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**Drawbridge Diplomacy: Romanian-American Relations, 1963-1968**

Brett A. Jerasa  
*Old Dominion University*

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DRAWBRIDGE DIPLOMACY:
ROMANIAN-AMERICAN RELATIONS, 1963-1968

by

Brett A. Jerasa
B.A. December 2004, University of Virginia

A Thesis Submitted to the Faculty of Old Dominion University in Partial Fulfillment of the Requirements for the Degree of

MASTERS OF ARTS

HISTORY

OLD DOMINION UNIVERSITY
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Approved by:

Lorraine M. Lees (Director)

Austin Jersild (Member)

James R. Sweeney (Member)
ABSTRACT

DRAWBRIDGE DIPLOMACY:
ROMANIAN-AMERICAN RELATIONS, 1963-1968

Brett A. Jerasa
Old Dominion University, 2008
Director: Dr. Lorraine M. Lees

Entering the White House in 1963, Lyndon B. Johnson pursued a policy of "bridge building" to Eastern Europe, finding agreement on small issues of economics and foreign relations in order to decrease tension between East and West. Johnson targeted Romania as the show case for bridge building because of its growing autonomy from the Soviet Union. Romania’s policies of rapid industrialization and foreign policy independence offered potent possibilities. However, Johnson’s bridge building faced many difficulties. His administration pursued a dual Cold War policy: he fought communist belligerency in Vietnam while affirming the positive behavior of Eastern European satellites. Despite the support of the State Department, Johnson could not fully exploit the Romanian possibilities. An uncooperative Congress and anti-communist special interest groups prevented liberalizing trade with Eastern Europe. The continual denial of Most Favored Nation status, along with other export restrictions and strategic boycotts of goods to Eastern Europe, limited the expansion of trade with Romania. Internal dissent in the Johnson cabinet also limited trade, as did Romanian criticism of America’s involvement in and escalation of the Vietnam War. Though trade and cultural exchange did increase during the Johnson administration, he did not achieve the success he envisioned.
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CHAPTER I
INTRODUCTION

During the 1960s, Romania,\(^1\) tired of the Soviet Union’s mandated economic policy and domestic interference, questioned the authority and leadership of the USSR. In the polarizing international struggle of the Cold War, the United States was the main alternative, possessing the vast economic and technological resources Romania needed for its own continuing economic development. From the Romanian viewpoint, the United States and the Soviet Union had the same goal of world domination, but since the United States did not have the same capacity to affect Romanian domestic policy, Romania made the conscious choice to pursue a better diplomatic and economic relationship with the United States. Quoting a Romanian proverb, a Romanian diplomat summed up the situation, stating “better a small loss with a clever man than a profit with a stupid one — and the longer the Russians go on, the more stupid they get.”\(^2\) At least in this diplomat’s eyes, Romania’s long term prosperity required having alternatives to the “stupid” Soviet Union.

The United States similarly desired improved relations with Eastern Europe. Hoping to find a peaceful resolution to the Cold War, President Lyndon B. Johnson instructed his administration to “build bridges” between the United States and Eastern

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\(^1\) This paper uses the modern spelling of Romania, which the State Department changed from Rumania in 1966. When quoting documents, this paper will use the author’s spelling of the country’s name.

Europe to improve economic and cultural relations.\(^3\) Because of its motivation and enthusiasm, Romania appeared to be a very receptive host for American bridge building. Ultimately, however, the United States did not fully exploit the Romanian opportunity. The Johnson administration’s initiative failed because of limitations of Congressional support, the effects of the Vietnam War, and overall distrust of communist nations. The Cold War status quo weighed too heavily on policy for any real progress to occur.

