

To authorize the President to confer most-favored-nation (MFN) treatment for Communist countries' imports as part of the commercial agreements—subject to periodic renewal—and subject to withdrawal if no longer warranted.

As such, this proposal symbolizes a proposed new formal dimension of East-West relations: an opportunity approach to trade and political relationships with individual East European countries; a recognition that possibilities for expanded East European trade with the United States will require special commercial arrangements; an acknowledgment that access to our market must not be discriminatory if trade is to flourish; and finally, while the proposed bill signifies no change in the other safeguarding legislation which up to now tended to govern both the letter and spirit of U.S. policy in East-West trade, it is clear that this legislation calls for a new direction in trade relations with Eastern Europe and the U.S.S.R.

There are, of course, certain issues related to the specifics of this legislative proposal, but it is not necessary to go into these here. They will be subject to detailed scrutiny in the follow-on hearings. Rather it is important to go behind the proposed change in overall policy and to consider the underlying questions and issues which arise regarding a possible expansion of peaceful U.S. trade with Eastern Europe and to consider finally how this may relate to other world problems and the U.S. role in dealing with them.

INCREASED EAST-WEST TRADE: COST/BENEFIT

Given the security context in which this question is inevitably viewed, the first question is: Will it be possible to bring about an expansion of peaceful trade without reducing U.S. strategic trade controls?

Earlier the point was made that these controls are not the real barrier to expanded trade. In fact, very few of these solely U.S. proscribed items are proposed for export, and thus, few licenses are denied. More practically, however, the controls do not cover such a vast range of items so as to seriously inhibit a wide choice of goods from this country if there indeed were a determination to expand peaceful trade.

There are other ramifications to this question, however; these have to do with the attitudes of the Soviets and the Eastern European countries themselves.

The first is whether they would choose to make an issue of the more extensive U.S. denial program in the negotiations regarding commercial agreements. Past exchanges with the East Europeans and the U.S.S.R. have indicated that these measures constituted somewhat of a "bone in the throat" in relations with the United States. But, by the same token, in the trade arrangements with other Western countries, the strategic control programs have not been at issue to the extent of seriously interfering with the growth of peaceful trade.

Second is whether the Eastern countries will believe in United States sincerity and willingness to expand peaceful trade if there is apparent continued U.S. militancy in maintaining a much higher level of strategic controls and continual striving to have other free world countries do so.