The Myth of Free Trade:
The Origins of COCOM 1945–1950

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I

The Coordinating Committee on Export Controls (COCOM) is a well-known international organization controlling exports of strategic items to Communist countries. With its origins kept in secrecy, however, only the declassification of primary sources allows us to discover the early activities of the organization. This essay, through an analysis of the Anglo-American nexus drawn from American and British sources, traces the development of the anti-Communist export control network from 1945 to 1950.

Among the nations involved in formulating the network, it was Britain that became the most crucial partner of the United States. Indeed, in starting U.S. negotiations with the Europeans, Director of the Economic Cooperation Administration Paul Hoffman instructed U.S. officials to approach the British government first, since he thought all the other countries except Sweden and Switzerland might follow the British. The focus of this essay on the Anglo-American nexus, therefore, sheds light on the most crucial area of the U.S. negotiations.

In the late 1940s and early 1950s, there existed like today con-
considerable conflicts on the issue of export controls inside the U.S. government as well as between the United States and its allies. What eased such disagreements were U.S. economic and military assistance, tension and conflicts with Communist countries as in the Korean War, and the U.S. allies’ common stance against the Soviet Union. International export controls might never have been established without the Marshall Plan and the U.S. military assistance program, or if tension with the Soviet bloc countries had not been increasing.

The primary sources used in this essay tell us more precisely about the development of the U.S. negotiations than Gunnar Adler-Karlsson did back in 1968. Primary sources show, first of all, that three decisions—the NSC decision of December 1947, the Cabinet decision of March 1948, and Section 117(D) of the Economic Cooperation Act of 1948—became the basis of U.S. negotiations with European countries, which eventually resulted in the formation of COCOM. Second, the origins of U.S. anti-Communist export controls can be traced at least to 1945, while Adler-Karlsson’s study goes back only to 1947/48. Third, export controls initiated by the United States were above all else linked to the Mutual Defense Assistance Program initiated by the United States. Finally, the U.S. version that the United States, Britain, France, Italy, the Netherlands, Belgium and Luxemburg established the Consultative Group (the upper decision-making body of COCOM) in November 1949 contradicts what primary sources reveal. In fact, in the November meetings the Netherlands strongly opposed the U.S. initiative in establishing COCOM. Luxemburg sent no representatives to the meetings either. Even in their January meetings of 1950, the Netherlands was still extremely critical of forming an international organization on export controls.

II

When World War II ended, the pent-up desire for a return to normalcy brought a rapid dissolution of war-time trade restrictions in the United States. Decontrol was the “fixed policy” of the Commerce Department: Items under regulation were quickly reduced from a wartime high of 3,000 in 1944 to 352 in the fall of 1947.

Yet already in September 1945 an initiative toward tighter controls came from the military, which at that time had not found the proper channels to represent its views on the trade-control issue. With an eye
to the Soviet Union, the Army and Navy Munitions Board advised the Secretaries of War and the Navy to provide permanent legislation for export controls both to meet a national emergency and to prevent the increase of the warmaking potential of a foreign nation "inimical to US interests."  

This military plan, however, faced great difficulties. Except for narrowly defined military goods, the request for trade controls in peacetime was unprecedented in U.S. history; moreover, it did not fit with the prevailing deregulation trend and the ideal of free, non-discriminatory trade. It was "a far-reaching proposal," which might end in failure, only jeopardizing the objectives.  

Eventually, the State-War-Navy Coordinating Committee (SWNCC) took up the issue in June 1946. The committee, however, concluded that no further action was necessary, since the formation of the National Security Resources Board in 1947 would give the military members better representation. The military called this decision "entirely inadequate", but it failed to overturn the prevailing trend toward decontrol.  

In 1945 and 1946 deregulation was still a major issue in the U.S. Congress, despite Congressional criticisms of lend lease and UNRRA aid to the Soviet Union. In 1947, however, more and more Congressmen, especially Republicans, influenced by the rhetoric of the Truman Doctrine "Aid to save the Free World," began to oppose U.S. export of strategic materials to the Soviet Union.  

One issue which flared up in Congress and the press was the American export of oil and gasoline to the Soviet Union. By February 1947, almost all petroleum products had been decontrolled, so that the Soviet Union could freely purchase them in the United States. In June, when Russian tankers began to load more than 600,000 barrels of oil and gasoline in California, criticism arose against such an utterly "inconceivable" matter. The "lessons of the past" made the case even worse, by reminding Americans of the prewar U.S. shipment of oil and scrap iron to Japan.  

When Congress resumed in November, another issue came to the fore. Under fire this time was a statement by President Harry S. Truman, who supported the continuing export of American farm equipment and heavy machinery to the Soviet Union. Immediately, articulate opponents such as Harold E. Stassen, a candidate for the presidency at that time, and John Taber, chairman of the House Ap-
propriation Committee, called for stopping such "economic appeasement" of the Soviet Union. As Senator William Knowland of California stated, the shipment of those items smacked "too much of the years 1938, 1939, 1940, and 1941."\textsuperscript{15}

Various legislative efforts were also made in 1947. Congressmen tried to make trade controls a condition of U.S. assistance—such a restriction was attempted again and again whenever appropriation bills were brought up in Congress. In December 1947, T. Millet Hand of New Jersey introduced an amendment to the Foreign Interim-Aid Bill to prohibit exports of gasoline and fuel oil without the permission of the Secretary of Commerce.\textsuperscript{16} Although that attempt was abortive, only three months later the Republicans succeeded in attaching a similar amendment to the Foreign Assistance Bill of 1948.