Lyndon B. Johnson became president of the United States of America when the 35th president, John F. Kennedy, was assassinated. Born in 1908, Johnson served the 10th district of Texas from 1937 to 1949 in the United States House of Representatives. Texas then elected him to the US Senate and Johnson served there until he was elected vice president in 1960. In 1953, Johnson became Minority Leader. The next year, with a Democratic victory, he became Majority Leader, a position he excelled in and which he used to help pass the 1957 Civil Rights Act. He was a very effective, personable, and hardworking senator, tools which would aid his work in the White House. His Secretary of State Dean Rusk described Johnson as a “severe task-master…in the first instance for himself.”\(^4\) Johnson put in many long hours that he felt necessary to become (in his mind, but not of his critics) a great president.

With the death of a popular president, Johnson understood the necessity to continue Kennedy’s work in the name of his legacy and to translate Kennedy’s “ideas and


ideals which he so nobly represented... into effective action."5 Domestically, this entailed expanding civil rights legislation, passing new tax bills, and increasing social programs. The new president’s main focus was his domestic agenda of regenerating America and creating a Great Society. He felt comfortable fighting and bargaining with the Congress to create new social programs, and to promote civil rights and educational opportunity.

Johnson, though experienced, was not nearly as comfortable in foreign affairs. After witnessing the horrors of a world war and fascism, he shaped his own foreign policy goals to protect freedom and ensure American security. He viewed communism as “fascism with a red face” and knew only the strength of the free world could prevent another world war. As a high ranking member of Congress, he received regular foreign affairs briefings from Presidents Truman and Eisenhower.6 As vice president, he attended Kennedy’s National Security Council meetings and Cabinet meetings. He also traveled a great deal internationally and attended many goodwill functions. Johnson had a Foreign Service officer assigned to his personal staff who informed the Vice President of the daily workings of the State Department. He may not have been in Kennedy’s inner foreign policy circle, but he, as Dean Rusk noted, “had as Vice President a pretty good indoctrination into foreign policy and knew what President Kennedy was trying to accomplish in foreign policy.”7

At their first meeting after Kennedy’s assassination, Johnson asked Rusk to remain as secretary of state, even though Johnson could have chosen his own man.


7Dean Rusk, “Dean Rusk Oral History Interview 1,” 8.
Johnson wanted a strong secretary, and knew Rusk was the person to guide American foreign policy during a difficult period of international tension. Rusk and the president had similar backgrounds in individual achievement, and for better or worse trusted each other. Together with Secretary of Defense Robert McNamara, they forged ahead in an uncertain, tense international situation. Johnson held enormous respect for both of the two secretaries, Rusk for his experience and foreign policy guidance and McNamara for his organizational skills.\(^8\)

These three would mostly be remembered for their role in the escalation of the Vietnam conflict. Much as World War II defined the international situation of the 1940s, the Vietnam War was central to the 1960s and indirectly influenced most aspects of Johnson’s policy around the world. As historian H.W. Brands noted, “it is impossible to consider American foreign policy during the presidency of Lyndon Johnson without thinking immediately of the Vietnam War...but Vietnam was not as important as Johnson made it out to be...and as the Vietnam War recedes into the past, the opportunity arises to examine and evaluate Johnson and his foreign policy in wider terms.”\(^9\) Though the Vietnam War influenced Johnson’s foreign relations, it was not the sole arbiter of the decision making process. Many other factors weighed on Johnson’s world view, and improving relations with the Communist bloc was one of his goals. It would be foolish to ignore Vietnam in a study of Johnson’s foreign relations, especially between the United States and a communist nation, but this analysis hopes to move beyond a simple explanation of blaming diplomatic shortcomings on that divisive war. Although Vietnam influenced Johnson’s overall foreign policy and complicated matters, especially when

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\(^9\)Ibid., v-viii.
pursuing better relations with communist nations, it did not totally sabotage his European policy, as incremental progress was made. His foreign policy outside of Vietnam deserves to be judged impartially and autonomously. Recent studies are a tremendous start in understanding the stresses, failures and successes of Lyndon Johnson’s foreign policy, evaluated by their own situations and standards. Also, the declassification of Executive Branch and Central Intelligence Agency documents offer immense resources to examine the planning and implementation of foreign policy. Johnson may always receive a negative evaluation overall, but the newly available sources allow historians to write a much more complex and complete evaluation of Johnson’s foreign policy.

