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Building Bridges: U. S. Policy Toward FRG Trade with Eastern Europe: 1961-1968

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Throughout modern Germany's history trade has often been used not only as a tool for commercial gain but as an economic means for political ends. Especially since the 1922 Rapallo treaty, Western leaders have trembled at the notion of strong relations and a formidable trade bloc between the industrially powerful Germany and the resource rich USSR. Following World War II -- although trade with the USSR as well as the East bloc was severely restricted to non-strategic items due to the CoCom embargo -- the Federal Republic of Germany (FRG) was often looking for ways to increase its trade with its eastern neighbors in order to gain political concessions and to exploit emerging differences within the East bloc.¹

Due to Chancellor Konrad Adenauer's embrace of the West during his tenure, opportunities for this type of trade remained scarce. His successors in the 1960's however, took a different stance on the efficacy of East-West trade and began a policy of engagement with the East bloc that would evolve into Willy Brandt's Ostpolitik.

This evolution in FRG policy occurs simultaneously with a shift in U.S. policy regarding the possibilities of East-West trade in "building bridges" between the Western alliance and the Eastern bloc.²

The *executive* leadership in the Kennedy and Johnson Administrations broke out of previous patterns of East-West trade policy, particularly where German products might be used as an effective trade incentive. Officials in these administrations believed that exclusive reliance on the instrument of trade denial had limited the possibilities of rapprochement between the Western alliance and the East, and thus sought to supplement "sticks" with economic "carrots" to provide differentiated rewards to East European states that demonstrated independent tendencies.³

I emphasize *executive* leadership, because these new initiatives were hindered by domestic restraints in both countries: in the U.S., a tough congressional attitude that viewed flexibility as an abuse of executive discretionary authority and popular opposition as the U.S. became increasingly involved in Vietnam; and in Germany, divisive conflicts within the governing Christian Democratic Union party (CDU) and the Social Democratic Party (SPD) over the proper role of trade in relations with the East.

Historians have often described U.S. trade policy with Eastern Europe as "restrictive" or "limiting" during much of the Cold War. This is largely a correct observation if one is describing the use of the CoCom strategic embargo lists of the 1950's or the steel-pipe embargo of 1962. "Western economic warfare" was the term of choice used by many to portray the Allied use of trade denial in order to limit the military and economic capabilities of the Soviet Bloc.⁴

However, with the ushering in of more liberal administrations in the U.S. and West Germany during the 1960's, a marked shift towards using trade as a *positive* lever in influencing the behavior and capability of the East bloc began to take hold. I intend to show that contrary to past descriptions of U.S. foreign economic policy during the 1960's, the Kennedy and Johnson Administrations were steadfast in their determination to not only expand U.S.-East European trade, but failing that, to actively encourage the FRG to increase its own trade with eastern Europe for a variety of reasons. Leaders in both the U.S. and the Federal Republic believed that expanding non-strategic trade with the Soviet Bloc might increase capitalistic and polycentric tendencies in certain East bloc nations. Furthermore, they desired to expand trade for possible quid pro quo political concessions by the East, and wanted to gain Western leverage with increased East bloc dependency on Western and consumer-oriented products.

Almost four years before he was elected President, Senator John F. Kennedy, stated on the Senate floor:

We must arm ourselves with more flexible economic tools. We must be willing to recognize growing divisions in the Communist camp and be willing to encourage those divisions. ... to promote peaceful change behind the Iron Curtain wherever this would help wean the so-called captive nations from their Kremlin masters.⁵

In his first State of the Union address, President Kennedy enunciated again this shift in trade strategy when he requested greater discretion for using "economic tools to help reestablish historic ties of friendship between the free world and the Eastern bloc, whenever this was clearly in the national interest."⁶

The basis for America's trade restrictions were the Export Control Act of 1949 and the Battle Act of 1951. The former prohibited without an export license the sale of materials which could make "significant contribution" to the military potential of another country.⁷

In practice, licenses were rarely granted if the importing country were communist or within the Soviet Bloc. The Battle Act aimed to impose these restrictions on America's allies, by tying adherence to Washington's policy to Marshall Plan funds. But by 1960, the economies of America's allies had grown substantially and they were no longer dependent on Marshall Plan aid. The Allies shortened the CoCom list by limiting the ban to goods which contributed to military capability, rather than the broader definition of goods which created military potential.⁸

