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ELITE ATTITUDES TOWARD U.S.-SOVIET TRADE
1968-1973

"Moving Beyond the Cold War"

In 1968, faced with seemingly anachronistic and self-defeating restrictions against trade with Communist nations, a small but influential group of U.S. opinion leaders began to urge that trade between the United States and the Soviet Union be normalized and expanded because:

1. the United States was no longer confronted by a monolithic, doctrinaire, and implacably hostile bloc of Communist nations;

2. cold war tensions were therefore diminishing sufficiently to make normal trade relationships the natural economic counterpart of political détente;

3. recognizing this, Western Europe and Japan were trading extensively with the East, rendering U.S. restrictions ineffective against its adversaries and abrasive to its friends;

4. the political benefits once sought through trade restriction could be achieved largely through trade, itself: trade with the Soviet Union and Eastern Europe would reinforce and accelerate trends toward internal reform and intra-bloc disintegration, thereby moderating hostile attitudes and reducing capabilities for aggression;

5. specific economic benefits would accrue to the United States in the form of jobs, mass markets, and a more favorable balance of payments.

October 16, 1975
The debate was launched by Theodore Sorensen's "Why We Should Trade With the Soviets" (Foreign Affairs, April 1968) and was continued in Senate Hearings on East-West Trade (June-July 1968), where the specific issue of U.S.-Soviet trade was often subordinated to, and confused by, the broader issue of trade with Eastern Europe. Significantly, at this initial stage, the debate did not reach the editorial pages or major columns of the New York Times and the Washington Post.

The basic assumption motivating this faction of elite opinion was that trade promotes peace by bringing trading partners into contact with each other and providing them with mutual economic benefits.

--The Johnsonian metaphor of "building bridges" between East and West was frequently invoked, denoting faith that communication between adversaries can moderate conflicts of interest and ideology. George Ball, for example, argued that commerce promotes an exchange of ideas, and that "an increased penetration of the whole [Communist] system with libertarian ideas from the West" was a trend which would, over time, materially increase U.S. security. (Senate Hearings, June 1968)

--Sorensen, arguing against the proposition that expanded trade with the Soviet Union must await termination of the Vietnam war, asserted that U.S.-Soviet trade, "by increasing contacts, winning friends, providing experiences in working together, and making more costly and complicated the prospects of open combat, would help create a climate in which peace in Vietnam can be achieved." (Senate Hearings, June-July 1968)

The argument that trade promotes peace was essentially ambiguous. It could be applied either to the goal of achieving U.S.-Soviet détente or to that of liberating Eastern Europe from Soviet domination. At its most ambitious, it encouraged the hope that trade with the West would convert Communists to capitalism and bring democracy and peace in its wake. Thus the Mondale Resolution--the point of reference for the East-West Trade Hearings of 1968--asserted that trade with Eastern Europe should be facilitated in order to promote "United States objectives in building a peaceful, democratic world."

When the subject of U.S.-Soviet trade is isolated from the broader framework of East-West trade, the following
questions distinguish not only between advocates and opponents of trade in 1968 but also between the arguments of 1968 and those of 1973: (1) the nature and comparative advantage of the economic benefits which would accrue to the United States and the Soviet Union and (2) the nature, comparative advantage, and timing of the political benefits which would accrue to each country.

Economic Benefits. The prevailing view among those advocating expanded trade between the United States and the Soviet Union in 1968 was that such trade, like trade in general, would be of relatively equal economic benefit to each party. Not surprisingly, the arguments presented to the American public stressed the benefits which would be enjoyed by the United States. Emphasis was placed on the export side of the trade equation, with the Soviet Union depicted as providing an exciting market for U.S. output:

--it was "a massive, modern nation, now largely urbanized and industrialized but needing far more equipment and technology to fulfill its potential";

--it had "a market of some 250 million people with much the same needs as Western Europe but insufficient productive capacity to meet all of those needs";

--it had "increasingly restive consumers (whose comparatively low wages [were] somewhat offset by free or subsidized medical care, housing, education and other services)." (Sorensen, Foreign Affairs, April 1968)

Ability to exploit this market would provide jobs, profits, and a more favorable balance of payments. The current size of the U.S. payments deficit and the declining competitiveness of U.S. exports led Ball to note that the United States is no longer in a position to "cavalierly give away trading opportunities" by refusing to trade with the Soviets. (Senate Hearings, June 1968) And Sidney Scheuer, writing in the Columbia Journal of World Business (November-December 1967), asserted that the need to generate employment, balance payments, and maximize the operation of productive facilities is so great in the United States that it would benefit even more than the Soviet Union from any increase in U.S.-Soviet trade.

Those who viewed trade with the Soviet Union as a means of solving the U.S. balance-of-payments problem obviously did not envision a trade relationship in which U.S. exports would be balanced, to any significant extent, by imports from the Soviet Union.
Ono --Sorensen was alone in his optimistic prediction that the United States would be able to purchase not only cheap watches and bicycles, but also products which reflected Soviet "economic and technological maturity in space, aviation, biology, electric power and nearly every basic industry." (Foreign Affairs, April 1968)

--Among economists, it was asserted instead that the exports from the Soviet Union essentially would be those of a developing country, consisting of food, raw materials, and fuel--"basic products in which the United States enjoys a high degree of self-sufficiency." (Isaiah Frank, Senate Hearings, June 1968)

The difficulties likely to be encountered in establishing an expanded trading relationship with the Soviet Union were noted but not stressed. Until the Soviets were able to balance their accounts with their own exports, they might make payment by drawing against their credit balances in third countries or by offering their goods for resale by professional "switch dealers." The problems of delivery, distribution, servicing, procurement of spare parts, trademark and patent protection, and the use of arbitration for disputes would be nettlesome but not insurmountable. In sum, there would be problems inherent in trading with a Communist state, particularly one with as cumbersome a bureaucracy as the Soviet Union, but patience and ingenuity could solve them.

Projections of the size of U.S.-Soviet trade were fairly circumspect. Sorensen, for example, noted it was "unlikely that either nation would ever consider such trade economically indispensable or even significantly beneficial." (Foreign Affairs, April 1968) Nevertheless, he foresaw gradual growth to annual levels of "hundreds of millions of dollars, [levels of] real significance to American business." (Senate Hearings, June-July 1968)

The major opponents of U.S.-Soviet trade were represented in Senate testimony by the American Legion, the Liberty Lobby, the Young Americans for Freedom (YAF), and the Committee to End Aid to the Soviet Enemy (CEASE). They charged that the existing restrictions already allowed too much trade to transpire between the United States and the Soviet Union because in 1968 President Johnson had improperly decontrolled large numbers of items which were of significant strategic value to the Soviets. U.S. businessmen, by trading
with the Soviet enemy in pursuit of a "swift buck," were placing their private interests above the national interest and, in the context of the war in Vietnam, their profits were rendered ill-gained "blood money." (Senate Hearings, June 1968)

Asserting that "the bridges which the present [Johnson] Administration proposes to build are, in reality, one-way avenues carrying benefit to the Communist nations with little, if any, benefit to the Free World" (YAF, Senate Hearings, June 1968), this faction of opinion contended that trade with the Soviet Union is really economic aid and should be evaluated accordingly. Not only did the Soviets lack exports of interest to the United States but, as John Davis Lodge pointed out, U.S. exports to the Soviet Union must be subsidized by the U.S. Government. (CEASE, Senate Hearings, June 1968)

It was argued further that by according the Soviet Union economic benefits which it would not otherwise obtain, the United States was acting against its own interest by making it possible (1) for the Soviets to divert resources to their belligerent allies in North Vietnam, the Middle East, and Cuba (American Legion, Senate Hearings, June 1968), and (2) for the Soviets to compete more effectively in their self-proclaimed economic contest with the West. (YAF, Senate Hearings, June 1968)

Political Benefits. During the debate of 1968, the proponents of expanded U.S.-Soviet trade were careful to depict the political benefits to be derived as being both general in nature and slow in coming.

--Harold Berman, reacting against the trade restrictions of the cold war period, cited them as illustrating "the folly of our efforts to use trade as a weapon of high foreign policy." (Senate Hearings, June 1968)

--George Ball, arguing that the United States should normalize trade with the Soviets without first demanding specific political concessions, observed that he had "never seen an example in history where a nation has responded with serious social or political changes to an offer of somebody to trade with them." (Senate Hearings, June 1968)

Once these caveats were noted, the benefits which could be expected from increased U.S.-Soviet trade were threefold: (1) the Soviet Union, increasingly preoccupied with
meeting the demands of a consumption-oriented society, would become less belligerent toward the United States; (2) the ties binding the Communist alliance together would be weakened; and (3) the ties binding the Western alliance together would be strengthened.

(1) Reduced Soviet Belligerency. The primary assumption motivating the expectation of reduced Soviet belligerency was that trade with the United States would encourage a reallocation of Soviet resources so that they could be used to satisfy an increased demand for consumer goods. Previous government policy denying U.S. participation in the Soviet-Fiat contract made cars an attractive example:

--Ball asserted that "once the Soviet people begin to think of cars as an incentive within their grasp, they will insist with increasing vigor on an expanding supply of consumer goods in order to lead the ample bourgeois life" and, "with a smaller available allocation of resources for destructive weapons, [the Soviet Union] will be a much less menacing country." (Senate Hearings, June 1968)

--And Sorensen argued that an increased Soviet appetite for cars "could not help but result in a diversion of Soviet resources into consumer goods instead of military." (Foreign Affairs, April 1968)

The "peace through capitalism" corollary of the peace through trade argument was also represented. Trade with the United States would serve to reinforce the Soviet trend toward internal economic reform represented by the introduction, in a limited way, of profit incentives, market mechanisms, and modern management techniques. Economic reform would eventually lead to political reform and, by implication, a less hostile attitude toward the United States.

--Ball argued that the United States, through trade, could encourage "benign trends and forces" within the Soviet Union (Senate Hearings, June 1968); and Sorensen, in "Why We Should Trade With the Soviets" (Foreign Affairs, April 1968), gave as one of his primary reasons the ability "to influence the evolution of Soviet external political attitudes and internal economic reforms."