A year after Johnson’s succession and thousands of miles away, behind the Iron Curtain, Romania also transitioned from one leader to another. Gheorghe Gheorghiu-Dej died in 1965 and left his country’s communist future to his disciple Nicolae Ceaușescu. Gheorghiu-Dej was driven by an “irrepressible complex of inferiority” to older party members and intellectuals that both motivated and inhibited his leadership of the Romanian Communist Party. He patterned his leadership after Soviet leader Josef Stalin: he met any threat to his authority with repression, imprisonment, exclusion, and concentration camps. He relied on the secret police (Securitate) later in his career to exercise complete control. Like many communist leaders, he was both police and thief with no qualms about enforcing and yet breaking the law to ensure his power. When Khrushchev’s de-Stalinization shattered communist international unity, Gheorghiu-Dej

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11 See FRUS and http://www.foia.cia.gov for these recently declassified documents.

faced a choice between the USSR and Stalin and chose Stalinist principles and leadership style. His successor Nicolae Ceaușescu would do the same.\textsuperscript{13} By the early 1960s, the Romanian Communist Party had declared its limited independence from the Soviet Union and moved away from the dictated policies of the Kremlin. Communism, however, provided the vehicle for personal political power, and Stalin remained the model for Gheorghiu-Dej’s rule.

After Gheorghiu-Dej’s death, Ceaușescu continued a Stalinist style of rule to achieve Romanian interests. He fostered “national communism” and continued rejecting complete Soviet authority. A former Communist Youth Union militant and army and agriculture leader, Ceaușescu fanatically believed in the revolution of the proletariat. He won the power struggle to succeed his former communist ideological master and represented a new generation of party leadership. After liberalizing domestic policies for the first few years of his regime, he re-Stalinized Romania and established his own personal dictatorship before his execution in 1989 at the hands of internal dissidents.\textsuperscript{14} But, during the 1960s, he worked to improve relations with the West, to become more independent from Moscow while still a member of the Warsaw Pact, and to gain favor with America.

President Kennedy responded to Romania’s overtures and the Johnson administration continued to build new relations with Romania, and even forged a trade agreement in 1964, but dissent within the United States, mostly focused on the ramifications to the Vietnam War, stymied substantial economic results. The fierce opposition by conservative organizations over a proposed deal with Firestone Rubber

\textsuperscript{13}Ibid., 187.

\textsuperscript{14}Ibid., 258.
Company underscored the difficulties the Johnson administration faced when building bridges in Eastern Europe. Johnson’s opponents could not see past the Cold War status quo and accept the benefits of East-West trade. The story of American-Romanian relations during the 1960s is one of failed promises and missed opportunities.

At first glance, relations between the United States of America and Romania may seem inconsequential. What benefit could America, the world’s preeminent superpower, derive from Romania, a communist bloc nation mostly concerned with agriculture and oil? As this study will show, American-Romanian relations highlight numerous pressing topics of the 1960s: the role of economics in Cold War relations; internal American debate about the Cold War; the difficulties inherent in crafting a new relationship after two decades of hostility; and the impact of the Vietnam War.

This thesis is divided into three sections. The first section explores the world President Johnson inherited and the limits on the United States ability to influence events in Eastern Europe. The second section examines Romania’s continued push for independence and “national communism,” as well as the increasing ties between East and West. The third section describes American-Romanian relations, Johnson’s bridge building policy, and the successes and failures of the two countries’ foreign relations with each other. Few historians have fully researched American-Romanian relations, but by examining the case-study of Romania a historian can better understand American foreign policy as the Cold War progressed and the difficulty of building bridges to communist states.
CHAPTER II

"THE VERY BEST WEAPON"

