wheat agreement. It should not be too difficult to work out a viable compromise between the ideas put forward by these countries and by the United States. As indicated earlier, the new U.S. administration is clearly more favorably disposed to an international system of national food reserves than was its predecessor.

China, which is largely self-sufficient, figures less heavily in the international grain trade than the U.S.S.R. The Chinese have shown a strong desire to avoid any external intrusion into their domestic agricultural
situation, even to the extent of providing information about that situation. Chinese participation is not essential to any reserve scheme, and is unlikely to occur.

B. NUCLEAR EXPORTS AND NON-PROLIFERATION

Nuclear power will have to play an increasingly important role in coming years for Trilateral countries, Communist countries, and developing countries in meeting growing energy needs. Nuclear energy technologies seen as important elements in attempts to meet energy needs cannot—and must not—be denied to countries desiring to utilize them for peaceful purposes. Yet nuclear power capabilities are closely related to nuclear weapons capabilities, and means will have to be found to meet the world’s energy requirements without a concomitant proliferation of nuclear weapons.

The Trilateral and the Communist countries share an interest in averting nuclear weapons proliferation. This spread would heighten the risk of conflict and worsen the results of conflict if it occurred; it is hard to see any offsetting advantages. The Trilateral countries appear to perceive this common interest: All except France have ratified the Non-Proliferation Treaty, and France has made it clear that it will act as though it is a signatory. Yet differences about the conclusions to be derived for nuclear policies from this shared interest in non-proliferation became earlier this year a major source of disagreement among Trilateral countries. There is also some evidence that the Soviet Union and the countries of Eastern Europe perceive a common interest in non-proliferation.

The most difficult requirement for producing a nuclear explosive device is to secure fissionable material in sufficient quantities: highly-enriched uranium or plutonium. Enrichment of uranium to the degree required for bomb manufacture presently involves large-scale and expensive gaseous diffusion plants, although less expensive means of enrichment are likely to be available in the future. Plutonium can be secured as a by-product of nuclear fission in reactors; but to be usable for explosive devices, it must be separated out of the discharged fuel elements by reprocessing—a complex process which is, however, not as difficult as uranium enrichment. Once fissionable material appropriate for weapons production has been obtained, the technical problems involved in the manufacturing of an explosive device are within the reach of many countries.

In early 1977, President Carter indicated his desire to limit the spread of certain sensitive techniques and equipment, and in particular to avoid the export of reprocessing plants or uranium enrichment facilities, at least
until further studies had thoroughly assessed technical and political alternatives for the sensitive stages of the nuclear fuel cycle that would be less likely to compound the risks of nuclear weapons proliferation. The U.S. government also postponed plans for national reprocessing facilities, and for a fast breeder reactor program.*

This view did not find favor in most European countries and in Japan, which considered reprocessing as essential in meeting national nuclear energy needs, and saw the new American policy as a threat to the security of their future energy supplies (as well as to their share in potentially very large nuclear export markets). These fears about the security of supplies were aggravated by interruptions of supplies of natural and enriched uranium by the U.S. and Canada to European customers, as the two North American governments revised and tightened their nuclear export policies. Tensions developed, particularly with regard to the proposed German sale of a complete nuclear fuel cycle (including reprocessing and enrichment facilities) to Brazil, the French agreement to supply a reprocessing plant to Pakistan, and the construction of a reprocessing plant in Japan—the Tokai project. Fast breeder reactors, the development of which is presently given high priority by several European countries, and also considered vital by Japan, are another potential source of conflict once their commercial development has advanced sufficiently to allow their export.

The common concern over the risks of nuclear weapons proliferation has led to regular discussions among supplier countries in the so-called London Nuclear Suppliers Group, founded by the U.S., Canada, Britain, France, Germany, Japan and the Soviet Union. In January 1976, these seven governments agreed to what are described as minimal safeguard guidelines for nuclear exports. Other countries have since joined the Group, including Sweden, East Germany, Italy, the Netherlands, Belgium, Czechoslovakia, Poland, and Switzerland. The Nuclear Suppliers Group has demonstrated that limited types of East-West cooperation on attempts to restrict the spread of nuclear weapons are possible. Differences among members of the Nuclear Suppliers Group did not always appear to breakdown along East-West lines.

The eclectic nature of differences among industrial nations on this

*The fast breeder reactor operates with plutonium and the abundant uranium-238 as fuel, and over time is capable of producing more fissionable material than is required initially as fuel input. It offers, therefore, the possibility for increased energy self-sufficiency for countries without natural uranium resources—at the cost of controlling a much more demanding technology, and a substantial expansion of the role of plutonium—an extremely toxic, radioactive substance which is one of the fissionable products used for weapons production.
issue was underlined by the Soviet expression of concern to the German
government about the nuclear deal with Brazil—a position which brought
Soviet policy in this matter closer to that of the United States than to that
of European nations. Although the German and French governments an-
nounced a halt to all future exports of nuclear reprocessing or enrichment
facilities, it was clear that differences of view among the Trilateral coun-
tries persist in respect both to these exports and to techniques of domestic
production (Japan). It seemed best to have discussions in the London
Group continue to focus on export controls, while these newer questions of
reprocessing, fast breeder reactors, storage of spent fuels, and assurance of
continuing nuclear fuel supplies to importing countries were addressed in
other fora.

It was therefore agreed at the Downing Street Summit in London in
May 1977 that studies should be launched about how best to meet peaceful
nuclear energy needs without enhancing risks of nuclear weapons prolifera-
tion—the so-called International Nuclear Fuel Cycle Evaluation Program.*
This Program will consider the relative advantages and disadvantages of
different means of producing nuclear power, of storing spent nuclear fuel,
and of providing persuasive assurances of continued fuel supplies to im-
porting countries. International approaches to these tasks will be studied as
part of the Program. These studies may lead to far-reaching international
innovations in helping countries to find ways of producing energy that
would not contribute to proliferation and thus endanger their own security,
as well as that of other countries. This program will not only involve the
seven Trilateral countries represented at the London Summit, but also
others, including developing nations. In view of the large capacity of the
Soviet Union in this field—it already possesses extensive reprocessing and
enrichment facilities, has supplied nuclear enrichment services under con-
tract to West European countries and has its own fast breeder reactor
program—it is important to involve the U.S.S.R. in the projected studies.
As of this writing, it seems likely that the U.S.S.R. will join.

