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A NEED FOR TIGHTER CONTROLS ON HIGH TECH EXPORTS

INTRODUCTION

In the debate over U.S. policy toward the Soviet Union, the role of trade policy remains a source of contention. There is considerable disagreement over how to restrict strategic trade, those goods, processes, and technologies that enhance the Kremlin's military arsenal. This disagreement is reflected in the failure of Congress in 1984 to extend the Export Administration Act, which governs U.S. strategic trade policy.

From the beginning of the Cold War, the Western democracies have based their defense on the technological superiority of their weapons. The Soviet Union and its allies have responded with a relentless challenge to the West's technological lead, giving the highest priority to the acquisition of advanced goods and technology, all the while maintaining and enlarging their numerical superiority over conventional Western armed forces. The Western nations have been unwilling to pay the price of matching the buildup of Warsaw Pact forces, man for man, tank for tank, leaving Western defense more than ever dependent on qualitative superiority. As such, U.S. security requires tighter controls on high tech exports.

The purpose of national security controls under the Export Administration Act (EAA) of 1979¹ was to preserve the U.S. techno-

¹ For a discussion of key issues in foreign policy export controls and for more background on the Export Administration Act of 1979, see Heritage Foundation Background No. 292, "Staunching the Technology Flow to Moscow," September 23, 1983. See also, W. Bruce Weinrod, "National Security Dimensions of International Trade," in Michael Czinkota (ed.), Export Controls: Building Responsible Commercial Ties with Political Adversaries (New York: Praeger, 1984).

logical edge, or lead time, by slowing down, if not stopping altogether, the transfer of sensitive goods and technology to the Soviet bloc. This is a difficult task, because when it acquires a new technology, the Soviet military is able to translate it into a fielded weapons system in half the time it takes the United States.²

While the past two years' consideration of export control legislation has not produced a new law, it has identified the key points to be included in any trade measure designed to take account of U.S. security interests. Among them:

1) The reorganization of export control activities under a new independent agency, such as that proposed in S.434 (98th Congress) to create an Office of Strategic Trade. At the very least, the conflict of interest at the Commerce Department, charged with export controls but preoccupied with export promotion, should be mitigated by increasing the role of the Defense Department in reviewing export license applications; export controls should be removed from Commerce's trade promotion wing by creating an Under Secretary of Commerce for Export Administration. Furthermore, enforcement responsibility should be transferred to the U.S. Customs Service, the traditional anti-smuggling law enforcement agency.

2) Improvement of cooperation from U.S. allies by continuing to require licenses for sensitive exports to non-Soviet bloc countries, since most items are smuggled to the East by way of other countries, not infrequently a U.S. ally. The increasing technological capabilities of the Pacific Rim countries adds to these concerns. Authority should also be provided to deny the privilege and profit of importing items into the United States to persons or companies who violate U.S. export controls. This principle should be extended to cases where member countries of the Coordinating Committee (CoCom)³ fail to take enforcement action against violators of the multilateral export controls. There should be no retreat from the extraterritorial enforcement of U.S. export control laws as long as its absence would erode U.S. safety.

² The situation is reversed with regard to commercial exploitation of new technology, where the West is much more efficient. However, both of these factors can work against Western security, as commercially marketed Western technology may be obtained by the Soviets before it is exploited by the Western military. This gives the more efficient military acquisition system of the Soviet Union an added head start over Western counterparts. What this means is that a mere Western advantage is not enough, but rather it is the size of the advantage, the length of the lead time, that is crucial. It also means that control of sensitive commercial products is a necessary component of U.S. security.

³ The current members of CoCom are the NATO countries (minus Iceland and Spain) plus Japan.

3) On the issues of availability to the Soviet bloc of controlled goods and technologies from uncontrolled sources, the need for standards to measure whether available items are truly comparable to items that are controlled. Where the items are truly comparable and availability cannot be eliminated, then further control of the good or technology serves no purpose.

4) The basic importance of clear recognition that export controls are far more important than the relatively small losses in foregone export sales and are actually beneficial to the economy by holding down defense costs.

Three additional issues to be considered are: the West's involvement in supporting Soviet oil and gas development; the extent to which limitation of the Soviet bloc's foreign exchange earnings can affect its acquisition of sensitive Western goods and technology; and liberalization of controls on exports to the People's Republic of China vis-à-vis U.S. national interests.