Because of the destructive capacity of nuclear weapons, most Cold War confrontations occurred by proxy. A clash between the United States and the Soviet Union would amount to indescribable destruction; thus, the competition between the two superpowers stayed a cold war and never became a hot one. The stakes were simply too explosive to risk direct confrontation. Also, on a more ideological level, the Cold War can be viewed as a competition of varying systems of modernity or ways of life, either the liberal capitalism of the West or the socialism of the Soviet Union and its allies. As each power spread its ideology throughout the rest of the world and competed for spheres of influence, tension was inevitable. American presidents and their administrations struggled with the proper balance of the “carrot” versus the “stick,” whether to take hard line stances against the communist world or entice them with economic and cultural benefits. The United States, unable to assert its hard military power, utilized its soft power to appeal to communist nations to join the Western international community.

A general consensus emerged after 1945 on how to deal with Eastern Europe. The rhetorical goal of each administration was liberation, but not at the risk of general war with the Soviet Union. While leery of Eastern Europe’s economic and military potential and the benefits the Soviets could derive from it, American presidents decided the best way to influence the political liberation of the satellite regimes was through economics. Accepting that the area remained a Soviet sphere of influence, the United States attempted to find areas of agreement with Eastern Europe while pursuing
opportunities to increase its ties with the capitalist West. American administrations reasoned that if the satellite counties realized the resources and benefits available to them from western economics and technology, they would adapt western political and economic behaviors and decrease East-West tension. While publicly calling for liberation in speeches and propaganda, the United States attempted to reach out to Eastern Europe on small points of agreement. American administrations realized that the Soviet Union would react to quick change and tensions would actually increase, but if Eastern Europe gradually established ties with the west, their systems would moderate and slowly liberalize. Lyndon Johnson’s bridge building policies in the 1960s reflected twenty years of incremental increases in trade and cultural exchanges with the Soviets Eastern Bloc.

Even though the United States realized the political potential of trade with the satellites, its own security demanded export restrictions on strategic items. Though never requiring a full embargo or inciting serious economic warfare, trade restrictions aimed to retard Soviet and satellite military development and potential, as well as slowing economic development that had military potential. After raising export controls in the early 1950s, subsequent presidents found it difficult to decrease controls in the next decade. Congress rarely saw the benefit of trade with Eastern Europe and usually fought against liberalizing relations. The Truman, Eisenhower, and Kennedy administrations, therefore, witnessed the development of the factors that would help and hinder Johnson’s policies.
After World War II, the United States viewed the Soviet Union as the biggest threat to American national security and to world peace. The Marshall Plan and Truman Doctrine aimed to increase support to Western capitalist countries in their recovery efforts and to prevent a communist takeover of vital areas in Europe. American policy makers in the postwar years defined national security as necessitating a strategic sphere of influence in the western hemisphere, control of the major oceans, an international base system, and nuclear domination. Faced with an anxious, prideful, and belligerent Soviet Union, the United States viewed its own postwar expansion in influence as a stark necessity to maintain international order and security.¹

After defeating the Nazi and Japanese threat to peace, the United States wanted to prevent another powerful, hegemonic enemy. By contrast, the Soviet Union, after sacrificing millions of its citizens in World War II, desired the victor’s spoils, including increasing its own sphere of influence. The State Department based early American Cold War policy on George F. Kennan’s “Long Telegram,” sent on February 22, 1946. Kennan argued that even though the Soviet party line maintained that there could be “no permanent peaceful coexistence” between the capitalist and socialist camps, “experience has shown that peaceful and mutually profitable coexistence of capitalist and socialist states is entirely possible.” The World War II alliance demonstrated the profound cooperation available to rational politicians. However, the Soviet Union based its postwar foreign policy on the assumption of territorial, ideological, and military insecurity. Because of this, the Soviets were aggressive and belligerent in securing their

land and commanding prestige in the international community, but were essentially weak, with their power based on terror. In order to combat the challenges of the Soviet Union in a rational manner, Kennan asserted that the United States government should objectively study the Soviets; educate the American public; solve internal social problems and increase the "health and vigor of our own society;" provide guidance to the rest of the world; and have the "courage and self-confidence to cling to our own methods and conceptions of human society." How to carry out these goals became the defining question of the Cold War.