Therefore, East-West European trade grew without significant American participation. Kennedy, supported by business leaders and State Department officials, wanted to penetrate East European markets in an effort to promote trade and perhaps lessen the dependence of East bloc economies on the USSR. He proceeded on two levels in this effort. The first method was to order a Commerce Department review of the CoCom lists of strategic embargo items in an effort to remove many items from the lists. This was an area in which Congress had historically permitted more presidential discretionary authority and the Administration was successful in shortening the list of embargoed items by over 250 products.⁹

The second track Kennedy pursued was to liberalize trade via legislative initiatives. In 1961 he tried to amend the Trade Expansion Act in a way that would give him greater flexibility to grant or deny Most-Favored Nation (MFN) status to any area determined to be "dominated or controlled by the foreign government or the foreign organization controlling the world Communist movement." His

intent was to extend MFN status for Poland and Yugoslavia just as Presidents Truman and Eisenhower had previously done. In spite of the President's request, more restrictive language emerged in the substitute bill that was introduced in Congress after the initial hearings. The bill was enacted into law despite the Administrations objections and instead removed the discretionary rights of the President in the matter of MFN treatment and required denial of MFN to any country or areas dominated or controlled by communism.¹⁰

Moreover, Congress on its own initiative amended the Battle Act to expand export restrictions not only to materials contributing directly to the military capability of a country but also to those products which make a significant contribution to the *economic potential* of enemy nations. This Congressional action forced export control authorities to review their CoCom decisions under this new criteria and reinstate many of the items which Kennedy had previously removed from the embargoed list.

In this atmosphere of Congressional resistance to expanding trade with the East bloc, the Kennedy administration first looked to the FRG in hope of encouraging it to increase its own trade. Both the National Security Council and the State Department concluded that expanded East-West European trade could lead to an increase in capitalistic and polycentric tendencies in certain East bloc nations, possible *quid pro quo* political concessions by the East, and Western leverage over Eastern Europe with increased bloc dependency on Western and consumer oriented products.¹¹

The 1963 wheat deal provides direct evidence of the U.S. position. While in Berlin in June 1963 Kennedy called for "increased trade with the East so far as our security will allow" and pressed Adenauer to increase trade as a means of improving relations with the East. Walt Rostow, then head of the State Department's Policy Planning Staff, reaffirmed the value of trade denial but also indicated that trade could be a "useful lever with limited political goals." Furthermore, a State Department Memorandum on Germany suggested that "in dealing with the Soviet Bloc, increased trade might be included as a concession in a detente package."¹²

Comparing Kennedy and Adenauer's approaches to the sale of wheat to the USSR, illustrates how the Chancellor's position on trade was still lagging behind the U.S.'s more flexible stand. In the fall of 1963, the Soviet Union was forced to buy a large quantity of wheat from the West due to consecutive bad harvests. Until then, the USSR had been the world's fourth leading exporter of grain. After quietly concluding deals with Canada and Australia in September for 8.5 million tons of grain, the USSR, along with Czechoslovakia, Hungary and Bulgaria approached the U.S. in October for wheat orders. The Soviet interest in grain was perceived by many in the U.S. as a chance to decrease vast American surplus stocks, which required enormous storage fees, and depressed world market prices. Furthermore, a large grain sale would make a dent in the negative balance-of-payments position. Within the Administration, the dominant belief was that a grain deal would not only be economically advantageous, but might also be used as a positive lever towards detente. A National Security Council (NSC) memo concluded the purchase of "U.S. wheat diverts Soviet resources from arms to food."¹³

On October 9, 1963, President Kennedy announced that the U.S. agreed to sell 500,000 tons of wheat to the USSR for cash and gold. By early December the Commerce Department had granted the licenses for export to the USSR, Hungary and the German Democratic Republic (GDR.)¹⁴

The endorsement of this huge transaction was a notable turning point in U.S. policy toward the East. More than any other move of that period it helped to underscore the Administration's belief that a flexible American policy required the use of trade, not only for economic reasons but for political ends.