THE NEED FOR RENEWAL OF EAA

Export control authority under the Export Administration Act of 1979 (EAA) expired on March 30, 1984. Although legislation to renew the Act died in a House-Senate conference committee as the 98th Congress adjourned, export controls have continued under Presidential order (pursuant to the International Emergency Economic Powers Act--IEEPA). Amendment and renewal of the EAA will be a must item on the agenda of the current 99th Congress.

Administration and enforcement of EAA is currently concentrated in the Department of Commerce. Other departments and agencies perform auxiliary roles.⁴ This has resulted in three problems that cripple U.S. export control efforts: (1) controls are administered by Commerce, which has conflicting interests and gives only secondary priority in decision making and use of resources to export controls; (2) export administration is bureaucratically deemphasized, the highest ranking official at Commerce whose job is focused solely on export controls being a Deputy Assistant Secretary;⁵ and (3) there is a serious lack of expertise

⁴ The Defense Department assists the Commerce Department in forming the national security control list and in the review of some export license applications. The State Department participates in the formation of foreign policy export controls. The U.S. Customs Service, on delegation from the Commerce Department, participates in the enforcement of export controls. Other agencies, when called upon by Commerce, play advisory roles.

⁵ There is an Assistant Secretary of Commerce for Trade Administration, but he divides his time between import restrictions and export controls. Moreover, the export control bureaucracy is tucked away inside the International Trade Administration, which devotes as much as 90 percent of its resources to trade promotion.

in administration, and particularly enforcement, of export controls (the Commerce Department, for example, recently sought to act as a police force although its officials are not even allowed to carry firearms or serve warrants).⁶

EXPORT CONTROL REORGANIZATION

Export Administration Agency

In the 98th Congress, Senator Jake Garn (R-UT) and eighteen of his colleagues in the Senate introduced a bill to unify export control activities under a single independent government agency, whose Director would be a member of the National Security Council. This would resolve the problems cited above.

Establishment of such an agency would balance the administration of export controls between U.S. security and exporting needs, since it would not be the captive of any one department.⁷ While opponents of the proposal have expressed fears that a separate agency would become a tool of the Department of Defense, experience teaches that governmental agencies are quick to demonstrate their independence. Moreover, since such an agency would likely be made up, at least initially, of personnel from the

⁶ The Commerce Department assigned only one official to enforce the Soviet grain embargo. As the minority staff of the Permanent Subcommittee on Investigations of the Senate Governmental Affairs Committee pointed out, "President Carter's grain embargo speech might have been received in a different light had he also announced that the Commerce Department would assign one man to investigate alleged violations." See "Transfer of United States High Technology to the Soviet Union and Soviet Bloc Nations," Report (No. 97-664) of the Committee on Governmental Affairs, U.S. Senate (97th Congress), made by the Permanent Subcommittee on Investigations (November 15, 1982), p. 38. See also, Transfer of United States High Technology to the Soviet Union and Soviet Bloc Nations, hearings before the permanent Subcommittee on Investigation of the Committee on Governmental Affairs, U.S. Senate (97th Congress), May 4, 5, 6, 11, and 12, 1982.

⁷ In testimony before the Senate Banking Committee, a former senior official of the Commerce Department's Office of Export Administration, Theodore L. Thau, advocated such a step. He stated the following: "Is there a conflict of interest between the trade promotion duties of the Department and its duties to control exports under the Export Administration Act of 1979? Yes. I believe there is and always has been such a conflict...Is that conflict so real and pervasive as to prevent Commerce from carrying out its export control duties properly? Yes...Is the proper remedy the transfer of the administration of the 1979 Act from Commerce, to a new independent agency, to be created by Congress...? Yes..." See, Export Administration Act, Hearing before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate (98th Congress), February 3, 1983, p. 117.

Office of Export Administration (of the Commerce Department), any lingering loyalties would tend toward Commerce rather than Defense.

Under a separate agency, whose chief is a member of the National Security Council, export control needs would be represented at a high government level, assuring more adequate resources and keeping Presidents mindful of what is realistically achievable through export controls--and what is not--in terms of foreign policy and national security tools. Such high-level counsel and attention has been woefully lacking in the past, when Presidents needed advice on the pros and cons of grain or pipeline controls.

