

The current culmination of these actions, of course, is the proposed East-West Trade Relations Act of 1966 now pending before the Congress.

#### SOME CONCLUSIONS

Before going into the new issues and future prospects of policy in this field, it is useful to evaluate further some of these past developments. While the record of the past is incomplete and far from clear—I believe it is possible to make some judgments which are relevant for future policy and action in this important and controversial field.

The hard facts appear to be these:

1. The initiation and active development of East-West trade controls in the Stalinist and Korean periods were appropriate to the circumstances of the cold war, complementary to our foreign policies, and contributory to our security objectives.

2. Since this was a critical period in the relative growth of economic and military potential of both areas—Western Europe and the Soviet bloc—and Western Europe had the United States to rely on as a source of capital, advanced technology, and industrial plant and markets, there is little question that, with its smaller and less advanced industrial base, the European Soviet bloc would have been greatly helped to have had greater or free access to Western supplies and markets.

3. In some respects, however, this was denied as much by the Soviet drive for bloc economic hegemony and the other natural obstacles to expanded trade inherent in the state trading system—as well as the self-imposed political isolation of the bloc—as it was by the multilateral trade control program.

4. Thus, both the strategic controls program and the mutual discouragement of trade probably worked to the relative economic-military advantage of the West, although this period was used behind the Iron Curtain for pursuing political and economic consolidation of the Eastern European countries and the isolation may have been a mixed blessing for the West in this respect.

5. The wide gap that has developed between the United States and the other Cocom countries from the period of the mid-1950's to today in the area of strategic trade controls has been vexatious and has exacerbated relationships among the NATO allies from time to time. These differences have not been judged to be a threat to our security, however, even though the availability of machinery and equipment from these countries offsets substantially the more extensive denial of these items by the United States.

6. In any event the additional restrictions in so-called strategic trade with the U.S.S.R. and Eastern Europe which we specifically impose today in isolation from our friends and allies must be judged to have long since ceased to have material significance to the military and economic potential of the European Soviet bloc.

The utility of the differential in the strategic trade controls can be challenged on two grounds: (i) Whether in fact, unless available solely from the United States the Soviet bloc cannot readily obtain U.S. proscribed exports from elsewhere in the free world, and (ii) whether the Soviets, generally self-reliant as they are, are truly affected by the denial in any case.