--William Blackie, President of the Caterpillar Tractor Co., reflected the optimism of U.S. businessmen excited by the prospect of U.S.-Soviet trade. He
testified that "everywhere in the world today communism, as a political or economic system, is on the retreat [because] the choice is clear between communist austerity and capitalist prosperity [and] economic freedom and political freedom go hand in hand." (Senate Hearings, June-July 1968)

Unspoken but implied during this phase of the debate was the assumption that a politically free Soviet people, imbued with bourgeois values, would not pursue a hostile foreign policy toward the United States. Although members of this faction may have felt that they were obeying Ball's injunction to "get beyond the cold war," much of the ideological content of the cold war period seemed very much in evidence.

(2) A Weakened Eastern Alliance. Because the debate on U.S.-Soviet trade took place in the context of the larger debate on East-West trade, it was not always clear whether proponents of trade expansion were focusing primarily on Eastern Europe or on the Soviet Union. A significant proportion of opinion leaders wished to trade with Eastern Europe in order to reduce the economic cohesion of the Eastern alliance and thereby weaken the capabilities of the Soviet Union. In contrast, those specifically advocating U.S.-Soviet trade were usually willing to tolerate an increase in the capabilities of the Soviet Union in the hope that trade would induce more favorable Soviet attitudes toward the United States. However, even among the latter, there was often the parallel hope that simultaneous trade with both the Soviet Union and Eastern Europe would serve to weaken their interdependence. As Sorensen put it: "restrictions on East-West trade only draw the communists closer together in increased mutual dependence." (Foreign Affairs, April 1968)

(3) A Strengthened Western Alliance. The argument that the United States might as well trade with the Soviet Union because its Western allies already were doing so was voiced during the entire period of debate. Not only did trade conducted by Western Europe and Japan prevent U.S. restrictions from being effective, but U.S. businessmen were losing lucrative contracts to their West European and Japanese competitors. Interestingly, it was only in 1968 that a cooperative theme was stressed: U.S. trade restrictions should be removed because they were causing strain within the Western alliance.
The history of unsuccessful and abrasive U.S. efforts to achieve allied cooperation in the enforcement of trade restrictions and, in particular, the difficulties encountered in achieving U.S.-European consensus on the CoCom list of restricted strategic items, led M.I.T. economist C. P. Kindleberger to observe that it is "somewhat silly of the U.S. Congress to feel so passionately about East-West trade that it is willing to accept...a great deal of political resentment from the rest of the West" for opposing it. (Senate Hearings, June - July 1968)

Similarly, Ball noted that "the other great non-Communist trading nations have long since embraced East-West trade as a good thing. They are totally out of sympathy with our efforts to restrict it, and indeed regard the present American policy as declared in our statute law as outdated and irrational." (Senate Hearings, June 1968)

Sorensen argued that "if we are to resist the ambition common to Kosygin and de Gaulle to exclude our influence in a reunited Europe, then Congress should remove our outmoded, discriminatory barriers against nonstrategic trade with the Soviet Union, authorize most-favored-nation status for all of Eastern Europe, and remove the latest restrictions imposed upon the Export-Import Bank. [The Bank in turn] should grant short-term commercial credits for industrial exports to the Soviet Union without requiring of the Kremlin anything more than is required of other nations to prove their credit-worthiness." (Foreign Affairs, April 1968)

The political advantages to be gained respectively by the United States and the Soviet Union in the event of expanded trade between them were not compared during the debate of 1968. The opponents of trade did not charge--as they might have--that trade with the United States would aid the Soviet Union in maintaining repressive internal controls because it would enable them to meet a strong, and potentially destabilizing, demand for consumer goods.

Instead, the factions of the debate were distinguished from each other by the issue of the timing of the political benefits which would come from trade. The proponents of trade believed that trade should come first and political benefits would naturally follow; the opponents believed that
the reward of trade should be withheld until important political concessions were extracted from the Soviet Union.

--Thus John Davis Lodge argued on behalf of CEASE that "it would be suicidal to continue to build up the Soviet military potential [through trade] before the Soviet Union and its bloc have renounced publicly and convincingly--with support by actions--that Communist Russia has given up its intention of dominating the world." (Senate Hearings, July 1968)

--The American Legion urged that "the United States should make the products of our advanced technology available...only in exchange for political concessions...especially such concessions as will make for increased personal liberties for the suppressed peoples concerned." (Senate Hearings, June-July 1968)

The debate of 1968 ended without removal of the basic restrictions limiting trade with the Soviet Union. The prohibition against Eximbank financing of Communist purchases, signed into law in March 1968, was not rescinded until 1971. And, with the Soviet invasion of Czechoslovakia in August 1968, the mood of Congress was considered too hostile to permit resubmission of legislation designed to reinstate most-favored-nation tariff treatment of Soviet and East European products.

What was accomplished, however, was a "change in the psychological climate, making it respectable for businessmen to think actively about commerce with Eastern Europe and encouraging some members of Congress to talk openly about mitigating the trade control system erected at the height of tensions with Russia." (Pisar, Coexistence and Commerce, 1970)

Silence and Uncertainty

The period 1969-71 was marked by almost complete silence in the public debate over U.S.-Soviet trade. Scant attention was paid to the issue in newspapers and academic journals, and only when Congress held hearings (April-July 1969) on the Export Control Act of 1949 did an opportunity arise for rearticulation of the arguments for trade expansion.

Otherwise, during the rare instances in which elite opinion was voiced, reference was usually made to lack of clarity in the government's position:
Samuel Pisar observed that "the United States government's present attitude toward East-West trade can only be described as ambivalent." (Coexistence and Commerce, 1970)

Lawrence McQuade found that "the attitude of the current Administration is still obscured by the absence of any clear-cut direction from the Presidential level." (Law and Policy in International Business, 1971)

In light of subsequent events, it is significant that Congress was perceived as being more favorably disposed toward expanded trade than was the Executive Branch.

Pisar judged that "the initiative of leadership on the [trade] issue has passed to Congress," which might find it impossible to "pressure the bureaucracy" into a more liberal pattern of administering trade controls. (1970)

McQuade found that the rate of movement on trade was slow, reflecting the "caution of the Defense Department rather than the more liberal spirit of the Congress." (1971)

Newspaper columns and editorials did not prepare the U.S. public for a departure in foreign policy. In February 1971, Secretary of Commerce Stans announced that he favored expanded trade between the United States and the Soviet Union. Not only did this announcement follow two years of silence in the press, but the silence continued and it was not until the Stans trip to Moscow of November 1971 that the elite debate was revived.

Finding that the Stans visit to Moscow symbolized a change in Washington's attitude toward Soviet-American trade, the New York Times gave its "applause" to the Administration's "new and positive approach." (NYT 11-29-71)

James Reston praised President Nixon for "not being a prisoner of his past prejudices [so that] when confronted with a potentially disastrous financial and trade problem in the world [he] finally scrapped his ideological approach to the Soviet Union and sent off Secretary of Commerce Stans and a 10-man
delegation to seek a substantial increase in trade with Moscow." (NIT 11-19-71)

--Joseph Kraft expressed a cautionary note, however, when he reported that "around the White House and the State Department there is continuing suspicion that the Russians are talking trade just to promote political concessions from the United States." (WP 11-16-71)

Euphoria

During the first several months of 1972, the predominant elite attitude toward trade with the Soviet Union was one of euphoria. There was recognition that a change in U.S. policy had, in fact, occurred and a series of specific agreements—the "Pullman Deal," the "Wheat Deal," and the "Occidental Petroleum Deal"—provoked enthusiastic comment. The Moscow summit also focused favorable attention on the prospect of expanded U.S.-Soviet trade even though there was disappointment that it did not produce a concrete trade agreement. (WP 5-27-72, NYT 5-28-72) The period of euphoria culminated in September when the Committee for Economic Development (CED) issued a report strongly advocating trade expansion and the extension of most-favored-nation tariff treatment and liberalized credit terms to the Soviet Union.

--For the first time in the debate, a trade-off between U.S. technology and Soviet raw materials was defined as the basic underpinning of an expanded U.S.-Soviet trade relationship. The New York Times found that "the two economies complement each other in ways that argue strongly for increased trade." (1-2-72) And both the Washington Post and the Times asserted that expanded trade could be justified on economic grounds alone. (WP 2-27-72, NYT 9-13-72)

--The climate between the two countries was judged favorable enough for the technology-for-resources exchange to be achieved by means of coproduction arrangements between U.S. business firms and the Soviet Government. U.S. firms would help construct and finance facilities for extracting and processing Soviet raw materials; in return they would receive a proportion of the resources they had helped to "develop." Thus hundreds of millions of dollars of annual trade were foreseen because, as Hobart Rowen asserted, "only the financial resources
...of the United States can match the physical resources of the Soviet Union." (WP 7-16-72)

--The peace through trade arguments of the debate were again enunciated. Trade would open channels of communication and give each side a stake in the peaceful settlement of disputes. Conversely, trade withheld would reinforce the Soviet autarkic impulse and thereby strengthen Soviet ability to engage in belligerent action. (CED, September 1972)

The period of euphoria ended in October 1972, at a time when--almost simultaneously--the formal U.S.-Soviet Trade Agreement was signed and the Jackson Amendment to the Trade Reform Act was introduced. Reaction to the sale of U.S. grain to the Soviet Union foreshadowed the general change in attitude from euphoria to criticism. First hailed for creating an atmosphere of goodwill and cooperation (NYT 7-11-72), the grain sale was soon criticized for giving preferential treatment to the Soviet Union (WP 8-20-72) and for revealing Soviet willingness to "exploit" and "mislead" the United States (WP 9-17-72). Moreover, President Nixon and Secretary Kissinger were attacked for not employing the strategy of linkage: they "bailed the Soviet Union out of the tightest spot it has been in since the Cuban Missile Crisis...and received nothing in return." (Joseph Kraft, WP 9-21-72)

A Closer Look at the Issues

By 1973 a genuine debate about U.S.-Soviet trade had been reinitiated. The House Committee on Foreign Affairs issued a major report on the subject in June ("U.S.-Soviet Commercial Relations: The Interplay of Economics, Technology, Transfer, and Diplomacy" by John P. Hardt and George D. Holliday), and the Joint Economic Committee held hearings in July. Editorial opinion and elite commentary were expressed continuously throughout the year--not only because the Jackson Amendment had raised the "human rights" issue but, more often, because the economic terms and political objectives of the Trade Agreement were being placed under scrutiny.