That same October, the USSR also approached the Federal Republic for grain. Although Adenauer was pleased by the request, he had unrealistic expectations of political gains from the sale. With the chance of wringing some concessions from the Soviets in the last few weeks of his Administration, he set rigid terms, "If you want grain, show your good will and get rid of the Wall." Adenauer believed a change in Soviet policy vis-a-vis the West, especially on the German question, should be a precondition for the sale. He broached the possibility of a grain embargo in the NATO Council if his preconditions were not met. Declaring, "I can't stand anymore of this wretched talk of detente," Adenauer was demanding fundamental political concessions from the USSR -- a complete revision of its German policy -- in exchange for 300,000 tons of wheat.¹⁵

Kennedy described Adenauer's demands as "foolish" and a detriment to the more flexible policy the U.S. had been trying to encourage. Furthermore, it undermined the economic reasons the U.S. sought the deal. In the end, both nations sold wheat. Adenauer's cabinet delayed action until November, when Ludwig Erhard would be the new Chancellor -- and he quickly approved the export licenses.¹⁶

The 1963 wheat deal is significant. It illustrates a remarkably flexible U.S. position in using East-West trade as an economic lever for limited political goals. Adenauer was not yet prepared to utilize this new flexibility that the U.S. was encouraging; the new Erhard chancellorship would soon display its willingness to pursue this innovative course.

In the United States, the grain deal reflected a policy that required greater Executive authority regarding trade, setting off a conflict with Congress. The first Johnson Administration faced thorough senatorial examination of this policy in Committee on Foreign Relations hearings where Dean Rusk described:

Our trade policy toward Communist nations is an integral part of our overall policy toward international Communism, and we must view it in this framework...trade with the Communist world cannot be effectively used as a blunt instrument. It must be flexibly adapted and flexibly applied on the basis of political, economic, and military realities.

The U.S., he said, had been encouraging Allied trade with Eastern Europe "where it helps promote independent policies along national lines."¹⁷

U.S. policy and the West German position developing under Chancellor Erhard and Foreign Minister Gerhard Schröder were now more compatible. Both sought to weaken East bloc cohesion and acquire political concessions via flexible and strategic trade.

However, the Congressional response to the Johnson Administration's renewal of trade expansion was tepid at best. Under the press of the Vietnam War, Congress enacted several pieces of legislation which served to increase the restrictiveness of U.S. East-West trade policies. First, the Export Control Act was amended in 1965 to increase the penalties for violations of its provisions. Second, Presidential discretion with respect to PL 480 sales of surplus agricultural commodities to the socialist countries was effectively removed by Congress in the Food for Peace Act of 1966. The Act prohibited sales to countries which transported supplies to or from North Vietnam and Cuba. Thus Poland and Yugoslavia, both of which traded with North Vietnam and Cuba, were now ineligible for these sales. Finally, Congress saw fit to remove the President's discretionary authority over Eximbank credit support for exports to the East. In August 1967 Congress amended the Export-Import Bank Act to prohibit Eximbank support for Eastern European countries who trade with North Vietnam and Cuba.¹⁸

In response to the punitive legislation coming out of Congress, President Johnson began to push for more West German trade with Eastern Europe. Johnson indicated that he intended to build "bridges across the gulf which has divided us from Eastern Europe. They will be bridges of increased trade, of ideas, of visitors and humanitarian aid." In an effort to educate Congress and the public about this policy, the Senate Foreign Relations Committee held hearings on East-West trade policy in 1964 which "for the first time...were clearly designed to bring about a new consensus on Capitol Hill in favor of the building bridges policy."¹⁹

As promised in his 1965 State of the Union Message, Johnson convened a Special Committee on Trade Relations with Eastern European Countries, and the Soviet Union. Its conclusions, contained in the Miller Report, summarized the manner in which the notions of peaceful coexistence, polycentrism and internal liberalization were combined to suggest a new strategy of broadening trade relations with the socialist countries of Europe:

Trade is a tactical tool to be used with other policy instruments to encourage the movement toward greater national independence in Eastern Europe and the trend toward greater concern for consumer needs in all European Communist countries. ... Trade cannot settle the major outstanding issues between the Free World and the Communists, nor can it, by itself, accomplish a basic change in the Communist system. Over time, however, trade negotiation and trade relations can provide useful opportunities to influence attitudes in these countries in directions favorable to our national interest.²⁰

Although Johnson remained sensitive to German concerns by stating that "wise and skillful development of relations with Eastern Europe can speed the day when Germany can be reunited," and that the United States was unalterably committed to that goal, the U.S. was anxious that the Germans not hold up progress in East-West relations.²¹

Chancellor Erhard, during a visit to Washington in June 1964 proved to be more amenable than Adenauer might have been to Johnson's explanation that although the U.S. was still committed in principle to Germany's reunification, the goals of security and stability in Europe and of improving relations with East Europeans had first priority.²²