Amidst such mounting pressure by Congress and the military, the Truman administration was secretly preparing a new initiative.\textsuperscript{17} In September 1947, after the Soviet rejection of the Marshall Plan, the Policy Planning Staff (PPS) began a study on East-West trade in relation to the Marshall Plan.\textsuperscript{18} The PPS examined two proposals, one by the State Department and the other by the Commerce Department.\textsuperscript{19}

As a proponent of free trade and the International Trade Charter, the State Department opposed a radical departure from the existing export-control procedure which restricted primarily goods in short supply. A mere increase in the number of controlled goods would, it argued, be enough. On the other hand, the Commerce Department requested control of all exports to both Western and Eastern Europe, in a totally different screening system. The Commerce plan contradicted both the draft ITO charter and the most-favored nation provisions of U.S. trade agreements with Communist countries.\textsuperscript{20} Yet, in the end, the PPS supported it as being more efficient.

In December 1947, on the basis of the PPS study the National Security Council (NSC) made an epoch-making decision, in which it introduced peacetime export controls against the Soviet Union and its satellite nations. The opposition of the Soviet bloc to the Marshall Plan, the NSC stated, was "a threat to world peace and to US security," so that Europe, including the USSR, should be declared as "a recovery zone to which all exports should be controlled."\textsuperscript{21}

This new screening system became effective in March 1948. Instead of the wartime classifications focused on Germany and Japan, the new control system introduced two country groups, "O" and "R." Group
R contained the European countries, including the Soviet Union and Eastern Europe. Group O comprised the remaining nations. In the initial stage, the U.S. government placed controls on all goods sent to the R group. This was called the R procedure.22

The pendulum of trade controls had swung fully back by 1948. When the news of the coup in Czechoslovakia arrived, demand for tighter trade controls gained further impetus in the United States. Among those actively advocating tighter controls were longshoremen, Catholics, and veterans.

In 1948, Moore-McCormick Lines of New York handled all Russian ships docking in American ports. According to Commodore Robert C. Lee, executive vice-president of the company, two-thirds of Soviet imports from the United States were handled in New York, and there the Catholic War Veterans (CWV) and the members of the International Longshoremen’s Association (ILA) often boycotted U.S. exports to the Soviet Union. On March 22, members of the Hudson County Chapter of the CWV, carrying signs such as “Stop Aid to Russia” and “Hitler and Mussolini were only amateurs compared to Pal Joey,” picketed at the Clarement Terminal in New York in order to stop the loading of the Russian freighter Chukotka. Their action was, according to Thomas J. Carlin, chairman of the Chapter, nothing but “the little people’s answer to Uncle Joe’s statement that the little people in America favor communism.”23

On March 30, when the members of the Hudson County Chapter again boycotted another Russian freighter, the Volga, Max Sorensen, the national commander of a veterans’ group in Washington, congratulated the chapter for publicizing “the confused state of American trade affairs with the USSR” and praised the Veterans’ great devotion to “the basic principles of freedom.” The Volga was able to sail with its cargo, but the longshoremen still refused to work on the Russia, a Soviet liner which was scheduled to sail soon. On April 7, she managed to leave a Brooklyn pier with passengers but without 4,000 bags of mail.24

Certain Congressmen, mostly Republicans, quickly responded to the actions of the war veterans and longshoremen. William Cole, a Republican from Missouri, and Alvin Weichel, chairman of the House Merchant Marine Committee, picked up the issue of the Chukotka in Congress. “Mr. Speaker,” Weichel asked in the House, “must the people themselves bodily stop the President from continuing these things
to build up Communism?"²⁵

Foreshadowing the McCarthyism which flourished later, disclosure also became a weapon of the Republicans. In March Mundt attacked Herbert W. Parisius of the Commerce Department, who was in charge of the export of machine tools to the Soviet Union. According to Alvin O’Konski, Parisius had close connection with Henry Wallace; moreover, Parisius had been a regular subscriber to the Patriot, "a Commie-front publication."²⁶

Often sensational allegations heightened the anti-Communist hysteria. Clarence Carruthers, president of the Wall Street aeronautical supplies firm named Carruthers, testified before the House Surplus Property Investigating Subcommittee:²⁷

Everybody in New York knows there are boxes and cases marked for Russia lying all over the New York waterfront. They are being loaded everyday. They’re being loaded this afternoon, for that matter, and they’ve been loaded for the last three days I know of. . . . [Soviet flag ships] carry everything from tractors and bulldozers to electric generators.