Economic Issues. Advocates of expanded U.S.-Soviet trade in 1973, in contrast to their counterparts of 1968 and 1972, tended to proceed from the assumption that economic benefits accruing to the United States would be marginal, especially in the short term. No longer, as in 1968, was
there an unclouded expectation that a "mass market" of Soviet consumers would absorb U.S. industrial output, create jobs, and redress the balance of payments. Nor did the enthusiasm for an exchange of U.S. technology for Soviet resources, so prevalent in 1972, continue without the dampening effect of criticism. Instead, the case for trade was made not on its economic merits but as a precondition for achieving the political goals of détente.

--The Washington Post, in its initial evaluation of the U.S.-Soviet Trade Agreement, found that "the impetus of Soviet-American trade, itself marginal economically to both, is primarily political for both." (WP 10-21-72)

--Marshall Shulman, writing in Foreign Affairs (October 1973), found that "if purely economic considerations are weighed, the advantages are heavily in favor of the Soviet Union," but trade should be expanded "mainly for non-economic reasons...[as] a continuing incentive to the Soviet leadership to conduct itself with restraint."

--Similarly, David Rockefeller, in testimony before the Joint Economic Committee, acknowledged that "on the economic side, the Soviets do appear to gain an advantage--if only for the short run--in increased trade," but for the United States, the political benefits appear to be more significant than the economic benefits. (Joint Economic Committee Hearings, July 1973)

Although the proponents of expanded trade generally were willing to concede that their case did not rest on economic grounds alone, controversy occurred over the issues of (1) the comparative economic advantage inherent in U.S.-Soviet trade; (2) the economic costs incurred when trading with the Soviet economy; and (3) the economic wisdom of investing in Soviet enterprises.

(1) When the United States and the Soviet Union were compared with respect to the economic advantages likely to be gained through trade, emphasis was placed upon the urgency and immediacy of Soviet economic needs. Gregory Grossman noted, for example, that Soviet economic growth was lagging at the very moment when an extremely ambitious Five-Year Plan placed an "escalation of claims" on Soviet resources. Abram Bergson stressed that U.S. trade would enable the Soviet
Union to achieve "increased specialization and accelerated technological borrowing," advantages long denied them by their previous isolation from world markets. And several elite commentators, including Grossman and Shulman, were quick to point out that trade with the United States would enable the Soviet Union to achieve its economic goals without undertaking serious internal economic reforms. (Joint Economic Committee Hearings, July 1973)

Opinion divided with respect to the economic advantages to be gained by the United States. Douglas Kenna, President of the National Association of Manufacturers, foresaw that expanded Soviet trade would provide:

1. A surplus [U.S.] trade account over the intermediate term;
2. An export multiplier effect on domestic employment;
3. Greater economies of scale for domestic industry output;
4. Energy/raw material sourcing through development of Soviet natural resources; and
5. Increased trade with other nonmarket, centrally controlled economies in Eastern Europe. (Joint Economic Committee Hearings, July 1973)

David Rockefeller, focusing on the long term, saw the Soviet Union as providing both an energy source and the opportunity to export U.S. manufactured products—"first for use by Soviet industry and later for use directly by Soviet consumers." (Joint Economic Committee Hearings, July 1973)

The optimism expressed by Kenna and Rockefeller was not duplicated in the testimony of economists. John Hardt and George Holliday, for example, stressed the small volume of projected U.S.-Soviet trade (even if it reached $3 billion annually it would constitute only 2 percent of total U.S. foreign trade) and noted that it would benefit particular sectors of the U.S. economy but not the economy as a whole. Therefore, "job creation, economic growth, and other economic benefits associated with increased trade would [only] be affected modestly by Soviet trade." (House Committee on Foreign Affairs Print, June 1973)
As time passed, criticism mounted. Zbigniew Brzezinski, in "The Deceptive Structure of Peace" (Foreign Policy, Spring 1974), pointed out that the United States would obtain Soviet raw materials in the somewhat uncertain future, after first aiding in the modernization and rationalization of the Soviet economy. Walter Laqueur contended that only a small group of U.S. businessmen would gain from Soviet trade, noting that "what is good for Mr. Hammer is not necessarily good for the nation." (New York Times Magazine, December 16, 1973) And Raymond Vernon warned that "in simple economic terms, the United States is likely to get less out of the [trade] relationship than it now expects," thereby burdening détente with "another heavy weight." (Foreign Affairs, January 1974)

Moreover, specific trade agreements had also sparked controversy. On the occasion of General Secretary Brezhnev's visit to the United States in June 1973, the Wall Street Journal (6-21-73) attacked the grain sale and the projected purchase of Soviet natural gas as "unequal bargains," undertaken on the faulty assumption that "if we give the Soviets enough bait to bring them into today's deal and then tomorrow's...they will get hooked and become less demanding negotiators." But James Reston countered in the New York Times (6-22-73) that "an isolated and frustrated Soviet Union with enough atomic weapons to blow up the world is not a very happy prospect; even an unequal deal, if it builds confidence, is better than that."

(2) For the first time in the debate, serious attention was given to the Soviet Union as a potential trading partner. While granting that the centralized decision-making structure of a "command" economy, coupled with a history of autarkic economic policies, would create impediments to U.S.-Soviet trade, optimistic observers predicted that the Soviet Union would modify these characteristics in order to join and benefit from the international economic system. Pessimists contended instead that the Soviets would remain autarkic and under centralized control, trading temporarily, erratically—and to the disadvantage of the United States—whenever there was an immediate need to borrow technology or compensate for underproduction.

--Foy Kohler argued that "a basic policy of economic autarky" prevents the Soviet Union from becoming an important market for consumer goods manufactured in the United States; moreover, the export of U.S. industrial equipment merely serves to create
competing Soviet producers—not a continuing market upon which a sustained trading relationship could be based. (Joint Economic Committee Hearings, July 1973)

--Raymond Vernon contrasted "Apparatchiks and Entrepreneurs" (Foreign Affairs, January 1974) and delineated the difficulties encountered when dealing with a command economy. State trading agencies prevent direct access to domestic markets and engage in large, potentially disruptive, purchases abroad. Prices are set not in response to market mechanisms but in order to serve national objectives; consequently, they are not linked to prices outside the Soviet Union, nor do they play a determining role in export decisions.

--Hardt and Holliday noted that under the Soviet system of state-directed foreign trade, a grant of MFN tariff treatment does not guarantee access to its domestic market. (June 1973)

--Dale Johnson testified that because the Soviets are able to keep secret the true extent of their needs, as they did when purchasing grain in 1972, they gain an unfair price advantage for their imports. (Joint Economic Committee Hearings, July 1973)

Faced with these problems, some members of the American business community have argued for the suspension of U.S. antitrust laws to permit "U.S. monopoly to confront Soviet monopoly." Others, while questioning this approach, have urged the United States to centralize and control its trade with the Soviet Union—to find some means of pooling U.S. buying and selling power—so that the United States will receive adequate benefits from U.S.-Soviet trade. It has even been suggested that the United States and the Soviet Union engage in a bilateral negotiation which would begin with "an assumption of total embargo and total non-access on both sides, and which would commit each side to a relaxation of its embargo [only] according to explicit measures appropriate to its system." (Vernon, Foreign Affairs, January 1974)

(3) Another new aspect of the debate was the replacement of the comparatively simple issue of trade with the more complex issue of trade and investment. General Secretary Brezhnev's proposals for "joint ventures" into the
development of Soviet resources and manufacturing capabilities were beginning to be implemented by specific agreements between the Soviet Government and U.S. industrial firms. Because these agreements required comparatively large extensions of loans and credits, questions concerning the wisdom of using U.S. capital to develop Soviet enterprises began to be raised.

Proponents of the joint venture approach argued that U.S. interests would be served at both the national and private level. Coproduction to develop Soviet natural resources would result in access to these resources for the United States; coproduction to develop Soviet manufactures would serve U.S. commercial interests by giving the Soviets the export capability needed to balance imports from the United States. From the standpoint of private enterprise, the Soviet Union would provide conditions for safe investment: not only would there be no threat of nationalization or expropriation, but there would also be positive guarantees of "stability, law and order, and no strikes." (Pisar, quoted by Sulzberger, NYT 5-16-73)

Opponents of joint ventures considered them to be contrary to both the immediate and long-term interests of the United States. It was argued, for example, in both the National Review (3-2-73) and the New Republic (6-16-73) that the United States should invest instead in the development of its own energy resources. The Soviet Union was depicted as trying to seduce the United States away from a policy of energy self-sufficiency, even to the point of encouraging the Arabs to use their oil weapon so that Soviet high-cost energy supplies would become more attractive to the United States. (Zorza, WP 7-3-73)

Dependence upon the Soviet Union as a source of energy was judged by Hardt and Holliday to be "a particularly risky undertaking," but both Johnson and Kohler considered the Soviets to be more dependable than Third World sources of supply. Fears of expropriation were expressed in both the New York Times (6-26-73) and the Washington Post (12-6-73), along with the fear that the Soviet Union might suffer an "energy crisis" of its own and become less willing to share its energy supplies with the United States.

It was also felt that the existence of a substantial U.S. capital investment in the Soviet Union would give the Soviets leverage over the United States in instances of future political conflict. Gregory Grossman worried that "a
large Soviet debt might become a serious irritant in [U.S.-Soviet] relations, an instrument of pressure on our business community, or a constraint on our foreign policy." (New Republic, 6-16-73) And Hardt and Holliday foresaw that Soviet control over U.S. investments and personnel might lead to economic blackmail or an economic hostage system.