The immediate goal of Foreign Minister Schröder's version of Ostpolitik was the establishment of a base of West German influence in Eastern Europe, primarily through trade missions in Eastern capitals. This was an attempt by Schröder to reach a certain formalization of relations with the East bloc below the level of diplomatic recognition, and to show the FRG's willingness for rapprochement vis-a-vis its Western partners, particularly the U.S. In Schröder's view, concessions in trade policy were intended to strengthen Western trust and understanding for West German interests and offer the Federal Republic a greater degree of autonomy in their foreign relations. The expansion of trade promoted the polycentric tendencies in Eastern Europe and fostered a change of economic priorities and political structures in the Communist states.²³

Assured that the U.S. would support this policy, Schröder's variation on "bridge building" enabled the Federal Republic to establish trade missions with Poland, Romania, Hungary, and Bulgaria by the end of 1964. As a result of the latter two agreements, bilateral trade increased 25% and the Federal Republic was given tacit recognition of West Berlin's status. In the year following the Romanian agreement, anti-West German attacks in the Romanian press and governmental polemics against Bonn ceased, an indication that Bucharest did not want to burden its developing relations.²⁴

In May 1964, Dean Rusk pressed Schröder to resume diplomatic relations with Yugoslavia and fulfill Yugoslav requests for reconciliation. But Erhard indicated his government was not prepared to restore full diplomatic ties with Yugoslavia. Instead he proposed that stronger trade relations should

first be enacted. In July, a trade agreement was concluded with Yugoslavia amounting to 535 million DM. The Federal Republic agreed to treat the imports as those of other non-OECD countries and would support Yugoslav application for GATT membership.²⁵

This agreement was an important step in the normalization of West German-Yugoslav relations and was encouraged by the United States.²⁶

By 1966, Johnson's strategy of "bridge building" had evolved into one of "peaceful engagement." Johnson noted, "One great goal of a united West is to heal the wound in Europe, which now cuts East from West and brother from brother... We must turn to one of the great unfinished tasks of our generation-and that... is making Europe whole again."²⁷

West Germany was quite ready for such a pronouncement. The Grand Coalition headed by Kurt-Georg Kiesinger and Willy Brandt was just elected. This new grouping of CDU and SPD parties was prepared to take the next steps in opening trade even further with Eastern Europe. For years the SPD had been promoting the idea that trade could improve relations with the East. The SPD demanded, "normalization of relations with the FRG's East European neighbors, the promotion of regulated coexistence with the GDR, and a clear attitude on problems concerning Berlin." The Grand Coalition's long range purpose was to utilize West German economic, technological and financial power to increase West German political influence in Eastern Europe, further its freedom to maneuver vis-a-vis Moscow and East Berlin, and eventually persuade the Soviets to moderate GDR policies.²⁸

Once again, with the encouragement of the Johnson Administration, the Federal Republic undertook vigorous efforts to expand its relations with the East bloc. The establishment of diplomatic relations with Romania in January 1967 was the Grand Coalition's first breakthrough in its Ostpolitik. Since trade and credit possibilities for Romania increased after establishing diplomatic relations, the Federal Republic could show other East European states that better relations with Bonn could bring economic benefits. FRG-Romanian relations developed rapidly and favorably: bilateral trade increased dramatically; Romania resisted Soviet, GDR, and Polish pressure against Bonn; it joined Yugoslavia in supporting the Czech move toward greater autonomy from Moscow; and it moved away from the Soviet line on Israel and the nonproliferation treaty.²⁹

The final success in the Grand Coalition's Ostpolitik was reestablishing diplomatic relations with Yugoslavia in December of 1967-a move that had been encouraged by the U.S. as early as 1964. German-Yugoslavian economic relations had traditionally been close and Yugoslavia offered great prospects for West German exports. By 1966 Yugoslavia also became increasingly interested in improving relations with the FRG. Belgrade wanted credits and high-level technology plus greater Western markets for Yugoslavian agricultural products. The FRG was the source for both. The reestablishment of diplomatic relations, increased West German trade and credits to Yugoslavia, improved the status of Yugoslav workers in West Germany and furthered FRG sponsorship of Yugoslav associate status in the European Community(EC).³⁰

From 1963-68, the Federal Republic had opened trade missions in five East bloc nations, established full diplomatic relations with three Communist states, and had received some limited political concessions for its efforts. The foundations for a new trade policy had been laid, and an irreversible process with a momentum of its own was set in motion. West German trade with Eastern Europe would continue to expand, sometimes haltingly, but always with an eye towards the better political relations that may be gained from such movement. From 1961-1968, there was a remarkable shift in policy regarding East-West trade by both the U.S. and West German governments. With the

exception of the 1963 pipe embargo, the Kennedy and Johnson Administrations steadfastly pursued a course that encouraged the FRG to trade with the East bloc for several reasons. They hoped West Germany might gain some limited political concessions from the East especially on the status of Berlin and the overall reunification strategy. The U.S. acted on the belief that increased trade might lead to an overall decrease in tensions and help in the road toward detente.