But according to Commodore Robert Lee, many of those goods at the Claremont Terminal were bound for Greece.²⁸

Intensified anti-Communist feeling after the coup in Czechoslovakia apparently facilitated the passage of the amendment Karl Mundt attached to the Economic Cooperation Act of 1948. Should any aid still be given to the Europeans, Congressmen asked, if they were engaging in trade beneficial to the Soviet Union? The Mundt amendment, finally passed as Section 117 (D) of the Economic Cooperation Act, thus, requested Marshall aid recipients to impose export controls against "non-participating countries" in the Marshall Plan, although it gave discretionary power to the Administrator of the Economic Cooperation Administration.²⁹

In the meantime, the Truman administration was taking its own initiative to forestall "possible hasty action" based upon an emotional approach by Congress or the Military.³⁰ On March 26, the Cabinet approved a memorandum of the Secretary of State, which established guidelines for U.S. negotiations with European countries. These guidelines, much milder than the stance taken by the U.S. government after the Korean War, revealed the basic U.S. dilemma at that time: an international export control network had to be formed, whereas East-West trade was necessary for a rapid European economic recovery.
Moreover, tight restrictions on trade would increase the financial burden on the United States; and the Soviet Union might retaliate by embargoing manganese, chrome, and platinum which the United States needed. Thus, trade controls had to be "selective," and had to be carried out on a strictly "quid-pro-quo basis." East-West trade must not be destroyed, nor should the U.S. import of essential materials from the Soviet Union be jeopardized.\textsuperscript{31}

In August, Administrator for Economic Cooperation Administration Paul Hoffman instructed Averell Harriman, U.S. representative in Europe under the Marshall Plan, to start negotiations with Marshall aid recipients under three guidelines: the NSC decision of December 17, 1947; Section 117 (D) of the Economic Cooperation Act; and the Cabinet decision of March 26, 1948. Fully admitting the necessity of East-West trade to the European Recovery Program (ERP), Hoffman told Harriman to obtain a "voluntary" agreement from the ERP countries. The American approach had to be bilateral rather than multilateral through the OEEC, in view of the difficult nature of the negotiations; and the United States should give priority to Britain because, in Hoffman’s judgment, all the other countries except Sweden and Switzerland might follow the British.\textsuperscript{32}

III

In Britain, the Labor government was anxiously watching the development of the U.S. trade control policy symbolized in Section 117 (D). Overall, the British were not reluctant to impose controls so long as the items restricted were limited to military goods in a narrow sense. As the Soviet Union was the prime enemy of the British, they had already imposed their own export controls. Group 17 of the Export of Goods Order authorized the British government to prohibit exports of military goods such as arms and ammunitions to Eastern Europe. But the British government had to expand its coverage of trade controls in view of the U.S. approach.

What made Britain especially concerned was its existing trade agreement with the Soviet Union. The British imported foodstuffs and raw materials (such as timber and timber products) from the Soviet Union and exported raw materials (such as wool and rubber) together with capital goods to the Soviet Union. The trade agreement of 1947 between the two countries promised the delivery of 20 million pounds
worth of machinery within five years, and they expected to have further negotiations with the Russians in 1948.33

Britain was also facing a serious dollar shortage. It was estimated in October 1947 that the British trade deficit with regard to dollars would reach 458 million pounds in 1948, whereas 205 and 107 million pound trade surpluses would arise with sterling and the other currencies.34 The British acceptance of the U.S. position meant to develop alternative sources elsewhere, most likely on the American continent, which could worsen the British gold and dollar reserve situation. Thus, while they were eager to obtain U.S. aid, they were anxious to maintain East-West trade.

Curiously enough, in the British Parliament a similar situation to that of the U.S. Congress was developing. The coup in Czechoslovakia and the Berlin blockade made parliamentarians, especially Conservatives, aware of the “danger” posed by the ongoing Anglo-Soviet trade. The price of such trade, one member of Parliament stated, was “far too high to pay at this grave hour,”35 and the stomach of another parliamentarian even “turned at the grim satisfaction” in Moscow on the Anglo-American trade. To trade with Russia as though the Berlin blockade did not exist was “idiotic.”36

Indeed, the British had their own reasons to oppose the Soviet Union. As Secretary of State for Foreign Affairs Ernest Bevin analyzed the situation in March 1948, the Soviet Union was the “prime enemy” of Britain, aiming at the “physical control of the Eurasian land mass and eventual control of the whole World Island.” Unless positive and vigorous steps were taken shortly, “within the next few months or even weeks” the Soviet Union would gain political and strategic advantages. With “the great Communist machine in action,” Soviet expansion would eventually lead either to “a World Dictatorship, or (more probably) to the collapse of organized society over great stretches of the globe.” Thus, to defend “Western civilization,” the “upholders of true democracy and opponents of dictatorship” had to be united.37

This sense of crisis voiced by Bevin, however, did not mean that the British military saw war with the Soviet Union as imminent. The Chiefs of Staff predicted in January 1948 that a war with the Soviet Union would not break out before 1957, and possibly not before 1960, since neither the Russians nor the British allies were fully prepared for a major war.38 Yet if a war should occur in the immediate future, the resources of the allies would be “totally inadequate” to stop the Rus-
sians on the Rhine.\textsuperscript{39} It was this sense of allied weakness rather than the immediate possibility of Soviet aggression that made Britain anxious.

Thus, by the time the United States approached the British government in the fall of 1948, various factors had influenced the British position: (1) their dependence on U.S. aid; (2) the dollar shortage; (3) their desire for East-West trade; (4) the domestic pressure for tighter trade controls; and (5) British strategies against the Soviet Union.