For many, the joint venture approach represented not normal trade, but concessionary trade. Stephen Rosenfeld pointed out that with "development capital short worldwide, the U.S. proposes to invest billions in the Soviet Union, a rich country, on terms poor nations would give their eye teeth for." (WP 6-22-73) Grossman contended that it is not in the U.S. interest to assume the role of the Soviet Union's banker. (New Republic 6-16-73) Kohler, while approving normal trade and normal credit financing, came out against "the vast kind of investment in Soviet development that Brezhnev has in mind." (Joint Economic Committee Hearings, July 1973) And Shulman proposed a strategy of trading first in grain, consumer goods, and machinery, while holding out the prospect of gradually--over the years--including long-term investments in jointly financed resource-development projects. (Foreign Affairs, October 1973)

MFN and Credits. The issues of most-favored-nation tariff treatment and the extension of credits had been highlighted by the promises of the Trade Agreement and the prohibitions of the Jackson Amendment. Viewed from an economic perspective, restoration of MFN tariff status for Soviet products was considered to be much less important than was the extension of credit. MFN was an irrelevant issue because most Soviet exports to the United States were raw materials, not manufactures, and therefore were neither subject to tariffs nor in need of tariff reduction. Moreover, it was "a reflection of our national innocence that the MFN issue should have become the center of the debate over economic relations with the U.S.S.R." MFN would not have an economic impact on U.S.-Soviet trade for years--not until the Soviets were able to develop a significant export capability in manufactured products. And even then, to the extent that a command economy does not allow ordinary cost/price calculation to affect its decisions to export, the difference between MFN tariff treatment and its absence would have an insignificant economic impact. (Vernon, Foreign Affairs, January 1974)

In contrast, the availability of credit was judged "crucial" to expanded U.S.-Soviet trade relations because of
the Soviet shortage of foreign exchange reserves and their limited export possibilities. (Hardt and Holliday, June 1973) The terms under which credit would be extended aroused controversy: large credits, with repayment at low interest rates and over long periods of time, would constitute aid not trade; but unless the United States could match the favorable credit terms already being extended by Western Europe and Japan, it would be unable to trade with the Soviets at all. (CED, September 1972; Rockefeller, July 1973)

Political Issues. When discussion turned to the political implications of U.S.-Soviet trade, much of the terminology remained the same but significant changes in orientation and expectation had occurred. In 1968 the basic argument for trade was that it would encourage a reallocation of resources away from the military sector of the Soviet economy and the introduction of liberalizing internal reforms resulting in reduced Soviet belligerency and a concomitant increase in U.S. national security. By 1973 there had been two major departures from this approach. First, Soviet belligerency was to be reduced not only by the indirect and automatic process of resource reallocation, but also by a conscious and deliberate application of linkage politics. Second, internal reform became viewed not as a means by which Soviet belligerency would be reduced, but as an appropriate—and separate—goal of U.S. foreign policy.

(1) Soviet Belligerency. The impact of trade upon Soviet capabilities continued to be debated and attention again centered on the issue of whether trade would result in a reallocation of resources.

--Kohler argued that trade could be used to increase the pressure of consumer demand upon the scarce resources of the Soviet economy, while Rockefeller argued that by helping the Soviets fulfill their economic ambitions, the United States would also be encouraging them to give lower priority to "nonproductive" military programs. Bergson countered that the Soviets would never limit defense expenditures purely for economic reasons and Grossman asserted that with increased economic resources at their disposal, the Soviets would be more likely to allocate the increment to defense than to consumption. (Joint Economic Committee Hearings, July 1973)

--Hardt and Holliday predicted that long-term projects like Siberian development would compete with military
spending and "lock up" resources otherwise divertable to military spending (House Foreign Affairs Committee, June 1973), but Kohler pointed out that Siberian development would increase Soviet military capabilities by dispersing otherwise concentrated industry as a defense against nuclear attack. (Joint Economic Committee Hearings, July 1973)

--Finally, apart from the reallocation issue, Shulman worried that U.S. trade and investment would help strengthen the Soviet Union for later economic and military challenges to the United States (Foreign Affairs, October 1973); Laqueur asserted that the basic motivation of the Soviets in seeking U.S. trade and investment was to develop more quickly both the civil and military sectors of their economy (New York Times Magazine, December 16, 1973); and Brzezinski argued that trade would help the Soviets achieve their long-sought goal of symbolic equality with the United States. (Foreign Policy, Spring 1974)

A primary expectation with respect to Soviet belligerency was that U.S.-Soviet trade would induce the Soviets to act with restraint in conflict situations involving the United States. This expectation was no longer based on the relatively naive notion of "peace through trade," so prevalent during the debate's early stages, but on a quid pro quo interpretation of the strategy of linkage. And, because trade was now justified on political rather than economic grounds, expectation of specific political benefits--and disappointment when they did not materialize--became crucial in forming attitudes toward trade, itself.

--Thus the New York Times editorialized that while trade "may strengthen the Soviet system and benefit Moscow more than the West, that price may be worth paying if it offers a continuing incentive for restraint to the Soviet leadership." (NYT 11-17-73)

--C. L. Sulzberger was more specific. On the occasion of Brezhnev's May 1973 visit to the United States, Sulzberger noted that "the Russians are accustomed to linkage of unrelated bargains" and in return for adequate trade benefits may consider limits on their aid to North Vietnam, acceptance of valid nuclear parity, mutual and balanced troop cuts in Central Europe, and a modus vivendi in the Middle East. (NYT 5-19-73)
--Stanley Hoffman disagreed, asserting that "all Western attempts to use the Soviet Union’s need and greed for Western technology in order to obtain concessions in the realm of European security or in the arms race have proven futile. Linkage works among allies huddled together in common peril but not among adversaries." (Foreign Policy, Fall 1973)

(2) Internal Reform. That trade should serve the foreign policy goal of inducing Soviet political reform was a position which surfaced with the Jackson Amendment, after having been dormant since the 1968 testimony of the Liberty Lobby, the American Legion, and the Young Americans for Freedom. Even more striking, however, was articulation for the first time of the proposition that trade fosters internal reaction in the Soviet Union. It was argued that in order to trade with the United States, the Soviet leadership had first been compelled to tighten its controls at home--both to placate its own conservative opposition and to provide insurance against ideological "contamination" from the West.

--Shulman, writing in Foreign Affairs (October 1973), described a set of conflicting domestic pressures within the Soviet Union, the net result of which was that Brezhnev won a free hand to implement his policy of "peaceful coexistence" abroad, while the apparatus of orthodoxy and control was given a free hand to tighten the lines of ideological vigilance at home.

--Similarly, Grossman argued that internal reaction--the "price for détente" exacted by Soviet conservatives--was likely to increase along with trade expansion because, as considerable numbers of Westerners began to work in the Soviet Union, there would be a tightening of internal controls so that the Soviet population would be protected from their influence. (Joint Economic Committee Hearings, July 1973)

--Wolfgang Leonhard, a West German invited to write on "The Domestic Politics of the New Soviet Foreign Policy" in Foreign Affairs (October 1973), went further, asserting that "the Soviet leaders have consciously initiated a policy leading toward rapprochement [with the West] in order to avoid a liberalization of domestic policies."

--These interpretations, if correct, would explain as inevitable the "sense of betrayal" (WP 9-12-73)
afflicting those in the United States who had expected détente to bring a softening of Soviet internal policies and instead found even greater repression in its wake.

Against the backdrop of the series of Soviet repressions reported by the press, the Jackson Amendment derived much of its power from a marriage between the ideological impulse of the cold war period and the expectations engendered by linkage politics. The argument appeared simple: trade should not be denied the Soviets but should merely be withheld until they ended their objectionable policy of curtailing emigration. Opponents of the Jackson approach were thus forced to argue either against the proposition that Soviet internal affairs are an appropriate concern of U.S. foreign policy or against the proposition that trade policy should be linked to Soviet behavior.

--Anthony Lewis argued the Jackson position by asserting that "when the Soviets come to us for an economic transfusion, we are quite entitled to see a quid pro quo" in the area of human rights. (NYT 9-24-73) But Tom Wicker countered that "it is hard to see how short-run insistence on improvement in Soviet society would serve humanity better than long-term pursuit of improvement in the great-power relationship on which the fate of humanity may depend." (NYT 9-14-73)

--A series of editorials in the New York Times deplored the Soviet stance on human rights and warned both the Soviets and the Nixon Administration of the negative effect which it would have on U.S. public opinion and trade legislation. While urging the Soviet Union to improve its internal policies in order to trade with the United States, the Times was nevertheless against the Jackson Amendment, arguing that "it is not appropriate, in a foreign trade or in any other kind of bill, for Congress to legislate on the internal affairs of another country." (NYT 9-18-73)

--Emphasizing instead that trade should be normalized apart from political considerations, Kennan pointed out that allowing trade to proceed normally is not an "act of benevolence, graciously bestowed by us... and for which we would be entitled to expect gratitude and propitiatory alterations of domestic policy." (NYT 9-25-73) And Kohler asserted that the United States should not try to attach political conditions
to the normalization of U.S.-Soviet trade, adding that he doubted that it would carry the weight "of even the one linkage presently proposed." (July 1973)

The Trade Debate Through Time: Summing Up

The trade debate was marked by significant changes in attitude as it developed over time. These changes, both independently and in conjunction with each other, caused elite opinion leaders to become increasingly less willing to perceive U.S.-Soviet trade as being in the national interest.

At the outset of the debate, the Soviet Union was depicted by the proponents of trade as being relatively benign in its intentions, not particularly threatening in its capabilities, and already engaged in a process of internal reform. By the conclusion of the debate, it was perceived as being potentially malevolent in its intentions, increasingly threatening in its capabilities, and engaged in prosecuting cruel repressions at home. Meanwhile, trade itself, although initially presented as being of mutual economic benefit, began to be presented as favoring the Soviets to the disadvantage of the United States. This "unequal bargain" was justified by the leverage it would provide in extracting political concessions from the Soviet Union but very little was said to assure the public that these concessions would, in fact, be forthcoming.

There were also important silences during the debate. Between the end of 1968 and 1972 virtually nothing was said by elite commentators to prepare the public for the Trade Agreement. In consequence, the euphoria expressed in immediate anticipation of the Trade Agreement was quickly dissipated after it was signed. Then, during the crucial year of 1973, nothing was said (apart from technical commentary in Congressional hearings and academic journals) to rearticulate and reinforce the proposition that trade would benefit the United States. This was because the "human rights" issue upstaged the trade issue as soon as the Jackson Amendment was introduced.

