

important in Europe for two reasons. First, because improved relations with Eastern Europe have begun to take a very high priority in the policy of the leading Western European countries, particularly France and Germany. Indeed, this is one of the few major policies at the moment in which the Federal Republic and the present Government of France are at one. While everyone realizes that the limit to East-West trade is broadly set by the limited capability of the Eastern countries to produce the right kind of goods, there nevertheless are a number of Western restrictions which limit this trade.

Some of these are either not applied at all or are somewhat resented in Europe. I am thinking particularly of the regulations which prohibit the export to Eastern European countries of a range of goods outside the strategic field, which happen to incorporate certain U.S. patented items. In my paper I cite the rather ridiculous example of my own institute, which was anxious to buy a rather modest, secondhand office calculating machine, one with no special modernity. But it found that it could do so only if it undertook not to export it to a wide range of Communist countries or to the British Colony of Hong Kong. This didn't prevent it from buying the calculator. But this extension of restrictions over a wide range of items which are not normally considered of direct strategic importance does cause a certain resentment. And I think it is important to have a fresh look to see how far these export regulations still fulfill an important American purpose.

The second aspect of political importance is that there is clearly great concern felt in a number of Eastern European countries to increase their trade with the West. There are many signs that in order to do this they are prepared to modify their trading systems. Some of them see this quite specifically as a development through which they will also be able to liberalize their internal systems. Since this has always been something to which the West has attached importance, I think this is a political motive which should not be ignored.

What we have to get away from is the assumption which grew up at the worst period of the "cold war" that our policy should be directed to impeding the progress, or perhaps even weakening Communist countries. This is not generally thought in Europe to be an objective of policy today. There is still an acquiescence, of course, in certain strategic controls, but of a much narrower kind than our present practice. I think that the doctrine that Western Europe ought to be trying to impede the progress of countries in Eastern Europe runs directly contrary to the present trends. And it is very important that it should not be thought in Western Europe that, because in general Western trade has an orientation to the West and across the Atlantic, this is going to be an impediment to improving their relations with the East. It is one of the arguments that is most frequently used by those who wish to see Western Europe separated from the United States. I believe it to be a false argument, and I would hope that in our future policy we should see that no color is lent to it.

Mr. Chairman, there are not many other comments that I would wish to make. If I have said certain things to suggest that the old concept of free trade has its limitations, this is not because I think that we should therefore do less to achieve the freeing of trade, but simply