While China has taken no known action that could lead to proliferation
of nuclear weapons and has played no role in international nuclear com-
merce, it has not signed the Non-Proliferation Treaty, has not indicated that
it considers nuclear proliferation a threat, and has denounced attempts by
other countries to restrain it. By the time that China has become a potential
nuclear supplier, Chinese attitudes may have changed. But that con-

*The former North American Chairman of the Trilateral Commission, Gerard C. Smith, will
represent the United States government in these studies.
tингency is for the future. For the present, non-proliferation is a more likely area for cooperation with the Soviet Union and Eastern European countries than with China.

C. OCEANS*

The management of ocean resources is a global problem and is currently the subject of global negotiations. While the majority of states in the global negotiations have primarily coastal interests, there is general recognition that no agreement on a new global regime can succeed without the concurrence of states which have major distant-water interests as well, whether in shipping, fishing, naval power, deep sea mining or scientific research. The majority of the Trilateral countries qualify as major maritime states in this sense. The Soviet Union, with a vast coastline but also with very large distant-water fishing and naval fleets, has a somewhat similar mix of interests and has cooperated closely with the United States, Japan, Britain, and France in the current United Nations Law of the Sea negotiations. Very substantial areas of potential cooperation can be discerned and should be exploited; in the course of this effort the legitimate concerns and objectives of coastal states should be taken into account.

China, on the other hand, is only gradually developing its maritime capabilities. While it will no doubt eventually become a maritime nation, it has used the United Nations Law of the Sea Conference for purposes unrelated to oceans management. In the absence of immediate ocean interests, China has sought to build its ties within the Group of 77 and to attack the “hegemonial” maritime states, the Soviet Union in particular.

Prospects for Trilateral oceans cooperation with the Soviet Union are, therefore, more promising than with China in the immediate future. A vigorous effort should be made to exploit these prospects, both within and outside the current global Law of the Sea Conference. The U.S.S.R. evidently attaches high importance to an orderly resolution of the many differences in the interpretation of rights in major fishing areas which are now in prospect, though recent Japanese-Soviet interaction suggests the outlook for Soviet cooperation may be somewhat clouded. In the European context, its own interests and those of some of its Eastern European partners in North Sea fishing are considerable. It is notable that the

*Preparation of this section was assisted by a contribution from Ann L. Hollick, who was co-author with Michael Hardy, Johan Jørgen Holst, Douglas M. Johnston and Shigeru Oda of *A New Regime for the Oceans*, A Report of the Trilateral Task Force on the Oceans to the Executive Committee of the Trilateral Commission, The Triangle Papers: 9 (1976).
U.S.S.R. has in this context engaged, for the first time, in a formal negotiation with the European Community—on the licensing of fishing vessels, the size of catches, and kindred issues. This may portend a readiness to accept some measure of common administrative regulation of matters hitherto regarded as being exclusively subject to national control. Aquaculture also has interesting possibilities; there has already been Soviet-Japanese experimental cooperation in hatching salmon and trout.

Recent unilateral declarations of 200-mile economic zones on the part of the Soviet Union and most Trilateral countries have made it more necessary to promote cooperation among the Trilateral countries and the U.S.S.R., particularly since these moves have aroused a sense of isolation on the part of Japan, which has a strong interest in distant-water fishing, and have caused a serious dispute between Japan and the U.S.S.R. In view of the past statements of Soviet delegates at the Law of the Sea Conference, the U.S.S.R. may well be cooperative in establishing a set of principles governing the regime of the 200-mile zone—covering maximum utilization, conservation requirements, reasonable payments, respect for rights of traditional foreign fishing interests, and settlement of conflicts. Cooperation on this issue among the Trilateral countries and the U.S.S.R. should be sought at the Conference on the Law of the Sea. The Group of Five—U.S., U.K., France, Japan and the U.S.S.R.—could be used to promote such cooperation. This group has many interests in common, and has already achieved considerable concert.

Cooperation with Communist countries on issues of oceans management will be of continuing importance whether or not the global negotiations eventuate in an agreed treaty.

*If the Conference reaches agreement on a treaty, cooperation will be needed in its implementation and enforcement. Cooperation on the specifics of implementation will be important since the treaty is likely to treat many issues in only general terms. Collaboration will be required on such questions as the changed role (if any) of existing regional fisheries organizations, the conduct of fisheries research, and the accumulation of data on fisheries yields. Similarly, East-West cooperation will be needed in the regulation of marine pollution. Proximity among European Trilateral nations, Eastern Europe, and the Soviet Union makes cooperation on these types of issues feasible and necessary. In their cooperative actions, the Trilateral nations could set a useful example to other nations. The inclusion of the Soviet Union and the countries of Eastern Europe would substantially strengthen the force of that example. The possibility of creating cooperative systems with these Communist states should be actively explored.*
Enforcement of the provisions of the treaty against non-complying states can only be successful if the Soviet Union participates in promoting observance. Otherwise, the clients of one superpower may feel that they can violate the treaty with impunity, so long as their violations are limited to activities directed at the other superpower. This eventualty can be avoided if, at the outset, the benefits of uniform observance of any Law of the Sea agreement are recognized by both the Trilateral countries and the U.S.S.R.

*If the Law of the Sea Conference cannot reach agreement on a treaty,* East-West cooperation will become all the more important. In this situation the developed countries, including the U.S.S.R. and the Eastern European countries, will need to set broad norms of conduct for themselves and to work out more detailed means of implementation. Cooperation in determining an acceptable regime for the 200-mile economic zone will be the most pressing need. In the event of a Conference failure, only concerted multilateral action could avoid the unilateral adoption of conflicting regimes. Cooperation in the conduct of scientific research and the exchange of data for fisheries management and environmental preservation would deserve particular emphasis. Cooperation in respect of deep sea mining should go more slowly, since close attention needs to be paid to fears of the developing countries. Indeed, even in other ocean activities, it would be desirable if developed-country cooperation could receive some form of United Nations or other international blessing. It is not in the Trilateral countries' interest to press for types of cooperation with the Soviet Union and Eastern Europe that will intensify North-South antagonism. We should seek to make clear to developing countries that their interests, no less than those of the developed countries, would be served if the technological leads of some Trilateral countries in certain areas of ocean activity could be harnessed through multilateral cooperation to the common good. The developing countries feel that the industrial nations are unfairly exploiting their current advantage; forms of international cooperation should be sought that will diminish, or at least not intensify, this feeling.