The most striking aspect of the debate as it progressed over time was a "revolution of expectation" concerning the political benefits which trade could achieve. In 1968 the issue was relatively simple: the policy of withholding trade in order to exact political concessions had failed and the proponents of trade were able to argue that trade should come first, promising only that political benefits would follow
indirectly and in the long term. By 1973, however, the favorable publicity given to the strategy of linkage had led the public to believe that the United States could negotiate immediate, specific bargains with the Soviet Union by using trade as a reward. From the Moscow summit onward, the press speculated that trade could be used to extract Soviet concessions in the Vietnam and Middle East conflicts and in the SALT and MBFR negotiations. In this context, the Jackson Amendment could be presented as just one more application of linkage politics rather than as a return to the "anachronistic and self-defeating" policies of 1968.
ELITE ATTITUDES TOWARD U.S.-SOVIET TRADE
1968-1973

"Moving Beyond the Cold War"

In 1968, faced with seemingly anachronistic and self-defeating restrictions against trade with Communist nations, a small but influential group of U.S. opinion leaders began to urge that trade between the United States and the Soviet Union be normalized and expanded because:

1. the United States was no longer confronted by a monolithic, doctrinaire, and implacably hostile bloc of Communist nations;

2. cold war tensions were therefore diminishing sufficiently to make normal trade relationships the natural economic counterpart of political détente;

3. recognizing this, Western Europe and Japan were trading extensively with the East, rendering U.S. restrictions ineffective against its adversaries and abrasive to its friends;

4. the political benefits once sought through trade restriction could be achieved largely through trade, itself: trade with the Soviet Union and Eastern Europe would reinforce and accelerate trends toward internal reform and intrabloc disintegration, thereby moderating hostile attitudes and reducing capabilities for aggression;

5. specific economic benefits would accrue to the United States in the form of jobs, mass markets, and a more favorable balance of payments.

October 16, 1975
The debate was launched by Theodore Sorensen's "Why We Should Trade With the Soviets" (Foreign Affairs, April 1968) and was continued in Senate Hearings on East-West Trade (June-July 1968), where the specific issue of U.S.-Soviet trade was often subordinated to, and confused by, the broader issue of trade with Eastern Europe. Significantly, at this initial stage, the debate did not reach the editorial pages or major columns of the New York Times and the Washington Post.

The basic assumption motivating this faction of elite opinion was that trade promotes peace by bringing trading partners into contact with each other and providing them with mutual economic benefits.

--The Johnsonian metaphor of "building bridges" between East and West was frequently invoked, denoting faith that communication between adversaries can moderate conflicts of interest and ideology. George Ball, for example, argued that commerce promotes an exchange of ideas, and that "an increased penetration of the whole [Communist] system with libertarian ideas from the West" was a trend which would, over time, materially increase U.S. security. (Senate Hearings, June 1968)

--Sorensen, arguing against the proposition that expanded trade with the Soviet Union must await termination of the Vietnam war, asserted that U.S.-Soviet trade, "by increasing contacts, winning friends, providing experiences in working together, and making more costly and complicated the prospects of open combat, would help create a climate in which peace in Vietnam can be achieved." (Senate Hearings, June-July 1968)

The argument that trade promotes peace was essentially ambiguous. It could be applied either to the goal of achieving U.S.-Soviet détente or to that of liberating Eastern Europe from Soviet domination. At its most ambitious, it encouraged the hope that trade with the West would convert Communists to capitalism and bring democracy and peace in its wake. Thus the Mondale Resolution—the point of reference for the East-West Trade Hearings of 1968—asserted that trade with Eastern Europe should be facilitated in order to promote "United States objectives in building a peaceful, democratic world."

When the subject of U.S.-Soviet trade is isolated from the broader framework of East-West trade, the following
questions distinguish not only between advocates and opponents of trade in 1968 but also between the arguments of 1968 and those of 1973: (1) the nature and comparative advantage of the economic benefits which would accrue to the United States and the Soviet Union and (2) the nature, comparative advantage, and timing of the political benefits which would accrue to each country.

Economic Benefits. The prevailing view among those advocating expanded trade between the United States and the Soviet Union in 1968 was that such trade, like trade in general, would be of relatively equal economic benefit to each party. Not surprisingly, the arguments presented to the American public stressed the benefits which would be enjoyed by the United States. Emphasis was placed on the export side of the trade equation, with the Soviet Union depicted as providing an exciting market for U.S. output:

--it was "a massive, modern nation, now largely urbanized and industrialized but needing far more equipment and technology to fulfill its potential";

--it had "a market of some 250 million people with much the same needs as Western Europe but insufficient productive capacity to meet all of those needs";

--it had "increasingly restive consumers (whose comparatively low wages [were] somewhat offset by free or subsidized medical care, housing, education and other services)." (Sorensen, Foreign Affairs, April 1968)

Ability to exploit this market would provide jobs, profits, and a more favorable balance of payments. The current size of the U.S. payments deficit and the declining competitiveness of U.S. exports led to note that the United States is no longer in a position to "cavalierly give away trading opportunities" by refusing to trade with the Soviets. (Senate Hearings, June 1968) And Sidney Scheuer, writing in the Columbia Journal of World Business (November-December 1967), asserted that the need to generate employment, balance payments, and maximize the operation of productive facilities is so great in the United States that it would benefit even more than the Soviet Union from any increase in U.S.-Soviet trade.

Those who viewed trade with the Soviet Union as a means of solving the U.S. balance-of-payments problem obviously did not envision a trade relationship in which U.S. exports would be balanced, to any significant extent, by imports from the Soviet Union.
--Sorensen was alone in his optimistic prediction that the United States would be able to purchase not only cheap watches and bicycles, but also products which reflected Soviet "economic and technological maturity in space, aviation, biology, electric power and nearly every basic industry." (Foreign Affairs, April 1968)

--Among economists, it was asserted instead that the exports from the Soviet Union essentially would be those of a developing country, consisting of food, raw materials, and fuel--"basic products in which the United States enjoys a high degree of self-sufficiency." (Isaiah Frank, Senate Hearings, June 1968)

The difficulties likely to be encountered in establishing an expanded trading relationship with the Soviet Union were noted but not stressed. Until the Soviets were able to balance their accounts with their own exports, they might make payment by drawing against their credit balances in third countries or by offering their goods for resale by professional "switch dealers." The problems of delivery, distribution, servicing, procurement of spare parts, trademark and patent protection, and the use of arbitration for disputes would be nettlesome but not insurmountable. In sum, there would be problems inherent in trading with a Communist state, particularly one with as cumbersome a bureaucracy as the Soviet Union, but patience and ingenuity could solve them.

Projections of the size of U.S.-Soviet trade were fairly circumspect. Sorensen, for example, noted it was "unlikely that either nation would ever consider such trade economically indispensable or even significantly beneficial." (Foreign Affairs, April 1968) Nevertheless, he foresaw gradual growth to annual levels of "hundreds of millions of dollars, [levels of] real significance to American business." (Senate Hearings, June - July 1968)

The major opponents of U.S.-Soviet trade were represented in Senate testimony by the American Legion, the Liberty Lobby, the Young Americans for Freedom (YAF), and the Committee to End Aid to the Soviet Enemy (CEASE). They charged that the existing restrictions already allowed too much trade to transpire between the United States and the Soviet Union because in 1968 President Johnson had improperly decontrolled large numbers of items which were of significant strategic value to the Soviets. U.S. businessmen, by trading
with the Soviet enemy in pursuit of a "swift buck," were placing their private interests above the national interest and, in the context of the war in Vietnam, their profits were rendered ill-gained "blood money." (Senate Hearings, June 1968)

Asserting that "the bridges which the present [Johnson] Administration proposes to build are, in reality, one-way avenues carrying benefit to the Communist nations with little, if any, benefit to the Free World" (YAF, Senate Hearings, June 1968), this faction of opinion contended that trade with the Soviet Union is really economic aid and should be evaluated accordingly. Not only did the Soviets lack exports of interest to the United States but, as John Davis Lodge pointed out, U.S. exports to the Soviet Union must be subsidized by the U.S. Government. (CEASE, Senate Hearings, June 1968)

It was argued further that by according the Soviet Union economic benefits which it would not otherwise obtain, the United States was acting against its own interest by making it possible (1) for the Soviets to divert resources to their belligerent allies in North Vietnam, the Middle East, and Cuba (American Legion, Senate Hearings, June 1968), and (2) for the Soviets to compete more effectively in their self-proclaimed economic contest with the West. (YAF, Senate Hearings, June 1968)

Political Benefits. During the debate of 1968, the proponents of expanded U.S.-Soviet trade were careful to depict the political benefits to be derived as being both general in nature and slow in coming.

--Harold Berman, reacting against the trade restrictions of the cold war period, cited them as illustrating "the folly of our efforts to use trade as a weapon of high foreign policy." (Senate Hearings, June 1968)

--George Ball, arguing that the United States should normalize trade with the Soviets without first demanding specific political concessions, observed that he had "never seen an example in history where a nation has responded with serious social or political changes to an offer of somebody to trade with them." (Senate Hearings, June 1968)

Once these caveats were noted, the benefits which could be expected from increased U.S.-Soviet trade were threefold: (1) the Soviet Union, increasingly preoccupied with
meeting the demands of a consumption-oriented society, would become less belligerent toward the United States; (2) the ties binding the Communist alliance together would be weakened; and (3) the ties binding the Western alliance together would be strengthened.

(1) Reduced Soviet Belligerency. The primary assumption motivating the expectation of reduced Soviet belligerency was that trade with the United States would encourage a reallocation of Soviet resources so that they could be used to satisfy an increased demand for consumer goods. Previous government policy denying U.S. participation in the Soviet-Fiat contract made cars an attractive example:

--Ball asserted that "once the Soviet people begin to think of cars as an incentive within their grasp, they will insist with increasing vigor on an expanding supply of consumer goods in order to lead the ample bourgeois life" and, "with a smaller available allocation of resources for destructive weapons, [the Soviet Union] will be a much less menacing country." (Senate Hearings, June 1968)

--And Sorensen argued that an increased Soviet appetite for cars "could not help but result in a diversion of Soviet resources into consumer goods instead of military." (Foreign Affairs, April 1968)

The "peace through capitalism" corollary of the peace through trade argument was also represented. Trade with the United States would serve to reinforce the Soviet trend toward internal economic reform represented by the introduction, in a limited way, of profit incentives, market mechanisms, and modern management techniques. Economic reform would eventually lead to political reform and, by implication, a less hostile attitude toward the United States.

--Ball argued that the United States, through trade, could encourage "benign trends and forces" within the Soviet Union (Senate Hearings, June 1968); and Sorensen, in "Why We Should Trade With the Soviets" (Foreign Affairs, April 1968), gave as one of his primary reasons the ability "to influence the evolution of Soviet external political attitudes and internal economic reforms."