IV

In the fall of 1948, the British government received two lists of controlled items from the United States: the lists of "1 A" and "1 B." Items on the 1 A list, for total embargo, consisted of munitions as well as items which could significantly contribute to the war-making potential of Communist countries. In the fall of 1948, the 1 A list had 163 items such as broaching machines and bismuth metal. The 1 B list, comprised less strategic items such as steel and locomotives, were placed under quantitative control. At first, the United States gave priority to its negotiations on 1 A items; it was not until 1950 that 1 B items were placed on the agenda of the European meetings.

After receiving the American initiative, the British started discussions with their OEEC colleagues.\textsuperscript{40} In October, British, Swedish, Dutch, and Belgian representatives gathered in Paris. However, most of the participants showed serious concern over Section 117 (D). In particular, Sweden, as a neutral country, expressed "great resentment," even hinting that it might withdraw from the OEEC, although in the end participants agreed to continue their informal talks outside the OEEC framework, with France acting as host for discussions.\textsuperscript{41}

By January 1949, when another meeting was convened among the Europeans, the British had drawn up their own list which covered 101 out of the 161 items on the American 1 A list. With their list at hand, the British urged the other participants to view the controls on 1 A items as "a common security measure." However, most of the participants approached the issue "in a very gingerly fashion," worrying about their trade agreements with the Soviet bloc countries and about the difficulties of obtaining concerted action among themselves. Furthermore, they feared that their cooperation might be publicly revealed through the U.S. Congress if they gave in to the United States. The fear of possible retaliation by the Soviet Union made them nervous
as well. Thus, the only outcome of the meeting was a British and French decision to make their own joint list.\textsuperscript{42}

By the spring of 1949, the European talks had made little progress. Despite the joint British and French list prepared for the February meetings, the Swedish and Swiss representatives were most "uncompromising,"\textsuperscript{43} and the Dutch also expressed a fear of American interference. Thus, with "very little immediate response" to the newly-made Anglo-French list, they had to adjourn their February meetings indefinitely.\textsuperscript{44} Indeed, the French told the British that they would take no further action for fear of prejudicing the outcome of the Council of Foreign Ministers meeting in May and June.\textsuperscript{45} This provided a good excuse for the other countries to shelve the export-control issue.

By that time, Italy, Denmark, Austria, and Occupied West Germany, had instituted wider-ranging controls than those of Britain. But other countries such as France, the Netherlands, and Belgium had not yet accepted American demands, despite more pressure added by the British through the Consultative Council of the Brussels Treaty Powers.\textsuperscript{46} Neutral countries such as Sweden and Switzerland were even more "uncompromising." Indeed, as one British delegate to the OEEC complained, only "a charge of dynamite" could have moved negotiations forward again.\textsuperscript{47}

Such a prolonged stalemate, however, rapidly changed after the formation of the North Atlantic Treaty Organization (NATO) and the introduction of the U.S. military assistance program. U.S. military assistance and the Mutual Defense Assistance Act (MDAA) of 1949 gave the Truman administration better bargaining power. The development of the first atomic bomb by the Soviet Union as well as British frustration toward the other European countries also facilitated U.S. negotiations.\textsuperscript{48}

The situation continued to change rapidly after the Paris preliminary meeting of the Europeans held in September 1949. While the United States was taking a bilateral approach with each country to obtain its individual cooperation, a multilateral approach was also advanced. In October, French, British, Dutch, Belgian, Italian and, for the first time, American representatives gathered. Switzerland sent an observer, but Sweden formally refused to participate on the grounds of neutrality. There the participants decided that a further technical meeting would be held on November 14, and that by November 7 they should inform the French of their position on the following matters: (1) the
Anglo-French list; (2) re-exports and transit trade; and (3) current and future trade agreements with Eastern European countries. The participants also showed a favorable attitude towards the establishment of an advisory group on export controls and towards West German membership.  

Behind all this progress, the United States was fully using the North Atlantic Pact machinery. In November when Assistant Secretary of State George Perkins brought up the idea of combining the export-control issue with NATO, the reaction of the other members of the International Working Group of NATO, however, was "rather cool." In particular, the British argued that using the NATO framework would further alienate Sweden and Switzerland; that NATO should not be used for economic warfare; and that nothing should be done which might undermine the November 14 meeting on export controls, all the more so because the Dutch and the Belgians were coming closer to the U.S. stance.  

In the end, no specific proposal on NATO came up at the November meetings. An organization on export controls was established without any formal organizational ties either to the OEEC or to NATO, although both were fully used as channels of U.S. negotiations.  

Besides NATO, the United States was trying to link the export control issue to the Mutual Defense Assistance Program. The draft Mutual Defense Assistance Agreement of October 5 contained an article on export control of strategic items. Also, in the draft of November 3, "technical data" were added to the coverage of such controls. Yet the seven participating countries (Britain, Norway, the Netherlands, Italy, France, Denmark, and Belgium) opposed making such a commitment for fear of adverse reaction in their parliaments. By the time they concluded the bilateral agreements with the United States in January 1950, therefore, the United States had to delete the clause, but only in return for the members' written assurances of cooperation on trade controls.  