**D. TRADE POLICY**

There has been no indication that thinking in the U.S.S.R. has shifted to the point where the Soviet Union would seek or accept membership in such worldwide economic bodies as the GATT and IMF. The standard response of Soviet officials to the suggestion that there might be some benefit to them from membership in these bodies is that the U.S.S.R. is able to
obtain what it requires, both in trade and in finance, by means of bilateral arrangements with individual countries, and therefore has no need to accept the additional obligations of membership in a multilateral organization. It may be that this particular argument—which plainly does not apply to the smaller Eastern European countries—has been somewhat shaken by the unhappy experience of the U.S.-Soviet trade negotiations in the 1970's. This experience might have suggested that bilateral bargaining does not protect the U.S.S.R. from demands and pressures on matters, such as human rights, which have little to do with the management of its external economic relations. There is no evidence, however, that Soviet leaders have concluded that membership in an international economic organization would provide some degree of protection against future political pressures of this type.

There may be opportunities for greater cooperation in the trade field. The chief argument for making an effort to integrate the Soviet Union and the Eastern European countries into worldwide rules on trade is that the volume of transactions with these countries has greatly increased during the 1970's, and there are clear signs of a wish on the Soviet and Eastern European side to increase it further, though perhaps at a less rapid rate. It is not only the absolute amount of trade which has grown but also the proportion of the total trade of the COMECON countries that is conducted with the Trilateral nations. It is a matter of common interest that this trade be subjected to minimum agreed ground rules. The obstacles are also evident; they will remain until basic changes have occurred in the Soviet and Eastern European economies.

It is in the interest of the Trilateral nations to ensure that Soviet trade with them is not arbitrarily managed, e.g., by the sudden imposition of restrictions, or by otherwise withholding or granting trade as political leverage, so as to discriminate between individual Trilateral countries on non-economic grounds. The Trilateral countries' aim should be to secure a higher degree of predictability about the conduct of external trade by the Soviet side.

To this end, a Soviet commitment to abide by an internationally negotiated set of trade rules, or at least to accept an internationally negotiated set of procedures for arbitrating trade disputes, might be required by Trilateral countries as a normal part of any bilateral commercial agreement with members of COMECON. The European Community member countries are already pointing in that direction in their approach to trading arrangements with COMECON countries. If it became clear that access on favorable terms to Western markets for Soviet exports was dependent on minimum standards laid down by an international trade
institution and subject to some degree of surveillance by it, or at least on agreed procedures for resolving disputes, the arguments for a new approach to this problem might become more evident to the U.S.S.R.

More thought needs to be given to the character of minimum standards in any trade agreements with the COMECON countries. These agreements need not involve full Soviet participation in the General Agreement on Tariffs and Trade (GATT), which is unlikely. Indeed, the experience of the GATT with its four Soviet Bloc members (Czechoslovakia, Poland, Hungary, Romania) provides some guidance as to what should not be done. One GATT approach has been to devise some simple rule of thumb related to the volume of trade—e.g., the guarantee required of Poland on its accession in the 1960's to increase imports from outside the Soviet Bloc by a minimum amount each year—in place of the standard obligations on tariffs and trade controls, as a condition for giving a Soviet Bloc country most-favored-nation treatment. When it came to Hungary's application for membership later on, the organization adopted a different line, arguing in effect that Hungary's New Economic Mechanism, and especially the reform of its pricing arrangements, brought it close enough to the market economies to justify the assumption that it would conform to their principles of commercial conduct. The Hungarians were in fact treated as if they were already a market or quasi-market economy, not a planned one, and no special obligations needed to be placed on them to demonstrate their compliance with the substance of GATT obligations.

In its future dealings with COMECON countries, the Trilateral countries should avoid this kind of yardstick, which sets standards by reference to the degree to which the institutions of a Communist country are believed to approximate those of a market economy. The Trilateral countries should recognize that the overriding aim of negotiations with these countries should be to arrive at a set of rules that will make it possible to undertake a general expansion of East-West economic transactions (investment as well as trade) with more confidence than at present. An overall set of agreed rules will be difficult to achieve; there would be less difficulty in setting up a regular GATT-type complaints procedure for dealing with certain matters in dispute, such as exchange rates used by the U.S.S.R., allegations of market disruption by Soviet exporters, or alleged failure by either side to adhere to the principle of non-discrimination. We should seek agreement on broad criteria of performance to meet the special practices of state-controlled economies, but be prepared to settle for a complaints procedure if agreement on criteria cannot be secured.

While monetary affairs offer less promise than trade as an area of cooperation with the Soviet Union and Eastern Europe, the monetary field
is nonetheless worth some discussion. There has been increasingly active Soviet involvement in Western financial markets. Soviet borrowings, through the Euro-currency market in particular, have grown substantially in the mid-1970's. The total foreign indebtedness of the COMECON group of countries was close to $50 billion in early 1977, after having risen continuously at an unusually rapid rate in the previous three years.

Western banks are now asking for, and being given, more information about their finances by such countries as Poland and Hungary than Communist governments have been willing to provide in the past. As the volume of indebtedness rises, commercial lending institutions in the West are demanding still more information. As L. J. Brainard of the Chase Manhattan Bank puts it: "Assessments of the creditworthiness of individual Eastern European countries must go beyond concepts of indebtedness to look at how foreign borrowings are used. Whether a given level of indebtedness is high, low, or moderate depends on the success with which the country is able to use credits to develop hard currency export potential." He concludes that the Eastern European countries will be able to maintain the rather favorable credit ratings they have enjoyed so far only if they supply data that will allow outsiders to assess the effectiveness of certain internal economic measures.

Nonetheless, new forms of East-West monetary cooperation are unlikely. The emphasis in new international East-West economic cooperation should clearly be on trade, i.e., the effort to develop some agreed code of commercial behavior involving, at a minimum, an agreed procedure for resolution of trade disputes.

Western European trade cooperation with the COMECON countries will depend decisively on the wider evolution of East-West relations in Europe. Some recent developments in Europe are noteworthy in this regard.

As noted above, there was an extremely rapid growth of Western European exports to the COMECON countries during the 1970's. This was based in part on the widespread use of the favored Eastern European instrument of "industrial cooperation agreements," involving the deliberate transfer of technology by Western firms to Communist countries and, in many cases, collaboration between the two in the marketing of the products of these joint ventures. Although the total volume still makes up a modest proportion of Western European trade, the increase in the COMECOM countries' share during the 1970's has been important for several countries, most especially for the Federal Republic of Germany. For the COMECON countries, the European Community provides an outlet for about one-quarter of its total trade.
The expansion of Eastern European trade with Western Europe has been accompanied by certain changes in industrial organization on the Eastern European side, which have resulted in more direct firm-to-firm relationships in business dealings. The latest U.S.S.R. Five-Year Plan indicates that the Soviet Union, too, intends to engage in a certain measure of decentralization of business decision-making, in order to facilitate the promotion of its trade with the West.