--William Blackie, President of the Caterpillar Tractor Co., reflected the optimism of U.S. businessmen excited by the prospect of U.S.-Soviet trade. He
testified that "everywhere in the world today communism, as a political or economic system, is on the retreat [because] the choice is clear between communist austerity and capitalist prosperity [and] economic freedom and political freedom go hand in hand." (Senate Hearings, June-July 1968)

Unspoken but implied during this phase of the debate was the assumption that a politically free Soviet people, imbued with bourgeois values, would not pursue a hostile foreign policy toward the United States. Although members of this faction may have felt that they were obeying Ball's injunction to "get beyond the cold war," much of the ideological content of the cold war period seemed very much in evidence.

(2) A Weakened Eastern Alliance. Because the debate on U.S.-Soviet trade took place in the context of the larger debate on East-West trade, it was not always clear whether proponents of trade expansion were focusing primarily on Eastern Europe or on the Soviet Union. A significant proportion of opinion leaders wished to trade with Eastern Europe in order to reduce the economic cohesion of the Eastern alliance and thereby weaken the capabilities of the Soviet Union. In contrast, those specifically advocating U.S.-Soviet trade were usually willing to tolerate an increase in the capabilities of the Soviet Union in the hope that trade would induce more favorable Soviet attitudes toward the United States. However, even among the latter, there was often the parallel hope that simultaneous trade with both the Soviet Union and Eastern Europe would serve to weaken their interdependence. As Sorensen put it: "restrictions on East-West trade only draw the communists closer together in increased mutual dependence." (Foreign Affairs, April 1968)

(3) A Strengthened Western Alliance. The argument that the United States might as well trade with the Soviet Union because its Western allies already were doing so was voiced during the entire period of debate. Not only did trade conducted by Western Europe and Japan prevent U.S. restrictions from being effective, but U.S. businessmen were losing lucrative contracts to their West European and Japanese competitors. Interestingly, it was only in 1968 that a cooperative theme was stressed: U.S. trade restrictions should be removed because they were causing strain within the Western alliance.
The history of unsuccessful and abrasive U.S. efforts to achieve allied cooperation in the enforcement of trade restrictions and, in particular, the difficulties encountered in achieving U.S.-European consensus on the CoCom list of restricted strategic items, led M.I.T. economist C. P. Kindleberger to observe that it is "somewhat silly of the U.S. Congress to feel so passionately about East-West trade that it is willing to accept...a great deal of political resentment from the rest of the West" for opposing it. (Senate Hearings, June-July 1968)

Similarly, Ball noted that "the other great non-Communist trading nations have long since embraced East-West trade as a good thing. They are totally out of sympathy with our efforts to restrict it, and indeed regard the present American policy as declared in our statute law as outdated and irrational." (Senate Hearings, June 1968)

Sorensen argued that "if we are to resist the ambition common to Kosygin and de Gaulle to exclude our influence in a reunited Europe, then Congress should remove our outmoded, discriminatory barriers against nonstrategic trade with the Soviet Union, authorize most-favored-nation status for all of Eastern Europe, and remove the latest restrictions imposed upon the Export-Import Bank. [The Bank in turn] should grant short-term commercial credits for industrial exports to the Soviet Union without requiring of the Kremlin anything more than is required of other nations to prove their credit-worthiness." (Foreign Affairs, April 1968)

The political advantages to be gained respectively by the United States and the Soviet Union in the event of expanded trade between them were not compared during the debate of 1968. The opponents of trade did not charge—as they might have—that trade with the United States would aid the Soviet Union in maintaining repressive internal controls because it would enable them to meet a strong, and potentially destabilizing, demand for consumer goods.

Instead, the factions of the debate were distinguished from each other by the issue of the timing of the political benefits which would come from trade. The proponents of trade believed that trade should come first and political benefits would naturally follow; the opponents believed that
the reward of trade should be withheld until important polit-
cical concessions were extracted from the Soviet Union.

--Thus John Davis Lodge argued on behalf of CEASE that "it would be suicidal to continue to build up the Soviet military potential [through trade] before the Soviet Union and its bloc have renounced publicly and convincingly--with support by actions--that Communist Russia has given up its intention of dominating the world." (Senate Hearings, July 1968)

--The American Legion urged that "the United States should make the products of our advanced technology available...only in exchange for political conces-
sions...especially such concessions as will make for increased personal liberties for the suppressed peoples concerned." (Senate Hearings, June-July 1968)

The debate of 1968 ended without removal of the basic restrictions limiting trade with the Soviet Union. The prohibition against Eximbank financing of Communist purchases, signed into law in March 1968, was not rescinded until 1971. And, with the Soviet invasion of Czechoslovakia in August 1968, the mood of Congress was considered too hostile to permit resubmission of legislation designed to reinstate most-favored-
nation tariff treatment of Soviet and East European products.

What was accomplished, however, was a "change in the psychological climate, making it respectable for businessmen to think actively about commerce with Eastern Europe and encouraging some members of Congress to talk openly about mitigating the trade control system erected at the height of tensions with Russia." (Pisar, Coexistence and Commerce, 1970)

Silence and Uncertainty

The period 1969-71 was marked by almost complete silence in the public debate over U.S.-Soviet trade. Scant attention was paid to the issue in newspapers and academic journals, and only when Congress held hearings (April-July 1969) on the Export Control Act of 1949 did an opportunity arise for rearticulation of the arguments for trade expansion.

Otherwise, during the rare instances in which elite opinion was voiced, reference was usually made to lack of clarity in the government's position:
Samuel Pisar observed that "the United States government's present attitude toward East-West trade can only be described as ambivalent." (Coexistence and Commerce, 1970)

Lawrence McQuade found that "the attitude of the current Administration is still obscured by the absence of any clear-cut direction from the Presidential level." (Law and Policy in International Business, 1971)

In light of subsequent events, it is significant that Congress was perceived as being more favorably disposed toward expanded trade than was the Executive Branch.

Pisar judged that "the initiative of leadership on the [trade] issue has passed to Congress," which might find it impossible to "pressure the bureaucracy" into a more liberal pattern of administering trade controls. (1970)

McQuade found that the rate of movement on trade was slow, reflecting the "caution of the Defense Department rather than the more liberal spirit of the Congress." (1971)

Newspaper columns and editorials did not prepare the U.S. public for a departure in foreign policy. In February 1971, Secretary of Commerce Stans announced that he favored expanded trade between the United States and the Soviet Union. Not only did this announcement follow two years of silence in the press, but the silence continued and it was not until the Stans trip to Moscow of November 1971 that the elite debate was revived.

Finding that the Stans visit to Moscow symbolized a change in Washington's attitude toward Soviet-American trade, the New York Times gave its "applause" to the Administration's "new and positive approach." (NYT 11-29-71)

James Reston praised President Nixon for "not being a prisoner of his past prejudices [so that] when confronted with a potentially disastrous financial and trade problem in the world [he] finally scrapped his ideological approach to the Soviet Union and sent off Secretary of Commerce Stans and a 10-man
delegation to seek a substantial increase in trade with Moscow." (NYT 11-19-71)

--Joseph Kraft expressed a cautionary note, however, when he reported that "around the White House and the State Department there is continuing suspicion that the Russians are talking trade just to promote political concessions from the United States." (WP 11-16-71)

Euphoria

During the first several months of 1972, the predominant elite attitude toward trade with the Soviet Union was one of euphoria. There was recognition that a change in U.S. policy had, in fact, occurred and a series of specific agreements--the "Pullman Deal," the "Wheat Deal," and the "Occidental Petroleum Deal"--provoked enthusiastic comment. The Moscow summit also focused favorable attention on the prospect of expanded U.S.-Soviet trade even though there was disappointment that it did not produce a concrete trade agreement. (WP 5-27-72, NYT 5-28-72) The period of euphoria culminated in September when the Committee for Economic Development (CED) issued a report strongly advocating trade expansion and the extension of most-favored-nation tariff treatment and liberalized credit terms to the Soviet Union.

--For the first time in the debate, a trade-off between U.S. technology and Soviet raw materials was defined as the basic underpinning of an expanded U.S.-Soviet trade relationship. The New York Times found that "the two economies complement each other in ways that argue strongly for increased trade." (1-2-72) And both the Washington Post and the Times asserted that expanded trade could be justified on economic grounds alone. (WP 2-27-72, NYT 9-13-72)

--The climate between the two countries was judged favorable enough for the technology-for-resources exchange to be achieved by means of coproduction arrangements between U.S. business firms and the Soviet Government. U.S. firms would help construct and finance facilities for extracting and processing Soviet raw materials; in return they would receive a proportion of the resources they had helped to "develop." Thus hundreds of millions of dollars of annual trade were foreseen because, as Hobart Rowen asserted, "only the financial resources
of the United States can match the physical resources of the Soviet Union." (WP 7-16-72)

--The peace through trade arguments of the debate were again enunciated. Trade would open channels of communication and give each side a stake in the peaceful settlement of disputes. Conversely, trade withheld would reinforce the Soviet autarkic impulse and thereby strengthen Soviet ability to engage in belligerent action. (CED, September 1972)

The period of euphoria ended in October 1972, at a time when--almost simultaneously--the formal U.S.-Soviet Trade Agreement was signed and the Jackson Amendment to the Trade Reform Act was introduced. Reaction to the sale of U.S. grain to the Soviet Union foreshadowed the general change in attitude from euphoria to criticism. First hailed for creating an atmosphere of goodwill and cooperation (NIT 7-11-72), the grain sale was soon criticized for giving preferential treatment to the Soviet Union (WP 8-20-72) and for revealing Soviet willingness to "exploit" and "mislead" the United States (WP 9-17-72). Moreover, President Nixon and Secretary Kissinger were attacked for not employing the strategy of linkage: they "bailed the Soviet Union out of the tightest spot it has been in since the Cuban Missile Crisis...and received nothing in return." (Joseph Kraft, WP 9-21-72)

A Closer Look at the Issues

By 1973 a genuine debate about U.S.-Soviet trade had been reinitiated. The House Committee on Foreign Affairs issued a major report on the subject in June ("U.S.-Soviet Commercial Relations: The Interplay of Economics, Technology, Transfer, and Diplomacy" by John P. Hardt and George D. Holliday), and the Joint Economic Committee held hearings in July. Editorial opinion and elite commentary were expressed continuously throughout the year--not only because the Jackson Amendment had raised the "human rights" issue but, more often, because the economic terms and political objectives of the Trade Agreement were being placed under scrutiny.