In November, representatives of Belgium, Italy, the Netherlands, the United States, Britain, and France gathered in Paris to discuss (1) the Anglo-French list of October 11, (2) re-exports and transit trade, and (3) trade agreements. Denmark and Norway sent observers, but Switzerland and Sweden did not send any representatives to the meetings.  

The working group on the Anglo-French list, which the participants set up, selected 126 items for embargo (International list I) and one
item for quantitative control (International list II), while 17 items remained in dispute (International list III). As for transit trade, the United States proposed that controls be made by countries of origin and by those of initial destination; this proposal was accepted favorably. Finally, the working group on trade agreements discussed safeguards to prevent sales of prohibited goods.

In the final plenary meeting of November 23, the delegates approved the reports on transit trade and trade agreements, which the working groups prepared, for submission to each government as recommendations. They also agreed that items for embargo be increased by four to 130, while items in dispute were reduced to 13.

Their discussions on a permanent group were also advanced. In the meeting of the heads of delegations of November 21, the British representatives offered their proposal of setting up such a group in London. But the Dutch and to a lesser extent the Belgians feared going beyond the informal arrangements. In the final meeting of November 23, this time the United States submitted its newly amended proposals on a permanent group. Most of the participating countries accepted the U.S. amended report for recommendation to their governments and agreed to submit their governments' views on each issue by December 8. Yet, the Netherlands did not join them.

In the January meetings in Paris, Belgium, Canada, France, Italy, Norway, the United States and Britain attended all the discussions. The Netherlands joined the plenary meetings of heads of delegations, but did not participate in most of the technical meetings.

The main issue of the January meeting was the question of setting up a permanent group. Again the Netherlands opposed any kind of formal international organization, arguing that the export control issue could best be discussed bilaterally with the Americans. In the end, in the plenary meeting of January 13 where the Dutch delegate was absent, representatives of each country accepted the final report by the committee of experts on an organizational framework for recommendation to each government. They also agreed that replies from their governments be obtained within eight days. The Consultative group (CG, the upper decision-making body) and the Coordinating committee (COCOM, the standing lower-rank committee), therefore, began their operation, despite the strong opposition by the Netherlands.

Primary sources, thus, reveal that COCOM countries were not so in concert as to follow the U.S. policy without any objection. At least in
November 1949 and in January 1950 the Netherlands opposed setting up a permanent group. Moreover, Luxemburg did not send their own delegates in November. Therefore, the U.S. interpretation as in the *Battle Act Report* that the CG was formed by Britain, France, Italy, the Netherlands, Belgium, Luxemburg, and the United States in November 1949 contradicts what actually happened in those days.

V

The establishment of the CG/COCOM was a major victory for the United States. Yet this was only a partial realization of the U.S. plan. At the January 1950 meeting, the United States introduced 288 of 1 B items to the agenda of international export controls. But the participants, including the British, were very reluctant to go along with this time. It took almost another year and the outbreak of the Korean War for the United States to obtain European cooperation on these 1 B items.

There is no doubt that the British frustration over its trading disadvantages in comparison with the other OEEC members had made the British government an earnest supporter of the U.S. negotiations. In 1950, however, the picture was different. The January meeting was "successful" for the British government, since the other countries agreed to control most of the items which the British had requested. Satisfied with the negotiations of winter 1949/1950, they now insisted that controlling 1 B items was tantamount to an "economic blockade." There was "a fundamental difference" between the United States and Britain, they said, in that the British aim was to restrict items of significant war potential. The United States, therefore, could no longer rely on the British government as much as it did in 1949. A serious conflict emerged between those who followed the U.S. line (Canada, Italy, and Germany) and the rest of the COCOM members led by Britain.

Lack of consensus was a feature of the pre-Korean War days of late 1949 and early 1950. Inside the Truman administration, disagreements among government officials widened after the establishment of the People’s Republic of China and the explosion of the Soviet atomic bomb. On trade-control policies also, conflict between the military and the Commerce Department on the one hand and the ECA and the State Department on the other grew stronger.
The military had always taken a tougher view than the State Department. But in 1948 the gap between the two had been narrower than it was to be in 1950. The military had then regarded East-West trade as much more important for the European Recovery Program than they did in 1950, so that they had recommended in 1948 that the class 1A list be "short and succinct."58

In 1950 the situation was different. As NSC 68 estimated, the Soviet threat to the security of the United States was "more immediate than had been previously estimated." "Under such a radically changed political-military balance," the United States should no longer follow the export-control policy established back in December 1947.59 Moreover, U.S. naval intelligence reported in 1950 that the dependence of the Soviet Union on Western trade had long been underestimated. "If the United States were able to establish an effective economic 'iron curtain,'" the report stated, "it would result in the Russian economy's grinding to a stop within a period of five to ten years, and before that time the internal conditions in the USSR would become serious."60

The Commerce Department sided with the military, although for different reasons. The Department's primary concern was the disadvantage of American business vis-a-vis European firms. In the memorandum by Secretary of Commerce Charles Sawyer (NSC 69), the frustration of the Department is clear.61 The United States had reached "a critical point," it stated, because it was unable to persuade Western Europe to adopt the U.S. standard of controls. If the present gap continued, export controls would become less effective and U.S. businessmen would be placed at a disadvantage. Therefore, the U.S. government should "make an unequivocal effort" to obtain European cooperation at the highest level, including at the forthcoming London meeting of the Foreign Ministers in May. Furthermore, NSC 69 recommended, the United States should even consider the delay of U.S. exports of strategic items to any Western-European country which violated security controls.