Coincident with these developments in the East, there has been a move on the Western European side toward more centralization of policy-making in the sphere of East-West trade. Since 1975 the European Community has become collectively responsible for all trade agreements with COMECON countries. This is part of the treaty commitment of EC members to move to a common external commercial policy. In principle, there is no room within the new system for bilateral trade agreements between individual EC nations and COMECON countries (except, of course, for trade between East and West Germany), although in practice the West European nations continue to make national arrangements with the Eastern European countries on credits and finance and also on technological exchanges. It is not clear at this stage how far and how fast the common external commercial policy will be pressed; the European Commission is currently seeking more authority, but some member countries are resisting its efforts.

The Soviet response to the development of a common external commercial policy by the European Community has been to press the claims of the COMECON organization as a body with parallel rights to the EC in managing the commercial relations of Eastern Europe. The Soviet Union still refuses formally to recognize the European Community, and in consequence it and the other Warsaw Pact countries have no diplomatic relations with the European Commission. On the Western European side it is pointed out that COMECON has never had functions and authority comparable to those given to the European Commission by the member states of the European Economic Community. They see no reason why the U.S.S.R.'s problems about recognizing the EC as a valid negotiating partner should provide the occasion for elevating COMECON into a supranational agency responsible for an important segment of the external relations of the individual East European countries. Because of the overwhelming relative weight of the U.S.S.R. in the COMECON system, this would invite the Soviet Union to extend its control still further over Eastern European trade with the West. It would be ironic if this were to happen just when some of the smaller Eastern European countries have greatly expanded their commerce with Western Europe and are adapting their own domestic institutions, in some measure, to that process. It is no secret that
the Eastern European countries are equally worried by this prospect of diminished autonomy in the conduct of East-West trade.

It is probable, therefore, that the politics of trade between Eastern and Western Europe will inhibit the development of appropriate economic institutions for the promotion of East-West commerce on a large scale in the period ahead. Trade with Eastern Europe will no doubt continue to grow, as it has continued to do ever since the 1950's; but new approaches to closer economic collaboration between Eastern and Western Europe are likely to be impeded, so long as the Soviet Union does not recognize the European Community. It should be no part of Trilateral policy to push for the establishment of new East-West trade contacts and arrangements at the expense of the EC common external commercial policy. Equally, Trilateral interests would not be served if the institutional arrangements for the conduct of East-West trade on the Soviet side served to promote the power of a centralized organization in COMECON over the trade of individual Eastern European countries.

Nonetheless, there is evidence of a desire by the U.S.S.R. to continue expanding the range and volume of its commercial transactions with the Trilateral countries. The response of businessmen in these countries to resulting opportunities has been vigorous. Trilateral governments should, within the limits of the international political constraints described above, support their efforts during the period ahead—by trying to create a framework within which this trade can be subjected to common rules or at least to common procedures for resolving disputes.
III. AREAS WITH CONSIDERABLE PROMISE

A. EARTHQUAKE WARNING

Great emphasis has been placed upon earthquake prediction in the People’s Republic of China since 1966, when then Premier Chou En-lai announced the “People’s War on Earthquakes” following the disastrous tremor in Hsing Tai. At that time, an elaborate national network was established, including vigorous nationwide training programs and a system of monitoring earthquake-related natural phenomena, such as changes in animal behavior, fluctuations in the level of well water, and underground changes detected through soundings under the earth. In 1975, the city of Haicheng was evacuated hours before a major quake hit the area. The terrible July 1976 quake, centered in Tangshan, was apparently not predicted, however, even though the area had been thought to be vulnerable for the longer term.

In spite of the 1976 failure, China’s achievements in the field of earthquake prediction have been significant; it seems eager to share its experience with other nations. Such sharing was initiated in 1973 with the invitation to Professor B. A. Bolt, of the University of California at Berkeley, to visit China. His visit was followed in 1974 by that of a delegation of Japanese scholars, led by Professor Toshi Asada of the Faculty of Science of the University of Tokyo, the first such Japanese group to be invited by the People’s Republic. Since then there have been a number of exchanges between Chinese specialists and their counterparts in the United States, Canada, and Japan. In 1974, six U.S. professors were invited to China, and groups of Chinese specialists visited the United States in 1974 and Japan in 1975.* Five Canadian scholars visited China in

*Japan’s exchanges with China have been conducted largely on a private basis, without any involvement of the Japanese government. The liaison was established initially by the Kokusai Bokki Sokushin Kyokai (Association for the Promotion of International Trade), a private, Osaka-based organization concerned with exchange between China and Japan, primarily in the field of trade. Headed by Mr. Ichizo Kimura, who is also Vice President of Kokusai Sekiyu (International Petroleum Company), the Association raised the Japanese share of expenses for the initial contacts from among private business corporations. When the Chinese delegation visited Japan in December 1975, half of the expenses incurred by the Japanese side were borne by the Japan Society for the Promotion of Science, a quasi-governmental body which is funded entirely from the national budget.
1975 at the invitation of the Chinese Academy of Sciences under an intergovernmental agreement on scientific and seismological exchanges. Several Japanese scholars visited China in August 1976. (The apparent infrequency of exchanges on earthquake prediction between China and Western Europe is due primarily to lack of concern in Western Europe about this subject.) A Japan-U.S. Seminar on Earthquake Prediction is scheduled for 1978, and it is hoped that the People’s Republic of China will accept an invitation to attend. Chinese participation would constitute a significant breakthrough in international exchange.

The apparent eagerness of the Chinese to engage in international exchanges on earthquake prediction (reflected also in China’s application for membership in the International Union of Geodesy and Geophysics) is based to a great extent upon the confidence they have in their knowledge of the subject, along with their desire to learn from advanced industrial nations. The Chinese feel that they have made considerable advances in the field, and view the opportunity of sharing their findings as a means of enhancing national prestige—the more so since it is an area in which there is considerable interest among scholars in advanced countries.

Chinese technological and scientific achievements have gained the recognition of Japanese specialists; as earthquake-predicting techniques are not laboratory-oriented, it is upon the social and political factors within China that most Japanese attention is focused. Scientists in Japan believe that the degree of success achieved by the Chinese system of earthquake detection is due primarily to the large number of persons available. It is estimated that there are over 10,000 trained personnel engaged in the field, as compared to a few hundred in Japan. Although the Chinese figure includes a number of administrative personnel in every county and province to oversee the observation teams, scientists involved in the program number in the thousands. 100,000 “amateurs” are also reported to be involved.