1. After the North Atlantic Treaty was signed in 1949, the United States and its allies set up a Coordinating Committee (CoCom) to seek common policies on exports to communist nations. There was general agreement from the outset to bar shipments of arms and munitions. But the allies soon differed on what other items should be considered "strategic" and included in CoCom's list of embargoed goods.

2. Lyndon B. Johnson, *Public Papers of the Presidents (PPP)*, 1963-64, (Washington: GPO, 1965), 708.

3. Although I rely mostly on primary sources for this paper, critical secondary sources are: Robert W. Dean, *West German Trade with the East: The Political Dimension*, (New York: Praeger Publishers, 1974), pp.171-204, 214-242 are particularly useful for analysis of the evolution of Germany's domestic politics under four distinct Chancellors during the 1960's; Angela Stent, *From Embargo to Ostpolitik: The Political Economy of West German-Soviet Relations, 1955-1980*, (Cambridge:Cambridge University Press, 1981), esp. chs. 5 and 6 on the pipe embargo; Hanns-Dieter Jacobsen, *Die Ost-West Wirtschaftsbeziehungen als deutsch-amerikanisches Problem*, (Baden-Baden:Nomos Verlagsgesellschaft), 1986, pp 69-94; Gunnar Adler-Karlsson, *Western Economic Warfare 1947-1967: A Case Study in Foreign Economic Policy*, (Stockholm:Almqvist & Wiksell, 1968); Frank D. Weiss, *West Germany's Trade with the East: Hypotheses and Perspectives*, [Kieler Studien, #179], (Tübingen: J.C.B. Mohr, 1983), though lacking in political analysis and reference, this study is useful for its economic theory and abundant trade statistics; Daniel S. Hamilton, *The Carrot and the Stick:German and American Approaches to East-West Trade, 1945-1985*, Ph.D. diss., 1985, Johns Hopkins University is particularly strong on the politics of linkage and leverage diplomacy; Hélène Seppain, *Contrasting US and German Attitudes to Soviet Trade, 1917-91: Politics by Economic Means*, (New York:St. Martin's Press, 1992), esp. ch. 8; Frederick F. McGoldrick, *The Politics of West German Foreign Economic Policy Toward the Communist States of Eastern Europe, 1955-1968*, Ph.D. diss., (American University, 1973), esp. part III; William E. Griffith, *The Ostpolitik of the Federal Republic of Germany*, (Cambridge:MIT Press, 1978), is an excellent examination of the domestic political environment surrounding the issue of reunification.

4. I refer specifically to historians such as Peter van Ham, *Western Doctrines on East-West Trade*, (New York: St. Martin's Press, 1992); Hanns-Dieter Jacobsen, *op.cit.*; Gunnar Adler-Karlsson, *op cit.*; and Thomas A. Wolf, *U.S. East-West Trade Policy*, (Lexington, MA: Lexington Books, 1973).

5. John F. Kennedy, "Imperialism-The Enemy of Freedom," Speech before the U.S. Senate, July 2, 1957, cited in Walter Stutzle, *Kennedy und Adenauer in der Berlin-Krise 1961-62*, (Bonn-Bad Godesberg:Verlag Neue Gesellschaft, 1973), p. 29; *New York Times*, Oct, 2, 1960.

6. John F. Kennedy, *PPP*, 1961(Washington:GPO, 1962), 27

7. Gunnar Adler-Karlsson, *op cit.*, pp. 27-30; Samuel L. Pizar, *Coexistence and Commerce: Guidelines for Transactions Between East and West*, (New York: McGraw-Hill, 1970), p. 132.

8. "U.S. Economic Relations with the Soviet Bloc," May, 25, 1961, pp. 1-4 and appendix A, John F.

Kennedy Library (*JFK*), National Security Files (*NSF*) Box 177.

9. Joseph Harrington, "Romanian-American Relations during the Kennedy Administration," *East European Quarterly*, XVIII(2), June 1984, p. 215-6; Gunnar Adler-Karlsson, *op. cit.*, p.104-5.