Experience with another priority special agency, the Office of the United States Trade Representative, indicates that an export administration agency would attract particularly talented officials. A shortage of such talent has been central to the unnecessary delays and inefficiencies that have frustrated both trade and national security concerns under the administration by Commerce.⁸

License Review by the Department of Defense

The Export Administration Act authorizes the Department of Defense to participate with Commerce in the review of national security export license applications. Its language, however, has led to controversy over whether Defense is authorized to review all licenses required for national security purposes or only those for exports to the Soviet bloc countries.

The language should be clarified to eliminate doubt that it authorizes the Defense Department to review any license applications required for national security purposes, whether applicable to East-West trade or to so-called West-West trade. The enhanced enforcement effort by this Administration has virtually ended the transfer of sensitive goods and technology directly to the Eastern bloc from the United States. Most diverted items now go first to one or more Western countries, which are usually listed as the ultimate destination of the export but in fact are mere transit points. West-West trade has become in many cases the functional equivalent of East-West trade.⁹

⁸ Currently, for example, many licensing officials do not have the necessary security clearances to receive intelligence information relative to license applications. This either results in faulty decisions or in delays as applications must be referred to other offices.

⁹ One well-publicized case involved the export of VAX computers to South Africa (the ostensible destination), whence they were sent to the Soviet Union via West Germany and Sweden. See Enforcement of the Export Control Enforcement Act, Hearing before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate (98th Congress), April 2, 1984.

At the very least, the President should be directed, by law, to decide the extent and conditions of Defense Department review of West-West trade in the case of both single and multiple licenses,¹⁰ since both have been used by Commerce unwittingly to license exports of goods and services that found their way to U.S. adversaries.

Such joint review may bring added information into the licensing process (even though agencies are notoriously loathe to share information). It has the advantages of bringing both perspectives to bear on the licensing decisions, for which the Commerce Department is ill-equipped to give reliable advice on national security matters, while Defense has little to offer concerning trade promotion. The review by the two agencies should be simultaneous to calm fears of delays that would hinder legitimate trade.

The President has twice directed that the Department of Defense be given a greater role in reviewing West-West export license applications, including review of licenses for multiple exports. Commerce Department resistance (there were two directives because the first, issued early in 1984, was never implemented) underlines the need to provide clear legislative underpinning for such administrative arrangements.

¹⁰ The distribution license, in particular, is one multiple license that has been used to circumvent export controls. This license allows an exporter to make shipments of controlled goods without obtaining a license for each specific item. Unfortunately, the Commerce Department failed for several years to audit the compliance of companies with the terms of this license. Prior to resuming audits, the last audit revealed over 100 violations of the license by one company alone. The resumption of audits revealed new violations and resulted in the largest civil penalty ever imposed for violations of the EAA, \$1.5 million.

As a result, the Commerce Department issued in January 1984 strict new rules governing distribution licenses. In September, however, Commerce issued a revised set of rules, bowing to nearly every complaint exporters raised to the January proposals, turning the distribution license into little more than an honor system. Commerce pledged at the time to conduct approximately 100 audits per year of licenses, but with an estimate of well over 1,000 distribution licenses in existence in the near future this will result in an exporter's license being audited on average about once every ten years. Final regulations are currently being formulated by the Administration.

Most recently, the Commerce Department has announced its intention to grant Distribution Licenses within a month of application. These licenses involve--or should involve--verification of an exporter's own adequate control procedures as well as the reliability of all of its foreign distributors and recipients. Clearly the license can be granted within such a short time if such careful review is left undone, but not without jeopardy to the national security.

An Under Secretary of Commerce for Export Administration

The bureaucratic priority and the conflict of interest at Commerce can be mitigated, at least in part, by creating a new Under Secretary of Commerce for Export Administration. This would remove export controls from the International Trade Administration at Commerce, placing them on an administrative par with export promotion. Although still a part of Commerce (assuming that Congress does not choose to establish a separate agency outside of Commerce), export administration then would be better able to compete for scarce resources and attention within the Department.

Transfer of Enforcement to Customs

The Commerce Department has been forced to rely on assistance from the U.S. Customs Service to enforce the EAA, since its own officials do not possess police powers. But this has not prevented Commerce from significantly expanding the number of its enforcement officials.¹¹ More effective and less expensive by far would be to take fuller advantage of the traditional U.S. anti-smuggling law enforcement unit. Customs currently has exclusive enforcement responsibility, on delegation from the State Department, for enforcement of the Arms Export Control Act.¹² It also has several treaty-backed cooperative arrangements with the customs services of many U.S. allies, whereby assistance on export control cases can be obtained as reciprocity for assistance in tariff avoidance smuggling cases, a quid pro quo Commerce cannot provide foreign government officials.