It should be noted that the nature of exchange in the field of earthquake prediction between China and other countries is unusually extensive, reflecting the special factors mentioned above. Thus, although present exchange activities are both useful and encouraging, they are not typical of scientific collaboration across national boundaries and will not, at least in the immediate future, set the pattern of scientific cooperation and exchange between China and the Trilateral nations. That cooperation should be sought on an ad hoc basis, as the occasion and opportunity arise.
B. ENERGY

Both the U.S.S.R. and China are exporters of energy and apparently possess substantial oil reserves. The Trilateral countries import energy, of which very little now comes from the U.S.S.R. or China. The global energy supply situation appears likely to tighten in the coming years. There are immediate advantages for the Trilateral countries in diversifying their sources of supply. Trilateral-Communist cooperation in energy may thus be feasible and desirable. This cooperation might take the form of investment by Trilateral countries in Soviet or Chinese energy production, to secure increased energy exports from these countries. Experience to date with such investment projects and trade has not, however, been encouraging.

1. Soviet Union.

Soviet-Japanese-American cooperation in exploiting Siberian oil fields has been hindered by stiff Soviet terms, Japanese concerns about offending China (for instance, through use of the second Siberian Railway), and U.S. legislation preventing the Export-Import Bank from making large loans for Soviet development projects. Nonetheless, limited cooperation in natural gas development in the Yakutsk area and in oil and gas development on the Sakhalin continental shelf show some promise.

On the European side, Soviet oil exports to Western Europe are already about 50 million tons per year—roughly the same as Soviet exports to Eastern Europe. Western European estimates are that the Soviet surplus will decline during the remainder of the 1970’s, and that COMECON countries may be in a deficit position by 1985. Brookings staff estimates indicate that, if necessary investments were made, this prospect could be improved over the longer term.

In any event, the level of future Soviet production will depend partly on the availability of capital and technology for energy development. Provision of this capital and technology from the Trilateral countries could help bring forth increased global energy supplies. European cooperation with the U.S.S.R. is already being pursued; Western European countries have found that the problems involved are manageable, so long as dependence on Soviet sources of supply is kept within prudent limits. Larger scale Trilateral cooperation would hinge on the Soviets offering more attractive terms, and on basic changes in the political environment. There is evident U.S. reluctance to invest scarce resources in increasing energy production in a potentially hostile area (instead of in other areas where continued exports, even in times of grave international crisis, can be more confi-
dently expected); and Japan is reluctant to move toward forms of energy cooperation with the U.S.S.R. that might give offense to China.

2. China

The oil resources of China have only recently attracted worldwide attention. There are varying estimates of the extent of these resources; there is no doubt that they are substantial. Unlike the U.S.S.R., China has not sought external capital to develop these resources; it is rather seeking trade agreements to assure export outlets. The concern with development of oil for export stems from China's worsening overall trade balance, due to the sluggish growth of other exports, textiles in particular. In fiscal 1974, oil accounted for 31 percent of Japanese imports from China; resulting export earnings of $410 million made oil the most important Chinese export to Japan.

This trend, which continued into 1975, fitted in well with the post-oil crisis view of Japanese economic leaders that their country must diversify its oil import sources. In view of geographic proximity and reduced transport rates, it was predicted that by far the greater portion of China's exportable crude, or about 50 million tons per year, would go to Japan by 1980. But a variety of problems, aside from those related to political developments in China, have prevented this prospect from being fulfilled:

— Since Japan's refineries were constructed to handle Middle Eastern oil, they are not suited to the heavier Chinese oil.

— Chinese oil has proved more expensive than Middle Eastern oil and is, in the opinion of Japan's industrialists, overpriced.

— Chinese oil competes with Indonesian crude, which is also low in sulphur; hence the need to avoid damage to Japanese-Indonesian relations has imposed restraints on Japanese imports of Chinese oil.

— China's growing interest in exporting oil coincided with a decline in oil consumption in Japan, because of the recession.

The economic obstacles to increased Chinese oil exports to Japan could be reduced if China lowered the price of its oil; at a price 20 percent cheaper than Middle Eastern oil, it would be attractive to Japan. However, such a large price reduction, which would have unsettling effects on relations between China and the OPEC countries, is unlikely to take place.

Chinese oil trade with the United States may expand, but its full potential could only be realized if China moved to exploit offshore oil
resources in China's continental shelf. This would probably require outside technology. U.S. oil companies have shown interest in investing in continental shelf oil exploration elsewhere, and they possess the most advanced technology for development of offshore oil fields. The political objections—from both a U.S. and a Chinese standpoint—are evident. American companies would be reluctant to become embroiled in disputes over ownership and control of offshore oil deposits; China would be reluctant to allow foreign enterprise to play an intrusive role. Yet, without that role, the offshore deposits will not soon be exploited.

A good deal will depend on the internal political situation in China. Present Chinese leaders favor growth over ideology. Some of these leaders apparently believe that Chinese society must industrialize as quickly as possible, and they probably feel that the development of oil resources and expansion of exports would serve this purpose. That course would eventually require not only importing foreign technology, but also securing the cooperation of Japanese and American industry in exploiting offshore oil fields. The Chinese radicals, who are now in disfavor, believed that such a policy would run counter to building a socialist society; they were critical of large-scale expansion of oil exports, and were prepared to accept a slowing of the tempo of economic progress. The problem of developing and exporting China's energy resources is thus closely tied to China's domestic political evolution. The implications of alternative scenarios in that evolution are discussed briefly in the concluding section of this report.

In sum, looking to recent experience and future prospects, it is difficult to be optimistic about early large-scale energy cooperation by the Trilateral nations with either the Soviet Union or China. The political obstacles, on both sides, are formidable. The subject warrants continuing exploration, but our tentative conclusion is that large-scale energy cooperation is more likely to follow than to precede a further easing of political tensions.
IV. DESIRABLE AREAS WITH MODEST EARLY PROMISE

A. AID FOR DEVELOPMENT

In 1975, the latest year for which reliable information is available, total net disbursements of development aid by Communist countries amounted to $875 million, compared with a total of $13,600 million by the OECD countries.* Of this $875 million, the U.S.S.R. supplied $350 million and the Eastern European countries $150 million. The COMECON countries’ contribution (rather less than 4 percent of OECD net disbursements of development aid) declined in the mid-1970’s, in contrast to that of China, which remained fairly constant at around $400 million a year. Soviet and Chinese aid has been concentrated on a few selected countries. For some of these it represents a significant addition to their available resources. A few of these countries, e.g., India and Pakistan, also figure prominently in the list of recipients of non-Communist aid.

A recent report of the Development Assistance Committee of the OECD comments on the contrast between Soviet and Chinese aid terms. The bulk of Chinese aid is provided in the form of long-term interest-free loans, “with grant elements usually varying between 75 and 85 percent.” On the other hand, U.S.S.R. development aid commitments “generally carry hard financial terms, despite some softening in the last two years.” Eastern European terms are usually harder still and “frequently carry near-commercial rates of interest.”

