

pared to undertake the kind of efforts and make the kinds of concessions necessary to bring about meaningful increases in peaceful trade with the Communist countries.

WIN-LOSE: OR, WIN-WIN?

Heretofore, we have basically applied a "win-lose" calibration to our East-West trade policy and many of our relations with the Soviet bloc. By this arithmetic, since the Soviet bloc was a somewhat industrially retarded and semibackward adversary in the economic-military competition between our two worlds, trade which would somewhat strengthen the growth and increase the national income of the Communist countries was to be generally avoided even though this similarly denied the west the additional outlets and sources of supply for burgeoning production and demand. As noted, this logic fitted consistently with past times and events, both practically and politically.

As the practical aspects of this have changed—and trade denial has become of marginal importance as a defensive measure—greater nonstrategic trade has developed and the political climate has been changing as well. And if the past United States aloofness or hostility to nonstrategic trade has been judged to be largely ineffectual in the strategic sense, what, then, must be asked is the balance of political benefit which increased trade might bring?

It is not difficult to judge that, considered alone, a greater exchange of goods between the United States and Eastern Europe and the U.S.S.R. would bring apparent economic benefit to the eastern countries; there is great diversity, economy and technological content to the manufactures and industrial and consumer goods we provide from our large and efficient production base. And while these items in greater quantity would probably not make a major impact on economic growth and development of the Eastern European economies—expanded trade per se would be of considerable benefit to the Communist areas. In fact, of course, this is already true with regard to existing nonstrategic trade by Western Europe and other free world countries today. The economic quid pro quo for us would be of more general and pervasive nature—largely associated with cost factors related to alternative sources of supply, economies of scale and greater competitiveness of exports, some possible contribution to the balance-of-payments picture, and the diffuse economic benefits of a slightly higher level of economic activity engendered by foreign trade—all very small when considered in comparison with our total trade picture and growth of GNP.

One might judge from this that if some increase in general world trade could take place elsewhere without major political implications, the United States should be highly indifferent to an increase of trade with the Communist areas—and could as well choose to concentrate its efforts elsewhere. In other words, by the "win-lose" test, there is little point in adopting an affirmative policy toward nonstrategic trade with the Communist areas when we might address the same efforts to improving the level of trade with other parts of the free world. Besides, the West Europeans and Japan as well as other free world