The State Department and the Economic Cooperation Administration, however, completely disagreed with NSC 69. As diplomatic relations with the U.S. allies were their primary concern, the State Department and the ECA maintained that the United States should keep to the guidelines of August 27, 1948, i.e., to obtain a voluntary agreement from the allies.62 As U.S. Ambassador to Britain, Lewis E. Douglass, stated in his cable of May, "any U.S. attempt to dragoon Europeans
into reluctantly paralleling U.S. strategic trade controls'" would seriously jeopardize U.S. efforts to attain unity in political, military, and economic fields. Moreover, export control was "a secondary issue" in overall U.S. policy toward Western Europe; therefore, to take unilateral action was "most inappropriate," only threatening the entire MDAP objective and inviting European resentment over U.S. policies.\textsuperscript{53}

As the balance between the Departments of State and Defense was so precarious on the eve of the war in Korea, a consensus favorable to the military was quickly produced within the Truman administration once the war broke out. Facing the danger of the "ambitious international Communist movement to conquer the world," the NSC agreed on August 24 that the United States should make further efforts at the Foreign Ministers' meeting in New York in September, while using the NATO Defense and Military Committees as additional channels for negotiation. Moreover, the NSC decided to deny strategic items to any West European country not abiding by the controls.\textsuperscript{64}

As was the case with the military, Congress had since late 1949 been moving toward adopting a much tougher line. Thus, Senator George Malone's resolution of January 1950 requested the stoppage of assistance to any nation engaging in the trade of strategic items to the Soviet bloc.\textsuperscript{65}

Another articulate opponent was James Kem, Republican Senator from Missouri. As a staunch anti-Communist, he saw Communist infiltration inside the British Socialist government. The appointment of John Strachey as head of the British Ministry of War was, for Kem, "a key move in a carefully calculated plan of Communist forces to dominate the world." It was horrible, he felt, that Strachey who used to be "a Communist writer and Communist worker," and who once had written "the coming of Communism can alone render our problems soluble," was in charge of Britain's intelligence system. Why should the United States give assistance to such "Marxist government," when such aid could only "coddle Communism" there? "If the people of Europe want our assistance," he argued, "let them clean house."\textsuperscript{66}

For Republicans such as Kenneth Wherry, James Kem, and George Malone, the Korean War was nothing but the "dividends" which derived from lax American and European enforcement of trade controls. If the Malone resolution of January 24 had passed, Malone argued,
much of the war material then being used against the U.S. army in Korea would not have been available. Only appeasement by the United States, Weichel and Wherry argued, allowed “the very monster of Communism” to build up its military strength, “killing our own boys.”

These mounting Congressional criticisms lay in the background of the passage of the Wherry amendment in September. Annoyed by its “ifs,” “and’s,” or “insofar as practicable’s,” Wherry gave no discretionary power to the administration. Luckily for the Truman administration, the amendment of July was defeated in the Senate, but only by the narrow margin of 33 yeas, 39 nays, and 24 abstentions.

Yet, it was only two months later that Wherry succeeded in attaching an amendment to the Supplemental Appropriation Bill of 1951. This amendment, which requested the suspension of economic (not military) aid to U.S. aid recipients violating East-West trade controls against the Soviet bloc during the Korean War, again gave no discretionary power to the administration. Its passage in the Senate on September 14 by a margin of 50 yeas to 23 nays was menacing enough to make the Europeans more conciliatory to the U.S. demand for controls.

Although the Wherry amendment upset the Truman administration, the amendment in a way strengthened the U.S. position in negotiations with the Europeans. There was tacit cooperation between the Republicans and the U.S. administration there. British Ambassador Sir Oliver Franks in fact reported on September 1 that Acheson would press the U.S. demand for 1 B item controls strongly in the New York meeting of Foreign Ministers in September, and that Acheson’s demand was solidly backed by Congress and public opinion in the United States. If the British now flatly turned down the U.S. demand for 1 B controls, Franks felt, the U.S. Congress might attach an aid-cut provision to an assistance bill. Furthermore, he had been told that the State Department would not try to prevent Congress from doing so.

During preliminary conversations prior to the Foreign Ministers meetings of New York, the United States again requested an agreement by Britain and France to control 1 B items. And yet the British government still maintained that the U.S. proposals were tantamount to “economic warfare.” The French delegation also emphasized the “differences of views” between the French and the U.S. government.

The British were reluctant mostly due to their difficulties in finding
alternative sources. It was estimated that European acceptance of the U.S. demand for 1 B item control would mean a loss of one-third of its exports and much more than one-third of its essential imports to and from Eastern Europe, and that the Europeans would lose vital imports of around one billion dollars per year, about one-third of ECA aid.\textsuperscript{72} Thus, a compromise could be reached more easily if the United States took some measures to absorb such an economic dislocation.