There is no evidence to suggest that the Communist countries will increase the volume or improve the terms of their aid in the near future. Indeed, Soviet interest in development aid, which reached its peak in the Khrushchev period, has recently cooled. There is no evidence that an effective or vocal constituency for aid exists in the Communist world.

We believe it unlikely, moreover, that the Communist countries would engage in any important cooperative aid effort with the Trilateral countries, for the following reasons:

— Short-term political purposes are predominant and obvious in

the Communist countries' aid programs. International coordination of politically-motivated aid programs is most feasible between close allies, and even then it is sometimes difficult.

— Communist countries are especially concerned that aid be clearly identified with the donor country. They place great emphasis on the difference between Western aid, which they picture as belated and inadequate compensation for earlier colonial exploitation, and their own efforts, which are presented as a voluntary contribution to the developing countries' welfare. They would be averse to any scheme which threatened to join the two types of aid indiscriminately. As a result, contributions from Communist countries to multilateral programs are "very small" and "fully tied to procurement in the donor country."

— COMECON countries' development assistance is designed to result in trade flows which benefit the COMECON countries. The OECD records that the repayment of loans by developing countries to the U.S.S.R. was planned in 1973 to equal half of the latter's total imports from the developing world.

Despite these attitudes, some of which also characterize non-Communist aid, we believe that efforts should be made to persuade the Communist countries to increase their development aid. A strong call for increased Communist aid was made by Trilateral nations at the Downing Street Summit. Efforts should also be made to encourage Communist participation in specific multilateral consortia for providing aid to particular developing countries. Failing such participation, efforts to relate Communist aid to the assistance provided through these consortia should be made, when Communist and non-Communist aid is being provided to the same country.

The advantages of moving in this direction are evident: More development aid would go to needy developing countries, and it would be used more effectively. There are particular areas of development assistance, e.g., in combatting disease and more generally in the organization of health improvement projects, where the U.S.S.R. has a proven expertise, which it should be encouraged to put to good use. There is little in the

*Ibid., p. 64.
record to date to indicate that developing countries would be subverted by increased Communist development assistance. The offer of aid, even on a substantial scale, does not appear to be a persuasive means of inducing Third World countries to change the character of their domestic political institutions to accord with Communist ideas.

It has been suggested that prospects for Communist participation in multilateral aid may be enhanced if aid is directed clearly to humanitarian purposes, e.g., aid to the poorest countries and aid to help countries increase food production. An effort should be made to explore these possibilities with Communist countries.

**B. SPACE**

The most prominent Trilateral-Communist space cooperation has been between the United States and the Soviet Union. U.S.-Soviet space cooperation began in 1962 with scientific collaboration. This cooperation was largely cosmetic, however, and gradually faded away. Cooperation was revived after the U.S. moon landing in 1969, which made clear to Soviet leaders that the United States was winning the space race. This second phase of cooperation led to the Soyuz-Apollo docking in space in 1975, a project which involved a large Soviet effort. The Soviets saw in this project a means of projecting to the world an image of U.S.-Soviet parity in space capabilities. While the Soyuz-Apollo effort involved apparent close U.S.-Soviet cooperation, including visits by knowledgeable U.S. parties to the Soviet launch site, the cooperation was more apparent than real. There was no exchange of technology, except for the docking device, which was jointly devised.

It is not yet clear that promising potential for space cooperation with the Soviet Union or other Communist countries can be found in other areas.

— INTELSAT (International Telecommunications Satellite Corporation) terminals have been set up in China and the U.S.S.R. but neither country shows any signs of wanting to join this organization.

— United States NASA (National Aeronautics and Space Administration) experts have been allowed into one area of the Soviet Union to collect "ground truth" for a project to monitor crops
by remote sensing from space vehicles. The Soviet Union still opposes open dissemination of remote sensing data, however. On one level, it is prepared quietly and pragmatically to cooperate with the United States; on another level, it wishes to exploit the propaganda advantage of appearing to oppose U.S. "spying."

— NASA has also tried to exploit the apparent Chinese interest in remote sensing, so far without success.

— The Soviet Union may be prepared to join efforts to create a common unified maritime navigational system, which would utilize space communications for an aspect of oceans management.

— The Soviets appear to perceive the need for some orderly means of allocating frequencies and orbits—if only to ensure that their own operations are not unduly hindered.

In United Nations debates about outer space, the Soviet Union has joined majority opposition to space "intrusions" and to public release of resulting data, probably because of the propaganda advantage of this position and because its own sensing device technology is less advanced than that of the United States. Soviet leaders probably judge that the opposition of other countries will not deter the United States from using sensing devices, anymore than they expect to be deterred by that opposition when their own technology advances sufficiently. When it does they will face the question, which now confronts the United States, of how to provide user services to other countries based on the information secured through such satellite observation. The United States and the U.S.S.R. may then compete in this provision. Cooperation would be more effective, and it should be sought. Other countries might be prepared to give their blessing to bilateral U.S.-Soviet cooperation in this area, if its fruits were widely available. A multilateral system might be built eventually on the basis of widening U.S.-Soviet cooperation.

The Soviets have also aligned themselves with countries that oppose direct broadcasting from satellites as external interference in the internal affairs of receiving countries. Given their own concerns about outside broadcasting to the peoples of the Soviet Union, this position is unlikely to change.

The general picture that emerges is of a conservative Soviet policy, which makes it unlikely that large early opportunities will arise to involve the U.S.S.R. in global space cooperation. Businesslike step-by-step prog-
ress in limited areas where common interests are evident to the Soviet leaders may prove more feasible, and should be pursued.

Chinese space capabilities are more limited than those of the U.S.S.R. U.S. firms have been helping China to set up ground station equipment that could be used as relays for space satellite communication with other countries and remote areas of China. The Chinese need technology, but it is unlikely that this need will cause them to involve China in global programs.

C. WEATHER

1. Military Uses of Climate Modification

There was close Soviet-U.S. cooperation last fall in securing passage through the United Nations General Assembly of a draft treaty banning climate modification for military purposes, an agreement which developed out of earlier U.S.-Soviet discussions and consideration in the eighteen-nation Geneva disarmament conference. This ban, as presently defined, would prohibit activities that change long-term climate, rather than day-to-day weather. China has called the treaty a "fraud" and a reflection of superpower "arrogance."