Economic Issues. Advocates of expanded U.S.-Soviet trade in 1973, in contrast to their counterparts of 1968 and 1972, tended to proceed from the assumption that economic benefits accruing to the United States would be marginal, especially in the short term. No longer, as in 1968, was
there an unclouded expectation that a "mass market" of Soviet consumers would absorb U.S. industrial output, create jobs, and redress the balance of payments. Nor did the enthusiasm for an exchange of U.S. technology for Soviet resources, so prevalent in 1972, continue without the dampening effect of criticism. Instead, the case for trade was made not on its economic merits but as a precondition for achieving the political goals of détente.

--The Washington Post, in its initial evaluation of the U.S.-Soviet Trade Agreement, found that "the impetus of Soviet-American trade, itself marginal economically to both, is primarily political for both." (WP 10-21-72)

--Marshall Shulman, writing in Foreign Affairs (October 1973), found that "if purely economic considerations are weighed, the advantages are heavily in favor of the Soviet Union," but trade should be expanded "mainly for non-economic reasons...[as] a continuing incentive to the Soviet leadership to conduct itself with restraint."

--Similarly, David Rockefeller, in testimony before the Joint Economic Committee, acknowledged that "on the economic side, the Soviets do appear to gain an advantage--if only for the short run--in increased trade," but for the United States, the political benefits appear to be more significant than the economic benefits. (Joint Economic Committee Hearings, July 1973)

Although the proponents of expanded trade generally were willing to concede that their case did not rest on economic grounds alone, controversy occurred over the issues of (1) the comparative economic advantage inherent in U.S.-Soviet trade; (2) the economic costs incurred when trading with the Soviet economy; and (3) the economic wisdom of investing in Soviet enterprises.

(1) When the United States and the Soviet Union were compared with respect to the economic advantages likely to be gained through trade, emphasis was placed upon the urgency and immediacy of Soviet economic needs. Gregory Grossman noted, for example, that Soviet economic growth was lagging at the very moment when an extremely ambitious Five-Year Plan placed an "escalation of claims" on Soviet resources. Abram Bergson stressed that U.S. trade would enable the Soviet
Union to achieve "increased specialization and accelerated technological borrowing," advantages long denied them by their previous isolation from world markets. And several elite commentators, including Grossman and Shulman, were quick to point out that trade with the United States would enable the Soviet Union to achieve its economic goals without undertaking serious internal economic reforms. (Joint Economic Committee Hearings, July 1973)

Opinion divided with respect to the economic advantages to be gained by the United States. Douglas Kenna, President of the National Association of Manufacturers, foresaw that expanded Soviet trade would provide:

1. A surplus [U.S.] trade account over the intermediate term;

2. An export multiplier effect on domestic employment;

3. Greater economies of scale for domestic industry output;

4. Energy/raw material sourcing through development of Soviet natural resources; and

5. Increased trade with other nonmarket, centrally controlled economies in Eastern Europe. (Joint Economic Committee Hearings, July 1973)

David Rockefeller, focusing on the long term, saw the Soviet Union as providing both an energy source and the opportunity to export U.S. manufactured products—"first for use by Soviet industry and later for use directly by Soviet consumers." (Joint Economic Committee Hearings, July 1973)

The optimism expressed by Kenna and Rockefeller was not duplicated in the testimony of economists. John Hardt and George Holliday, for example, stressed the small volume of projected U.S.-Soviet trade (even if it reached $3 billion annually it would constitute only 2 percent of total U.S. foreign trade) and noted that it would benefit particular sectors of the U.S. economy but not the economy as a whole. Therefore, "job creation, economic growth, and other economic benefits associated with increased trade would [only] be affected modestly by Soviet trade." (House Committee on Foreign Affairs Print, June 1973)
As time passed, criticism mounted. Zbigniew Brzezinski, in "The Deceptive Structure of Peace" (Foreign Policy, Spring 1974), pointed out that the United States would obtain Soviet raw materials in the somewhat uncertain future, after first aiding in the modernization and rationalization of the Soviet economy. Walter Laqueur contended that only a small group of U.S. businessmen would gain from Soviet trade, noting that "what is good for Mr. Hammer is not necessarily good for the nation." (New York Times Magazine, December 16, 1973) And Raymond Vernon warned that "in simple economic terms, the United States is likely to get less out of the [trade] relationship than it now expects," thereby burdening détente with "another heavy weight." (Foreign Affairs, January 1974)

Moreover, specific trade agreements had also sparked controversy. On the occasion of General Secretary Brezhnev's visit to the United States in June 1973, the Wall Street Journal (6-21-73) attacked the grain sale and the projected purchase of Soviet natural gas as "unequal bargains," undertaken on the faulty assumption that "If we give the Soviets enough bait to bring them into today's deal and then tomorrow's...they will get hooked and become less demanding negotiators." But James Reston countered in the New York Times (6-22-73) that "an isolated and frustrated Soviet Union with enough atomic weapons to blow up the world is not a very happy prospect; even an unequal deal, if it builds confidence, is better than that."

(2) For the first time in the debate, serious attention was given to the Soviet Union as a potential trading partner. While granting that the centralized decisionmaking structure of a "command" economy, coupled with a history of autarkic economic policies, would create impediments to U.S.-Soviet trade, optimistic observers predicted that the Soviet Union would modify these characteristics in order to join and benefit from the international economic system. Pessimists contended instead that the Soviets would remain autarkic and under centralized control, trading temporarily, erratically—and to the disadvantage of the United States—whenever there was an immediate need to borrow technology or compensate for underproduction.

—Foy Kohler argued that "a basic policy of economic autarky" prevents the Soviet Union from becoming an important market for consumer goods manufactured in the United States; moreover, the export of U.S. industrial equipment merely serves to create
competing Soviet producers—not a continuing market upon which a sustained trading relationship could be based. (Joint Economic Committee Hearings, July 1973)

—Raymond Vernon contrasted "Apparatchiks and Entrepreneurs" (Foreign Affairs, January 1974) and delineated the difficulties encountered when dealing with a command economy. State trading agencies prevent direct access to domestic markets and engage in large, potentially disruptive, purchases abroad. Prices are set not in response to market mechanisms but in order to serve national objectives; consequently, they are not linked to prices outside the Soviet Union, nor do they play a determining role in export decisions.

—Hardt and Holliday noted that under the Soviet system of state-directed foreign trade, a grant of MFN tariff treatment does not guarantee access to its domestic market. (June 1973)

—Dale Johnson testified that because the Soviets are able to keep secret the true extent of their needs, as they did when purchasing grain in 1972, they gain an unfair price advantage for their imports. (Joint Economic Committee Hearings, July 1973)

Faced with these problems, some members of the American business community have argued for the suspension of U.S. antitrust laws to permit "U.S. monopoly to confront Soviet monopoly." Others, while questioning this approach, have urged the United States to centralize and control its trade with the Soviet Union—to find some means of pooling U.S. buying and selling power—so that the United States will receive adequate benefits from U.S.-Soviet trade. It has even been suggested that the United States and the Soviet Union engage in a bilateral negotiation which would begin with "an assumption of total embargo and total non-access on both sides, and which would commit each side to a relaxation of its embargo [only] according to explicit measures appropriate to its system." (Vernon, Foreign Affairs, January 1974)

(3) Another new aspect of the debate was the replacement of the comparatively simple issue of trade with the more complex issue of trade and investment. General Secretary Brezhnev's proposals for "joint ventures" into the
development of Soviet resources and manufacturing capabilities were beginning to be implemented by specific agreements between the Soviet Government and U.S. industrial firms. Because these agreements required comparatively large extensions of loans and credits, questions concerning the wisdom of using U.S. capital to develop Soviet enterprises began to be raised.

Proponents of the joint venture approach argued that U.S. interests would be served at both the national and private level. Coproduction to develop Soviet natural resources would result in access to these resources for the United States; coproduction to develop Soviet manufactures would serve U.S. commercial interests by giving the Soviets the export capability needed to balance imports from the United States. From the standpoint of private enterprise, the Soviet Union would provide conditions for safe investment: not only would there be no threat of nationalization or expropriation, but there would also be positive guarantees of "stability, law and order, and no strikes." (Pisar, quoted by Sulzberger, NYT 5-16-73)

Opponents of joint ventures considered them to be contrary to both the immediate and long-term interests of the United States. It was argued, for example, in both the National Review (3-2-73) and the New Republic (6-16-73) that the United States should invest instead in the development of its own energy resources. The Soviet Union was depicted as trying to seduce the United States away from a policy of energy self-sufficiency, even to the point of encouraging the Arabs to use their oil weapon so that Soviet high-cost energy supplies would become more attractive to the United States. (Zorza, WP 7-3-73)

Dependence upon the Soviet Union as a source of energy was judged by Hardt and Holliday to be "a particularly risky undertaking," but both Johnson and Kohler considered the Soviets to be more dependable than Third World sources of supply. Fears of expropriation were expressed in both the New York Times (6-26-73) and the Washington Post (12-6-73), along with the fear that the Soviet Union might suffer an "energy crisis" of its own and become less willing to share its energy supplies with the United States.

It was also felt that the existence of a substantial U.S. capital investment in the Soviet Union would give the Soviets leverage over the United States in instances of future political conflict. Gregory Grossman worried that "a
large Soviet debt might become a serious irritant in [U.S.-Soviet] relations, an instrument of pressure on our business community, or a constraint on our foreign policy. (New Republic, 6-16-73) And Hardt and Holliday foresaw that Soviet control over U.S. investments and personnel might lead to economic blackmail or an economic hostage system.