Customs currently has several hundred law enforcement officers. The Commerce Department's increase in enforcement operations will duplicate what Customs already has in place. It has already led to an unhealthy competition that has confused allies, jeopardized Customs' existing arrangements with foreign governments, and inhibited rather than promoted the sharing of important enforcement information between the two agencies.

This was confirmed by a September 1983 report of the Commerce Department's Inspector General, which stated:

There is no apparent reason for both Commerce and Customs to be involved in export enforcement. One agency could do the job just as well or better than

¹¹ The Administration's austerity budget for Fiscal Year 1986 proposes adding 74 new positions to Commerce's Office of Export Enforcement.

¹² Violations of the EAA and the Arms Export Control Act often involve the same people and the same networks. Moreover, only a minor difference, frequently, separates an item controlled under the EAA from one controlled under the Arms Export Control Act. Many companies manufacture items controlled under both pieces of legislation.

two, given the necessary manpower authorities and resources. After witnessing the increasingly strained relations between Customs and Commerce agents working the control cases, this conclusion is even more apparent.¹³

On October 5, 1984, the Permanent Subcommittee on Investigations of the Senate Governmental Affairs Committee recommended, "that the Customs Service be assigned exclusive jurisdiction for investigating violations of the Export Administration Act. It possesses far more resources, both in terms of manpower and intelligence capabilities, than does the Commerce Department and has a longstanding network of law enforcement contacts overseas. Even at its present rate of buildup, the Commerce Department cannot begin to match the ability of the Customs Service to police the export of U.S. high technology."¹⁴

The Senate backed this assignment of authority when it passed S.979 last year. For export control reasons (if not for budgetary reasons), it makes sense to transfer enforcement to Customs.

INTERNATIONAL COOPERATION

Export controls are ineffective without international cooperation. Some suggest that export controls should be rolled back because such international cooperation is at best chimerical. The "moderate" view is that, since international cooperation, particularly through CoCom, is obtained voluntarily, nothing should be done to upset those who have so volunteered, least of all urging them to make good on their pledges, lest they withdraw their cooperation.

Such reasoning overlooks the fact that CoCom members joined the organization because their interests, too, are involved. It also fails to recognize that the various interests will not always coincide. As long as the strategic system is dominated by two superpowers, the United States is going to be out in front of its allies on export control matters. But the pursuit of multi-lateral cooperation must not paralyze U.S. ability to act.

Recent improvements in enforcement cooperation and in CoCom controls on computer hardware and software demonstrate that consistent and determined leadership by the U.S. improves international cooperation. Even non-CoCom members are increasing their cooperation as they recognize that failure to do so may mean reduced access to American technology.

¹³ Quoted in, "Transfer of Technology," a Report (No. 98-664) of the Permanent Subcommittee on Investigations of the United States Senate (98th Congress), October 5, 1984, p. 30.

¹⁴ Ibid., p. 31.

Maintaining West-West Licensing

Recent press reports tell of a West German aircraft engineer who had passed to the Soviets the complete plans for Western Europe's Tornado fighter plane.¹⁵ This is but one example of "how the East Bloc was engaged in massive and systematic espionage in West Germany to procure access to high technology that could be applied to the military sector." German federal prosecutor Kurt Rebmann has estimated that there are as many as 10,000 East bloc agents operating in West Germany alone,¹⁶ and similar conditions exist in other CoCom countries. As Under Secretary of Commerce Lionel Olmer stated in hearings before the Senate Banking Committee, "The United States has a control system. Whether it works or not, it's 100 times more elaborate than that of any other nation in Western Europe."¹⁷

These conditions highlight two reasons why national security export controls (through licensing) should be maintained on sensitive exports to Western nations. First, the Soviet bloc intelligence services have targeted several of these countries and have sizable presences there, often dwarfing the counter-espionage abilities. Second, none of these countries, with the possible exception of Canada, has an effective export control system.

This translates into the sad fact that sensitive exports destined for U.S. allies do not always stay there. While it is a desirable goal to treat exports to allies the same as trade within the United States, it is premature to do so until they develop comparable export and reexport controls. Moreover, the current Administration's speeding up the individual validated licensing process has now so reduced processing times as to remove any competitive disadvantages that West-West controls previously may have caused to American exporters.