2. Weather Forecasting

The Soviets have a strong national interest in effective global weather forecasting, and are cooperating in international arrangements to this end. The Chinese have also shown interest in meteorological forecasting, have joined some international activities, and are regularly supplying information to the World Weather Watch. It seems likely that both these large continental countries would be prepared to join any further steps toward international cooperation in this field.

3. Weather Modification

As an Arctic power, the Soviet Union should have considerable interest in bringing national weather modification efforts under some kind of international control—or at least in subjecting them to international consultation procedures, since it is particularly exposed to weather disturbances or changes that may be created by weather modification efforts. To date, that interest has not been sufficiently evident to provide a basis for hoping that
the U.S.S.R. would join international arrangements of even a loose consultative sort in weather modification. The Chinese have reportedly been involved unilaterally in weather modification experiments, but there is no evidence to suggest that they have an interest in subjecting these activities to international control or consultation. In any event, the physics and technology of weather modification are not sufficiently advanced to hold out promise of early international projects. Even in areas where local cooperation could be important (Western Europe, Eastern Europe, and the U.S.S.R.), the chances of major technical capabilities for weather modification being developed in the next twenty years are judged by experts to be slight. Nevertheless, the long-term goal of cooperation is an important one, which should not be abandoned because short-term prospects are unpromising. Weather modification could, if requisite technical progress is made, eventually become a major field for international cooperation.
V. Conclusion

The main purpose in seeking Communist involvement in meeting global problems is to solve those problems.

Development aid, space, and weather modification are areas where either the Communist countries are uninterested, or in which they and/or the Trilateral countries are technically unprepared. Nonetheless, possibilities for cooperation in development aid particularly in helping developing countries increase food production and improve health care, warrant continuing attention.

Earthquake warnings and energy are areas that need and deserve further exploration. Earthquake warnings wait on further developments—a fuller indication of Chinese attitudes, in particular. Limited cooperation in energy is feasible, particularly some investment by the Trilateral countries for increased output in the Communist countries, in return for increased exports from these countries to the Trilateral nations. Large-scale cooperation waits on a change in the political environment: Repeated failures of proposed energy cooperation with the Communist countries seem to reflect separate and varied causes but, when looked at closely, political attitudes appear to be at the root of the matter. Oil is the stuff of which national power is made. Countries with capital prefer to use it to increase energy production in politically secure areas, if possible. Countries with oil are especially sensitive about matters affecting its exploitation. These difficulties are hard to overcome in the best of circumstances; when political suspicion is thrown in, the difficulties are increased. Some progress is possible now; but, for the most part, energy cooperation is likely to follow, rather than precede, détente.

Food, nuclear exports and non-proliferation, oceans, and trade thus emerge as the most promising areas. In all of these we see some coincidence of interest between the Trilateral and the Communist countries; and in none of them need cooperation be internally intrusive.

— An international system of national food reserves would prevent the fluctuations in food availability and price that have had such ruinous effects in recent years.

— Controls over exports of nuclear fuels and processing facilities would make the world less dangerous for all concerned.
— Growing cooperation between developed countries in negotiating, implementing, or substituting for a Law of the Sea Agreement would serve all their interests.

— Some arrangement for settling trade disputes would facilitate the growing exchange of goods that is now under way.

Food reserves may offer the greatest challenge and opportunity. But this opportunity can only be exploited if the Trilateral countries are themselves prepared to proceed with the creation of an international system of national reserves, and if it is made clear that those who do not join will find themselves at the end of the line when it comes to buying grain in a time of acute shortage. In the matter of grain reserves, as in trade, oceans, and non-proliferation, the chances of Soviet agreement are uncertain, but our analysis suggests that there is enough promise here to warrant an effort by the Trilateral countries to engage the Communist countries in serious dialogue. We recommend to our governments that this effort be made. The discussions which we hope will ensue should be carried forward at both governmental and non-governmental levels.

Whether a favorable outcome is feasible depends, at least in part, on the spirit in which these ventures are pursued by the Trilateral countries. It is important to avoid believing, or appearing to believe, that cooperation will change the society or foreign policies of the Communist countries, which are as reluctant to cooperate on this basis as the Trilateral countries would be if the tables were turned. We should make clear our awareness that cooperation will only hold promise if it serves the interests of all concerned and if it can be carried forward in ways which do not impinge on the dignity and national prerogatives of the participants. Any appearance of threat should be avoided, although the Trilateral countries should make clear their intention to pursue these cooperative ventures even if the Communist countries do not join.

Cooperation, in the end, rests on perceived mutual interest. Business-like discussion of specific ventures is the best way to find out whether that interest exists. If this report helps to provide a useful basis for this discussion, it will have served its purpose.

Some of the constraints on Communist involvement in these global problems are determined by the political environment. We have asked ourselves how far our assessments of the scope of and limitations on the process of collaboration would be significantly altered by changes in that environment. Our perspective is roughly five to ten years into the future. Within this period the leadership of the U.S.S.R., and perhaps China as well, will undergo substantial change. In the same period the style and
conduct of East-West relations by the Trilateral nations may also change. It has not been our purpose to try to identify each of these possibilities. In the following paragraphs, however, we suggest a few ways in which the parameters of the problem might be altered by political change in the U.S.S.R. and China.

A. U.S.S.R.

The most likely Soviet foreign policy is more of the same: continuing development of East-West economic contacts—including growing trade, investment, and Soviet imports of Western technology—against a mixed background of political cooperation and competition. This assumes that the present type of leadership in both the Soviet Union and the Trilateral countries continues. It probably assumes further progress in arms control. The prospects for East-West cooperation sketched in this report are broadly consistent with this future.

An alternative prospect would involve Soviet recoil from increasing economic trade and other relations with the Trilateral nations, a systematic Soviet policy of limiting the scope of detente, and growing East-West competition—implying a strengthening of ties within the Warsaw Pact/COMECON. The "security limits" (a Soviet term) on East-West economic transactions would be tightened. The hesitations about relationships with international economic institutions would be reinforced by fear of the "contamination effect" on the smaller, more Western-oriented members of the Soviet Bloc. Prospects for further arms control would be limited.

A variant of this second contingency would involve a possible shift of power inside the Kremlin, leading to a more extreme nationalist/authoritarian style of government, with a built-in bias against international involvement: in essence a modernized version of Stalinism, with a high degree of suspicion, in principle, about Soviet involvement with the West. This would involve a deliberate rejection of the Soviet thinking that lay behind the European Conference on Security and Cooperation and the Helsinki Agreement of 1975.

In either of the circumstances indicated above, most of the kinds of Soviet cooperation with the Trilateral countries discussed in this paper would become extremely problematical, even if it was clearly in the Soviet interest.