For many, the joint venture approach represented not normal trade, but concessional trade. Stephen Rosenfeld pointed out that with "development capital short worldwide, the U.S. proposes to invest billions in the Soviet Union, a rich country, on terms poor nations would give their eye teeth for." (WP 6-22-73) Grossman contended that it is not in the U.S. interest to assume the role of the Soviet Union's banker. (New Republic 6-16-73) Kohler, while approving normal trade and normal credit financing, came out against "the vast kind of investment in Soviet development that Brezhnev has in mind." (Joint Economic Committee Hearings, July 1973) And Shulman proposed a strategy of trading first in grain, consumer goods, and machinery, while holding out the prospect of gradually--over the years--including long-term investments in jointly financed resource-development projects. (Foreign Affairs, October 1973)

MFN and Credits. The issues of most-favored-nation tariff treatment and the extension of credits had been highlighted by the promises of the Trade Agreement and the prohibitions of the Jackson Amendment. Viewed from an economic perspective, restoration of MFN tariff status for Soviet products was considered to be much less important than was the extension of credit. MFN was an irrelevant issue because most Soviet exports to the United States were raw materials, not manufactures, and therefore were neither subject to tariffs nor in need of tariff reduction. Moreover, it was "a reflection of our national innocence that the MFN issue should have become the center of the debate over economic relations with the U.S.S.R." MFN would not have an economic impact on U.S.-Soviet trade for years--not until the Soviets were able to develop a significant export capability in manufactured products. And even then, to the extent that a command economy does not allow ordinary cost/price calculation to affect its decisions to export, the difference between MFN tariff treatment and its absence would have an insignificant economic impact. (Vernon, Foreign Affairs, January 1974)

In contrast, the availability of credit was judged "crucial" to expanded U.S.-Soviet trade relations because of
the Soviet shortage of foreign exchange reserves and their limited export possibilities. (Hardt and Holliday, June 1973) The terms under which credit would be extended aroused controversy: large credits, with repayment at low interest rates and over long periods of time, would constitute aid not trade; but unless the United States could match the favorable credit terms already being extended by Western Europe and Japan, it would be unable to trade with the Soviets at all. (CED, September 1972; Rockefeller, July 1973)

Political Issues. When discussion turned to the political implications of U.S.-Soviet trade, much of the terminology remained the same but significant changes in orientation and expectation had occurred. In 1968 the basic argument for trade was that it would encourage a reallocation of resources away from the military sector of the Soviet economy and the introduction of liberalizing internal reforms resulting in reduced Soviet belligerency and a concomitant increase in U.S. national security. By 1973 there had been two major departures from this approach. First, Soviet belligerency was to be reduced not only by the indirect and automatic process of resource reallocation, but also by a conscious and deliberate application of linkage politics. Second, internal reform became viewed not as a means by which Soviet belligerency would be reduced, but as an appropriate—and separate—goal of U.S. foreign policy.

(1) Soviet Belligerency. The impact of trade upon Soviet capabilities continued to be debated and attention again centered on the issue of whether trade would result in a reallocation of resources.

--Kohler argued that trade could be used to increase the pressure of consumer demand upon the scarce resources of the Soviet economy, while Rockefeller argued that by helping the Soviets fulfill their economic ambitions, the United States would also be encouraging them to give lower priority to "nonproductive" military programs. Bergson countered that the Soviets would never limit defense expenditures purely for economic reasons and Grossman asserted that with increased economic resources at their disposal, the Soviets would be more likely to allocate the increment to defense than to consumption. (Joint Economic Committee Hearings, July 1973)

--Hardt and Holliday predicted that long-term projects like Siberian development would compete with military
spending and "lock up" resources otherwise divertable to military spending (House Foreign Affairs Committee, June 1973), but Kohler pointed out that Siberian development would increase Soviet military capabilities by dispersing otherwise concentrated industry as a defense against nuclear attack. (Joint Economic Committee Hearings, July 1973)

--Finally, apart from the reallocation issue, Shulman worried that U.S. trade and investment would help strengthen the Soviet Union for later economic and military challenges to the United States (Foreign Affairs, October 1973); Laqueur asserted that the basic motivation of the Soviets in seeking U.S. trade and investment was to develop more quickly both the civil and military sectors of their economy (New York Times Magazine, December 16, 1973); and Brzezinski argued that trade would help the Soviets achieve their long-sought goal of symbolic equality with the United States. (Foreign Policy, Spring 1974)

A primary expectation with respect to Soviet belligerency was that U.S.-Soviet trade would induce the Soviets to act with restraint in conflict situations involving the United States. This expectation was no longer based on the relatively naive notion of "peace through trade," so prevalent during the debate's early stages, but on a quid pro quo interpretation of the strategy of linkage. And, because trade was now justified on political rather than economic grounds, expectation of specific political benefits--and disappointment when they did not materialize--became crucial in forming attitudes toward trade, itself.

--Thus the New York Times editorialized that while trade "may strengthen the Soviet system and benefit Moscow more than the West, that price may be worth paying if it offers a continuing incentive for restraint to the Soviet leadership." (NYT 11-17-73)

--C. L. Sulzberger was more specific. On the occasion of Brezhnev's May 1973 visit to the United States, Sulzberger noted that "the Russians are accustomed to linkage of unrelated bargains" and in return for adequate trade benefits may consider limits on their aid to North Vietnam, acceptance of valid nuclear parity, mutual and balanced troop cuts in Central Europe, and a modus vivendi in the Middle East. (NYT 5-19-73)
--Stanley Hoffman disagreed, asserting that "all Western attempts to use the Soviet Union's need and greed for Western technology in order to obtain concessions in the realm of European security or in the arms race have proven futile. Linkage works among allies huddled together in common peril but not among adversaries." (Foreign Policy, Fall 1973)

(2) Internal Reform. That trade should serve the foreign policy goal of inducing Soviet political reform was a position which surfaced with the Jackson Amendment, after having been dormant since the 1968 testimony of the Liberty Lobby, the American Legion, and the Young Americans for Freedom. Even more striking, however, was articulation for the first time of the proposition that trade fosters internal reaction in the Soviet Union. It was argued that in order to trade with the United States, the Soviet leadership had first been compelled to tighten its controls at home—both to placate its own conservative opposition and to provide insurance against ideological "contamination" from the West.

--Shulman, writing in Foreign Affairs (October 1973), described a set of conflicting domestic pressures within the Soviet Union, the net result of which was that Brezhnev won a free hand to implement his policy of "peaceful coexistence" abroad, while the apparatus of orthodoxy and control was given a free hand to tighten the lines of ideological vigilance at home.

--Similarly, Grossman argued that internal reaction—the "price for détente" exacted by Soviet conservatives—was likely to increase along with trade expansion because, as considerable numbers of Westerners began to work in the Soviet Union, there would be a tightening of internal controls so that the Soviet population would be protected from their influence. (Joint Economic Committee Hearings, July 1973)

--Wolfgang Leonhard, a West German invited to write on "The Domestic Politics of the New Soviet Foreign Policy" in Foreign Affairs (October 1973), went further, asserting that "the Soviet leaders have consciously initiated a policy leading toward rapprochement [with the West] in order to avoid a liberalization of domestic policies."

--These interpretations, if correct, would explain as inevitable the "sense of betrayal" (WP 9-12-73)
afflicting those in the United States who had expected détente to bring a softening of Soviet internal policies and instead found even greater repression in its wake.

Against the backdrop of the series of Soviet repressions reported by the press, the Jackson Amendment derived much of its power from a marriage between the ideological impulse of the cold war period and the expectations engendered by linkage politics. The argument appeared simple: trade should not be denied the Soviets but should merely be withheld until they ended their objectionable policy of curtailing emigration. Opponents of the Jackson approach were thus forced to argue either against the proposition that Soviet internal affairs are an appropriate concern of U.S. foreign policy or against the proposition that trade policy should be linked to Soviet behavior.

--Anthony Lewis argued the Jackson position by asserting that "when the Soviets come to us for an economic transfusion, we are quite entitled to see a quid pro quo" in the area of human rights. (NYT 9-24-73) But Tom Wicker countered that "it is hard to see how short-run insistence on improvement in Soviet society would serve humanity better than long-term pursuit of improvement in the great-power relationship on which the fate of humanity may depend." (NYT 9-14-73)

--A series of editorials in the New York Times deplored the Soviet stance on human rights and warned both the Soviets and the Nixon Administration of the negative effect which it would have on U.S. public opinion and trade legislation. While urging the Soviet Union to improve its internal policies in order to trade with the United States, the Times was nevertheless against the Jackson Amendment, arguing that "it is not appropriate, in a foreign trade or in any other kind of bill, for Congress to legislate on the internal affairs of another country." (NYT 9-18-73)

--Emphasizing instead that trade should be normalized apart from political considerations, Kennan pointed out that allowing trade to proceed normally is not an "act of benevolence, graciously bestowed by us... and for which we would be entitled to expect gratitude and propitiary alterations of domestic policy." (NYT 9-25-73) And Kohler asserted that the United States should not try to attach political conditions
The Trade Debate Through Time: Summing Up

The trade debate was marked by significant changes in attitude as it developed over time. These changes, both independently and in conjunction with each other, caused elite opinion leaders to become increasingly less willing to perceive U.S.-Soviet trade as being in the national interest.

At the outset of the debate, the Soviet Union was depicted by the proponents of trade as being relatively benign in its intentions, not particularly threatening in its capabilities, and already engaged in a process of internal reform. By the conclusion of the debate, it was perceived as being potentially malevolent in its intentions, increasingly threatening in its capabilities, and engaged in prosecuting cruel repressions at home. Meanwhile, trade itself, although initially presented as being of mutual economic benefit, began to be presented as favoring the Soviets to the disadvantage of the United States. This "unequal bargain" was justified by the leverage it would provide in extracting political concessions from the Soviet Union but very little was said to assure the public that these concessions would, in fact, be forthcoming.

There were also important silences during the debate. Between the end of 1968 and 1972 virtually nothing was said by elite commentators to prepare the public for the Trade Agreement. In consequence, the euphoria expressed in immediate anticipation of the Trade Agreement was quickly dissipated after it was signed. Then, during the crucial year of 1973, nothing was said (apart from technical commentary in Congressional hearings and academic journals) to rearticulate and reinforce the proposition that trade would benefit the United States. This was because the "human rights" issue upstaged the trade issue as soon as the Jackson Amendment was introduced.

The most striking aspect of the debate as it progressed over time was a "revolution of expectation" concerning the political benefits which trade could achieve. In 1968 the issue was relatively simple: the policy of withholding trade in order to exact political concessions had failed and the proponents of trade were able to argue that trade should come first, promising only that political benefits would follow.
indirectly and in the long term. By 1973, however, the favorable publicity given to the strategy of linkage had led the public to believe that the United States could negotiate immediate, specific bargains with the Soviet Union by using trade as a reward. From the Moscow summit onward, the press speculated that trade could be used to extract Soviet concessions in the Vietnam and Middle East conflicts and in the SALT and MBFR negotiations. In this context, the Jackson Amendment could be presented as just one more application of linkage politics rather than as a return to the "anachronistic and self-defeating" policies of 1968.