While the British government was maintaining its previous stance, not only criticisms by the Conservative Party against the continuing British export to the Soviet Union but also the newly expanded British rearmament program necessitated a tightening of British export controls. The British Cabinet, therefore, concluded on September 4: that goods should not be exported to Eastern Europe or to other countries if they would be required for the defense needs of the Commonwealth or the North Atlantic Treaty powers; that the Ministry of Supply should requisition such machine tools now being produced for British defense programs; and that in the forthcoming New York meeting the Foreign Secretary should discuss some compromise solution with the United States.\textsuperscript{73}

Thus, when the Foreign Ministers met in New York in September, the British government was ready to compromise to a considerable degree with the United States. On September 18, Acheson urged Britain and France to accept the U.S. proposals on 1 B item controls, pointing out that 40 percent of the non-munition items shipped under the Military Defense Assistance Program were on the 1 B list. The British were "somewhat taken aback" by Acheson's statement, but after a "somewhat bitter battle" the three Foreign Ministers finally reached a compromise. They agreed to expand their trade controls on 1 B items; to have meetings among officials of the three governments as soon as possible to discuss the subject in detail; and to inform the other COCOM members of the outcome of the tripartite meeting.\textsuperscript{74}

In the end, the compromise was made basically in the light of the other important issues at the New York meeting, such as the establishment of an integrated NATO force, the dispatch of American troops to Europe, American financial assistance for the rearmament programs of the North Atlantic Treaty countries, and the participation of West-German units in NATO. As export control was rather minor when compared to those matters, there was enough reason for the British and the French to make a compromise, especially when the United States
assured them of the continued supply of imported items if expanded export controls led to a reduction in supplies from Eastern Europe.\textsuperscript{75}

At the official-level London meeting of October and November, further discussions took place. Items required for the defense needs of Western Europe were referred to NATO. The remaining 318 items were classified into four groups: 74 for withdrawal; 102 for embargo; 73 for quantitative control; and 69 for exchange of information.\textsuperscript{76}

The results of the New York and London meetings were presented to the Consultative Group meeting on November 29. The United States, Britain, France, Belgium, the Netherlands, Denmark, Canada, Luxembourg, and Germany attended. At this meeting, the participants agreed that they give notice, before Christmas if possible, of how far they could accept the controls proposed, and that the Consultative Group should meet in early January to discuss the subject further.\textsuperscript{77} For Sir Eric Berthoud, a British delegate, this meeting was “surprisingly successful,” especially considering the complaint, particularly from the Dutch side, that Britain and France had collapsed “in a disconcerting way” under American pressure. “Perhaps,” he said, the “shadow of Korea was falling across the gathering.”\textsuperscript{78}

\begin{footnotes}

2 Foreign Relations of the United States (hereafter cited as FRUS), 1948, 4:564–569.


7 Except for a few emergency cases like the embargo of 1807–1809 and World War I, the United States had not exercised export controls on items other than munitions. See Robert C. Turner, “Export Control in the United States during the War and Postwar Periods,” RG 59, General Records of the Department of State, Decimal File, 1945–1949, 600.119/4–3047, cs/a, National Archives, Washington, D.C. (hereafter cited as DF).

8 Memorandum by the Chiefs of Staff, U.S. Army, JCS 1561/2, CCS 091.31 (9–28–45) sec. 1, JCS, p. 12.

9 “Formulation of National Policy with Respect to Foreign Trade in Relation to Na-
tional Security,’ SWNCC 314, 1 July 1946, CCS 091.31 (9–28–45) sec. 1, JCS.

10 “Formulation of National Policy with Respect to Foreign Trade in Relation to National Security,” SWNCC 314/2, 18 February 1947, CCS 091.31 (9–28–45) sec. 1, JCS. Controls of technological data were dealt in SWNCC 305 series. See “Formulation of National Policy with Respect to Foreign Trade in Relation to National Security,” SWNCC 314/1, 3 July 1946, CCS 091.31 (9–28–45) sec. 1, JCS. When W.A. Harriman became Secretary of Commerce, the Office of Technical Services stopped servicing Russian orders for copies of its scientific and technical publications. Steel: The Magazine of Metalworking and Metalproducing, 2 February 1948, p. 78.

In November 1949, the Commerce Department instituted a voluntary control system over technical data. OC Document No. 444, 17 July 1950, RG 286, The Records of the Mutual Security Agency, Box 151, National Archives and Records Center, Suitland, Maryland (hereafter cited as MSA).

11 Appendix, “Extract of Minutes of the 55th SWNCC Meeting, 11 March 1947,” in SANACC 314/3, CCS 091.31 (9–28–45) sec. 1, JCS.


13 For example, Congressional Record (hereafter cited as C.R.), 9 April 1947, 93:3267; Ibid., 21 April 1947, 93:3736; Ibid., 12 May 1947, 93:5020.


The military also pressed for an expansion of trade controls. The Munitions Board requested other Departments in November through the Munitions Board Foreign Trade Policy Committee to make a list of items, a majority of which were in the end included in the Presidential Proclamation of March 26, 1948. This proclamation expanded controls over arms, ammunition and implements of war.

18 Minutes of the 67th Meeting, 29 September 1947, RG59, Records of the Policy Planning Staff, Box 32, National Archives, Washington, D.C.