A third contingency would see the advent to power in the U.S.S.R. of a leadership that was more pragmatic and less ideological than the present aging Soviet elite—a leadership less anxious to project Soviet power and
influence into Third World crisis areas, more willing to reduce the massive investment of resources now going into Soviet general purpose and strategic forces, and also more willing to allow a greater degree of pluralism in Eastern Europe and perhaps the U.S.S.R. In this event the chances and the scope of Soviet cooperation in the ventures discussed in this paper would be greater than now seems likely.

B. CHINA

Alternative Chinese political projections can also be conceived:

— The first of these contingencies, which is clearly the more likely, would see a coalition of party leaders and pragmatic bureaucrats maintaining the hold on power that they have achieved in the wake of Chairman Mao's death. As noted earlier, this group seems to favor an increased effort to achieve economic progress in building a modern industrial state and to be prepared for some pragmatic domestic policies and increased contacts with Trilateral countries. This group tempers ideological zeal with practical considerations. Its continued ascendancy would suggest a less hostile, although still competitive, relation between China and the U.S.S.R. than has existed in recent years. The assessment of Chinese attitudes in this report is consistent with this prospect.

— A much less likely contingency is that the radicals, previously represented by the Shanghai group (Mrs. Mao and others), might restore their strength and influence—leading either to a renewed coalition between the pragmatists and the radicals or to an outright radical victory. The radicals believe that if China is to avoid the perils of bureaucratic control, loss of revolutionary zeal, and growing inequalities that they consider characterize the Soviet system, ideological purity must be maintained—even if this involves avoiding domestic policies and foreign contacts that might have yielded more rapid economic progress. If this group returned to power, which seems improbable, the outlook for cooperation with the Trilateral countries would be worse than suggested in this report.

— A third contingency is that the military might gain a political victory. On present evidence and the record to date the chance of this happening seems slight. If it happened, there would be
a great emphasis on the maintenance of internal order and the building of national strength. Foreign contacts would be pursued as necessary to these ends. For some areas this might mean more cooperation with the Trilateral countries, and in some areas less cooperation than suggested in this paper. On balance, the prospects for cooperation would probably be adversely affected.

Although these Soviet and Chinese contingencies are presented as independent variables, they will, of course, be influenced by each other and by the policies of the Trilateral countries.

At the moment, Soviet and Chinese leaders appear to be open to at least limited cooperation with the Trilateral Countries, where they believe that this serves their interests. The policies proposed in this paper may enjoy some modest chance of success as a result. These policies should be vigorously pursued. In the long run, even modest successes may change the atmosphere in which the wider problems of global management, likely to increase in importance as this century comes to a close, can be collectively addressed.

Prospects for Trilateral-Communist cooperation will be enhanced if constructive Trilateral ventures are already in train or imminent. If the Communist countries do not respond, however, the very fact of this Trilateral cooperation may introduce further elements of discrimination and even friction into East-West relations. The approach to food reserves suggested in this paper illustrates the point. If there is no Soviet cooperation in establishing an international system of national food reserves and the Trilateral nations proceed on their own, the logic of the international reserve system will require that they place countries outside the system at a disadvantage in conditions of food scarcity. In this event, and if the Soviet leaders had refused to collaborate in this venture, they would surely resent the consequences.

But the collective decisions which we have proposed that the Trilateral countries should take amongst themselves, particularly those on food and on the management of the oceans, cannot be deferred on the ground that, if we wait a while, the political prospects for East-West cooperation are likely to improve. These collective decisions have an urgency in their own right precisely because they derive from problems of global management, rather than from the management of East-West relations. If we take the view that there is some promise of East-West cooperation in handling these matters, it is because we hope that the Soviet side will also recognize them as problems that will not wait.
The Industrialized Democratic Regions in a Changing International System

The Trilateral Commission, launched in July 1973, is a non-governmental, policy-oriented discussion group composed of about 300 distinguished citizens from Western Europe, North America, and Japan, drawn from a variety of backgrounds. Its purpose is to encourage mutual understanding and closer cooperation among these three regions, through analysis of major common problems and consideration of policy proposals for addressing them. Commission activities have stirred wide interest and made some important contributions.

The historical roots of the Commission can be traced primarily to serious strains early in the 1970s in relations among Japan, North America, and Western Europe. As the decade proceeded, however, it became increasingly clear that the strains and shifts in the international system are global as well as trilateral in scope. The renovation of the international system is thus a task of global as well as trilateral dimensions, and the work of the Commission, as evidenced in its meetings and reports, has moved accordingly.

In this global effort, the industrialized democratic regions remain an identifiable community and a vital core. Their focus, however, must not be on the preservation of the status quo, but on arrangements which increasingly embrace the Third and Fourth Worlds in a cooperative endeavor to secure a more equitable world order.

The renovation of the international system will be a very prolonged process. The system shaped after World War II was created through an act of will and human initiative in a relatively restricted period of time. One power had overwhelming might and influence, and others were closely associated with it. In contrast, a renovated international system will now require a process of creation—much longer and more complex—in which prolonged negotiations will have to be initiated and developed. In nurturing habits and practices of working together among the trilateral regions, the Commission should help set the context for these necessary efforts.
Reports of Task Forces to
The Trilateral Commission

1. *Towards a Renovated World Monetary System* (1973)
   Rapporteurs: Richard N. Cooper, Motoo Kaji, Claudio Segré

   Rapporteurs: François Duchêne, Kinhide Mushakoji, Henry D. Owen

   Rapporteurs: Richard N. Gardner, Saburo Okita, B. J. Udink

   Rapporteurs: Guido Colonna di Paliano, Philip H. Trezise, Nobuhiko Ushiba

   Rapporteurs: John C. Campbell, Guy de Carmoy, Shinichi Kondo

   Rapporteurs: John C. Campbell, Guy de Carmoy, Shinichi Kondo

   Rapporteurs: Richard N. Gardner, Saburo Okita, B. J. Udink

   Rapporteurs: Michel Crozier, Samuel P. Huntington, Joji Watanuki

   Rapporteurs: Michael Hardy, Ann L. Hollick, Johan Jørgen Holst, Douglas M. Johnston, Shigeru Oda

    Rapporteurs: Carl E. Beigie, Wolfgang Hager, Sueo Sekiguchi

    Rapporteurs: C. Fred Bergsten, Georges Berthoin, Kinhide Mushakoji

    Rapporteurs: Egidio Ortona, J. Robert Schaetzel, Nobuhiko Ushiba

    Rapporteurs: Chihiro Hosoya, Henry Owen, Andrew Shonfield

(Reports 1 to 7 are available only in a combined volume)