Integration of Pacific Rim Countries in Control Efforts

The Republic of China (Taiwan), South Korea, Singapore, and other countries of the Pacific Rim are rapidly growing consumers

¹⁵ "Soviets Seen Escalating Drive for West's Industrial Secrets," The Washington Post, October 24, 1984, p. 25.

¹⁶ West Germany may be particularly enticing because of the reluctance of the government to bring felony charges against violators of export controls. Japan is even more reluctant to bring criminal charges against traders in sensitive goods and technology with the East. In one case, a Japanese machine tool company not only sold a controlled product to the Hungarians, but helped them manufacture it.

¹⁷ Reauthorization of the Export Administration Act, Hearings before the Subcommittee on International Finance and Monetary Policy of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate (98th Congress), March 2, 16, and April 14, 1983, p. 182.

and producers of high technology items. Though generally sympathetic to Western defense concerns and affected by the global strategic balance, these countries are not members of CoCom and participate in export controls only as far as they can be prevailed upon to comply with restrictions on the reexport of items purchased from the United States. Indications are that such compliance is inadequate, and it does not cover sensitive goods and technology developed by these countries themselves.

The U.S. Congress should focus on efforts to establish multilateral or bilateral arrangements with these countries to control exports. Their interests as well as those of the U.S. are involved, since improvement of Soviet weaponry must eventually translate into improved weapons in the hands of Soviet clients in the region. Indeed, the large Soviet presence at Cam Ranh Bay in Vietnam has made the Soviets functional neighbors of many of these countries. Furthermore, deterioration in the global strategic balance will inhibit U.S. ability to counter Soviet and Chinese influence in the Far East while it will improve the ability of the Soviets to project their power. Export and import sanctions against companies or individuals engaging in the transfer of sensitive items to proscribed destinations could be used until appropriate arrangements with the Pacific Rim countries are established.

Authorizing Import Control Sanctions

The United States does not have a monopoly on all sensitive goods and technologies, but it has exclusive control over the most lucrative market in the world. Yet not only has that advantage not been used as a leverage for increased cooperation with U.S. export controls, but violators of those controls have been allowed to continue to profit from U.S. markets.

In the notorious example of the Polish-American Machine Company (Polamco), an employee became head of the firm for his success in obtaining plans for more than 20 U.S. weapon systems. Although he is now serving a life sentence for espionage, Polamco (owned by the Polish government) continues its import-export business out of Elk Grove, Illinois. The U.S. government has the authority to deny Polamco export privileges from the U.S., but no authority to deny Polamco access to the U.S. market.

The President should be authorized to close the U.S. market to imports from violators of U.S. export controls. There is no reason to extend such benefits to an individual or company willing to make merchandise of U.S. security. On the other hand, access to the U.S. markets should be a powerful incentive to comply with U.S. export controls.

This principle should also apply to violators of CoCom controls where the CoCom country fails to take appropriate enforcement action. CoCom controls are unanimously agreed to, and when a company of a member violates those controls, the security of

all is damaged. If no enforcement action is taken, the violator's reward is a sizable export profit, while other members are doubly damaged by his advance in the competition for trade. Such a company, however, would be forced to think twice about violating controls if it realized that it was jeopardizing its access to the U.S. market. Few exporting companies would be tempted to give up the U.S. market for the Soviet.

The United States may be unable to gain jurisdiction over violators of export controls who avoid U.S. shores. But concerns about extraterritoriality cannot interfere with U.S. authority to control what products cross its borders and to deny market access to products of those whose practices endanger U.S. security.

Foreign Availability

History teaches that militarily significant technology finds its way around; innovations render only temporary advantage. Export controls are not intended to do the impossible--that is, entirely stop the diffusion of a technology. Their purpose is to delay that diffusion, lengthen the lead time, in order to preserve the advantage until it is replaced by another innovation. Once the technology is diffused, there is no purpose in further control of its export. This is the essence of the foreign availability issue.

This simple concept becomes very complex when applied to sensitive goods and technologies. First, it is far from easy to determine what technologies the Soviets possess, or who is selling them what. Second, comparison of high technology items is a difficult matter, since apparently similar products often differ in many respects. Factors such as cost, reliability, the availability and reliability of spare parts (and their cost and quality), maintenance and training programs, technical data packages and peripherals, durability and quality of end products, quality control mechanisms, the scale of production--all should be taken into account in evaluating foreign availability.

