

1950 to \$4.8 billion in 1963, to about \$6.2 billion in 1965. Imports have roughly kept pace: with \$1.2 billion in 1950, \$4.8 billion in 1963 and \$6.3 billion in 1965. Of this, our CoCom partners have generally accounted for more than half.

U.S. trade, on the other hand has been relatively stagnant over the same period at a level of between \$130-180 million of exports and roughly \$120-130 million of imports. (In 1964 we sold \$259 million worth of surplus agricultural commodities to push our 1-year total to \$340 million of exports versus \$99 million of imports, but this has not been repeated.)

The overall East-West trade development picture, while apparently dynamic, has not been a runaway situation by any means * * * in the 5 year period 1961-65, total free world trade with Eastern Europe increased by 49 percent, while free world trade with all countries increased by about 40 percent. And today, East-West trade only accounts for about 3 to 4 percent of the total trade of Western countries. Paradoxically, in spite of early fears of possible dependency of Western countries on the bloc, trade with the West now plays a relatively more important role in the economies of various of the Communist countries.

The U.S. share of this large and growing market, however, is barely 3 percent—extremely narrow in products exchanged—and declining in relative terms.

Obviously, this disparity of general trade has not been largely or even significantly the direct result of our differential strategic materials control policy. It is partly the result of many circumstances encountered naturally as obstacles to trade between the market economy of the United States and the state trading economies of Eastern Europe. It is the result of a lack of credit, financial and other aid to bring about enlarged exchange of goods and services. It is partly a consequence of the lack of mechanisms of advertising and supply and distribution and cross-servicing. There are many technical and objective barriers to expanded United States-Soviet bloc trade. But principally the relatively small volume of trade has been the result of the negative thrust of U.S. national policies regarding East-West trade—amply reinforced or occasioned by public and congressional opinion vociferously against trading with the Communist areas of the world.

The only significant breaks in these policies have been the hard-fought exceptions won by successive administrations from a grudging Congress: (i) to permit more liberal trade and credit support for Yugoslavia in 1949; (ii) Public Law 480 credits to Poland in 1957 and subsequent years; and (iii) the precarious year-to-year and on-and-off extension of most-favored-nation (MFN) treatment to be accorded imports from Yugoslavia (1951) and Poland (1960). The other steps in this direction have largely been by Executive (Presidential) initiative in ways not requiring congressional ratification—but also virtually without congressional encouragement.

In the past four years these actions have been numerous—Johnson Act credits, extension of Export-Import Bank guarantees to several Eastern European countries, liberalization of trade with Rumania, and most recently the decontrol of a number of items from the general license list of the Department of Commerce.