10. "U.S. Policy on Trade with the European Soviet Bloc" Policy Planning Council Report, July, 26, 1963, pp 42-51, (*JFK*), (*NSF*) Box 310.

11. "Memorandum for the National Security Council from the Secretary of State: Review of Export Control Policy and Economic Defense Policy," July 10, 1962, pp. 2-4, 6, (*JFK*), (*NSF*), Box 296.

12. John F. Kennedy, *PPP*, June 24, 1963, (Washington:GPO, 1964),509; Stent, *op. cit.*, 122; United States Department of State, RG 59 Policy Planning Staff 1962, Box #215, *Germany in United States Strategy: The Post Adenauer Period* , folder: "Germany" (NARA).

13. Theodore Sorenson to George Ball, 10/15/63, "USSR Wheat Deal Telecons 9/19/63-10/31/63,"Box #48, George W. Ball Papers(*GWB*), Mudd Library, Princeton University; Record of NSC meeting, 10/1/63, "USSR Wheat Deal Memos," Box #48, *GWB*.

14. Though there was some vocal domestic opposition to the sale, especially in Congress, Kennedy's hardest "sell" was to the merchant marine and the International Longshoremen's Association. Only after the Administration agreed to ensure that at least half of the wheat would be shipped on U.S. vessels, did organized labor agree to support the deal; see Karlsson., *op. cit.*, 100-108.

15. Dan Morgan, *Merchants of Grain*, (New York: Penguin Books, 1979), 102, 166-68.

16. John F. Kennedy to George Ball, 10/09/63, "USSR Wheat Deal Telecons 9/19/63-10/31/63,"Box #48, *GWB*.

17. Secretary Rusk, February 24, 1964, *Hearings before the Committee on Foreign Relations, United States Senate*, 88th Congress, 2d Session, (Washington:GPO, 1964), 44.

18. Margaret Thompson, ed., *Trade: U.S. Policy Since 1945*, (Washington D.C.: Congressional Quarterly, Inc.), pp.57-59; Adler Karlsson, *op. cit.*, p. 108.

19. Nathaniel McKitterick, *East-West Trade, The Background of U.S. Policy*, (New York: The Twentieth Century Fund, 1966), p. 28.

20. "Free World Trade with the Soviet Bloc," 12/65, (*JFK*), Papers of Jack Behrman, Box 6:E-W Trade: Reports 1/63-12/65; Report to the President of the *Special Committee on Trade Relations with Eastern European Countries, and the Soviet Union*,(Washington:GPO, April 29, 1965)

21. Lyndon Johnson, *PPP*, May 23, 1964, (Washington:GPO,1965), 708-709; U.S. concern over German fears of solidifying the status quo of a divided Germany was quite evident even in 1962, see United States Department of State, RG 59 PPS, 1962, Central Intelligence Agency, National Intelligence Estimate #23-62, "The Outlook for Germany," folder "Germany" in Box #215, *NARA*.

22. Telegram from Ambassador Knappstein to Bonn, June 18, 1964, Bestande 136, Band 2063, *Bundesarchiv, Koblenz*;

23. Dean, *op. cit.*, 175-78; "Temperaturwechsel in den Deutsch-Amerikanischen Beziehungen," June 23, 1964, Bestand 136, Band 2063, *Bundesarchiv, Koblenz*.
24. Dean, *op. cit.*, 178-84; Jozef Wilczynski, *The Economics and Politics of East-West Trade*, (New York: Praeger, 1969), 246, 267.
25. The Organization for Economic Cooperation and Development(OECD) was formed as a forum for coordinating the trade, aid and general economic policies of the Atlantic Community. The General Agreement on Tariffs and Trade(GATT) was a U.S. initiative that 23 countries first signed in 1947 as a multilateral attempt to mediate differences among the contracting nations over changing trade patterns and tariff levels.
26. George McGhee, *At the Creation of a New Germany: An Ambassador's Account*, (New Haven: Yale University Press, 1989),106-114
27. Lyndon Johnson, *PPP*, October 7, 1966, (Washington, D.C.:GPO, 1967), 705
28. Ambassador George McGhee to Minister Hillenbrand and Kurt Birrenbach, MP, "Notes and Comment on East-West Trade," December 5, 1967, Box 28, George McGhee Papers (*GMP*), Lauinger Library, Georgetown University.
29. Dean, *op. cit.*, 31-34,189-90;Griffith, *op. cit.*, 150.
30. Hamilton, *op cit.*, 318.