Current law provides no such standards, even though a finding of foreign availability, under the law, can effect the elimination of a national security export control. Companies that assert foreign availability are hardly disinterested, since a favorable determination can mean a lucrative export sale. Frequently, a company that has just convinced a prospective buyer of the uniqueness and incomparable virtues of its product makes the case to the government that its product is a worthless trinket, manufactured everywhere in the world.

SOVIET OIL AND GAS DEVELOPMENT

The Administration should prohibit U.S. participation in any way in the development of Soviet oil and gas supplies and should urge other nations, particularly allies, to join in this policy.

Not only is such assistance tantamount to support for the Soviet military, it allows the Soviets to postpone the day when they must face the consequences of their grossly inefficient economic policies, not the least of which has been the suppression of human initiative.

Furthermore, since the Soviets must pay for the goods and technology they obtain (and smugglers charge a high price), the ability of the Soviets to obtain Western products is directly related to their earnings in hard currency (not even the most determined smuggler conducts his business in rubles). Western attention should be focused on methods to limit Soviet hard currency earnings, such as conducting all business in cash (no credit) and reducing reliance on Soviet energy and natural resource exports.

These measures, more than any others, would have a positive, immediate, across-the-board effect in reducing Soviet acquisition of Western technology. For, in the last analysis, Soviet success in capturing technology would be minimal without Western complicity. With the obvious bankruptcy of Marxist ideology, that complicity these days can only be bought. Clearly, it is foolhardy for the U.S. to provide money to the Soviet bloc, whether through purchase of their products or through loans from Western banks, like the recent one to East Germany, organized by leading New York banks.

CONTROL POLICY TOWARD CHINA

The Administration has taken major steps to loosen national security controls on exports to the People's Republic of China. The justifications for this policy are reminiscent of the discredited arguments made for promoting trade with the Soviet bloc during the 1970s.

Government leaders in Beijing make it clear that the PRC is far from being a U.S. friend, even though they recognize the common interest in relations toward the Soviet Union. Statements by U.S. officials, however, show little recognition of the fact that the U.S. is not allied with China. A more realistic understanding would be that the Chinese can be counted on to do what they believe to be in their own interests and these interests could be contrary to those of the U.S. The Chinese leaders themselves have tried to make this clear. For instance, to keep their options open, the Chinese have refused to make solid commitments to abide by U.S. restrictions on the reexport of sensitive U.S.-origin items; and Chinese transfers of nuclear technology to other countries are at the least disturbing.

Assessments of Chinese military capabilities consistently fail to take into account the situation beyond the 20th century and the nature of the Chinese threat in the near term to their neighbors, such as Thailand, Taiwan, Korea, and Malaysia. Several

of these countries, particularly those of Southeast Asia (which suffered directly at the hands of the last militarily strong China), have protested the liberalization of U.S. control policies.

China began its anti-Soviet policies without any U.S. help and will continue it without U.S. encouragement. Liberalizing strategic trade with Beijing, however, could threaten the security of U.S. friends in the short term and the U.S. itself in the long run. As such, high technology trade with Beijing must be controlled very tightly.

CONCLUSION

There is no alternative to an effective export control program for national security. It is a delusion to believe that, in the absence of effective technological advantage, the security of the West can be maintained without an increase in defense spending to levels that Western governments find unacceptable.

In considering renewal of the Export Administration Act, Congress should be quite skeptical of proposals from exporters to amend the Act. These companies are not disinterested parties to the export control debate; their judgment admittedly is influenced by the desire to increase sales.

These proposals for bureaucratic changes would bring more resources, higher priority, and better direction to the U.S. control system and would alleviate exporters' justified complaints about inefficiencies in export administration. Consistent and determined U.S. leadership would enhance international cooperation. The use of access to the U.S. market as leverage to obtain improved compliance with export controls is particularly important if CoCom is to become as effective as all its participants have declared it should be.

Export controls thus are necessary to maintain U.S. technological lead time over the Soviet bloc. Although the Soviet civilian economy remains backward, the Soviet military has proved its efficiency in exploiting the Western technology that falls into its hands. In large measure, U.S. security and the global strategic balance are tied to U.S. efforts to establish an export control system as effective and well coordinated as are the Soviet bloc's efforts to circumvent it.

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