24 “Catholic Veterans Halt Ship Picketing,” NYT, 1 April 1948, sec. 1; “Volga Ready to Sail,” NYT, 4 April 1948, sec. 1; “Russian Ships Sails, But Without Mail,” NYT, 8 April 1948, sec. 1.

25 C.R., 94:3236, 3416.
26 Ibid., p. 3418.
28 "Cargoes to Russia Minimized Here," NYT, 26 March 1948, sec. 1.
30 FRUS, 1948, 4:524, 526.
31 Ibid., 527–528.
32 FRUS, 1948, 4:564–569.
36 Ibid., 1 November 1948, 457:593.
37 "The Threat to Western Civilization," Memorandum by the Secretary of State for Foreign Affairs, C.P.(48)72, 3 March 1948, CAB 129/25.
38 "The Problem of Future War and the Strategy of War with Russia," Memorandum by C.I.G.S., C.O.S.(48)26(0), 30 January 1948, FO 800/452, Private Collections of Various Ministers and Officers, PRO.
39 "Short Term Strategic Aims in Europe at the Outbreak of War," Report by the Joint Planning Staff, J.P.(48)91(final), 1 September 1948, DEFE 6/6. The Records of the Chiefs of Staff Committee: Joint Planning Staff Report, PRO.
41 From O.E.E.C. Paris (United Kingdom Delegation to Foreign Office), No. 737, 23 October 1948, UR 6747, FO 371/71925.
43 By the middle of December, 1948, nine other countries—France, Italy, Belgium, the Netherlands, occupied West Germany, Austria, Denmark, Norway, and Sweden—had received the complete U.S. lists. See, From J.E. Coulson to P.H. Gore-Booth, 18 January 1949, UR 727, FO 371/77789; "East/West Trade," Note by the Foreign Office, E.R.(L)(48)218, 13 December 1948, UR 8751, FO 371/71927.
44 From O.E.E.C. Paris (United Kingdom Delegation) to Foreign Office, No. 74, 3 February 1949, UR 1038, FO 371/77790.
46 "Control of Exports to Eastern Europe," UR 5140, FO 371/77796.
48 RG59, General Records of the Department of State, Summaries of the Secretary's
Daily Meetings (hereafter cited as Daily Summary), 24 January 1949 and 31 March 1949, Box 10; Daily Summary, 14 October 1949, Box 12; “East/West Trade,” 1 April 1949, UR 3657, FO 371/7794.


49 FRUS, 1949, 5:152.


52 FRUS, 1950, 3:9–11; FRUS, 1950, 4:72. This article stated that “the two governments recognize their mutual interest consistent with mutual security and recovery objectives, in effective controls over the export of war-potential material, equipment and in so far as practicable, technical data; and that the two governments will consult with a view to taking measures for the accomplishment of these ends.” Also see Lawrence S. Kaplan, A Community of Interest: NATO and the Military Assistance Program, 1948–1951 (Washington, D.C.: GPO, 1980), 62–64.

53 United Kingdom Delegation to O.E.E.C. No. 96, 29 November 1949, FO 371/77816.

54 United Kingdom Delegation to O.E.E.C. No. 5, 26 January 1950, FO 371/87186.

55 From E.L. Hall-Patch to Ernest Bevin, 26 January 1950, UR 348/6, FO 371/87186.


57 Ibid.

58 “Statement of the Position of the National Military Establishment,” 18 August 1948, CD 26–1–8, OSD.


60 “East (Soviet Orbit)-West Trade,” Memorandum for the Secretary of Defense, 26 June 1950, CD 26–1–20, OSD.


62 FRUS, 4:81, 94–95.

63 Ibid., 95–97.

64 Memorandum for the President, 5 May 1950, President’s Secretary’s Files, Harry S. Truman Library, Box 220.


68 C.R., 96:11354.

69 As the Wherry amendment gave no discretionary power to the U.S. government, immediately after its passage, the Truman administration approached the Congress through Democrats like Clarence Cannon, chairman of the House Appropriation Committee and a Democrat from Missouri.
Owing to political maneuvering by the administration, the amendment offered by Cannon as a substitute for the Wherry amendment passed Congress on September 22. The main difference between the Cannon and Wherry amendments was that the former gave discretionary power to the NSC, whereas the latter did not. Wherry was dissatisfied with the Cannon amendment and offered another substitute. But this time the Senate rejected the Wherry substitute by 28 yeas to 39 nays. See, C.R., 96:15020, 15417, 15421, 15425, 15495, 15503; C.R. Daily Digest, 96:D692, D693; FRUS, 1950, 4:192.

70 From Washington to Foreign Office, No. 2372, 1 September 1950, UR 3426/37, FO 371/87198.


72 FRUS, 1950, 4:178.

73 C.M. 57 (50), 11 September 1950, CAB 128/18.


75 For the Secretary of State, 12 December 1950. UR 3437/92G, FO 371/87214; “New York Meetings,” Memorandum by the Secretary of State for Foreign Affairs, C.P.(50)220, 6 October 1950, CAB 129/42.


77 FRUS, 1950, 4:246; “East West Trade,” United Kingdom Record of the Meetings of the Consultative Group, 4 December 1950, UR 3424/75, FO 371/87146.

78 East/West Trade,” by E.A. Berthoud, 30 November 1950, UR 3424/70, FO 371/87146.