Though policy makers consider the "Long Telegram" to be the declaration of containment in the face of an unreasonable enemy, Kennan argued for much more than constricting the growth of communism. He built his argument on contrasts: Soviet leadership was "neurotic," insecure, devoted to a "patient but deadly struggle for total destruction of rival power;" but American leadership could neutralize the Soviet threat through its existing social and political traditions and systems. The United States, according to Kennan, was uniquely capable of winning the competition with the Soviets because of its "methods and conceptions of human society." For this reason, Kennan believed Soviet-American relations would be contentious but not fatal. The international winner (if one can win a Cold War) would be the one power with the most appealing cultural, economic, and political systems. Very quickly after World War II, the superpowers defined the European spheres of influence and developed competing ideals.

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4 Kennan, "The Kennan 'Long Telegram."
of modernity. The United States invited other nations to join its international capitalist system and United Nations world community. The Soviet Union, by contrast, coerced neighboring countries to accept the communist system of government and to bend to Moscow’s will and self-interest.

In a later paper for the National Security Council Policy Planning Staff, Kennan recognized the importance of the satellite countries for the Soviet Union. The United States effectively prevented the spread of communism to Western Europe, but this “forced Moscow to consolidate its hold on Eastern Europe.” Both the United States and the Soviet Union attempted to keep a balance of power in Europe: if Western Europe (especially Italy and West Germany) remained a part of the Free World, Eastern Europe must be under the domination of socialism. Kennan believed the Soviets could dominate Eastern Europe through police methods, but doubted the long term success of those methods since Eastern European countries had a high cultural level and a long history of resisting foreign rule. Yet Kennan feared the final collapse of Soviet authority in Eastern Europe, since it may force the Soviet Union to “feel itself seriously threatened internally and may resort to desperate measures.” He did not see that occurring in the immediate future, since Soviet control through its army was absolute in that region, but Eastern European nationalism presented a long term threat to Soviet rule.5

American policy targeted the Soviet Empire in Eastern Europe, but often reality conflicted with rhetoric. Truman recognized America’s limited influence in Eastern Europe, especially when compared to the immediate persuasion of the Red Army. As opposed to other areas of the world where the United States desired to expand its influence, policy planners acknowledged that Eastern Europe was inaccessible after

World War II. Though publicly continuing Roosevelt’s self-determination rhetoric of the Atlantic Charter, Truman in practice accepted the status quo of Soviet domination in their occupied areas.⁶ Eastern Europe’s democratic freedom was not worth war; though Truman called for liberation, American armed forces would not press the matter. Because America placed a higher priority on Western Europe and Soviet relations, self-determination in Eastern Europe “became the casualty of this asymmetry between idealism and harsh reality.”⁷

The United States viewed those Eastern European nations under Soviet rule as “captive nations,” which implied the illegitimacy of their governments. In many countries, such as Romania, the Soviet Union installed communist governments in the wake of World War II, and reneged on armistice agreements and the promise of free elections. The domestic communist parties intimidated and persecuted opponents, rival political parties, and other class enemies. Soon, the “people’s democracies” followed one party and served the Soviet Union.⁸ The actions of the Soviet Union in Eastern Europe blatantly violated the Yalta Declaration on Liberated Europe, which pledged the Soviet Union and United States to the principles of the Atlantic Charter and self-determination.⁹

In Romania, the State Department pressed the Soviet foreign ministers and Romanian leaders to hold quick, free elections in 1946; however, these efforts failed as the

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⁹ “Yalta Declaration on Liberated Europe” 11 February 1945, in Campbell, American Policy toward Communist Eastern Europe, 111-112.
Romanian Communist Party quickly seized control with the backing of the Kremlin.  

The State Department could not prevent the spread of Soviet influence into Eastern Europe. As the American Representative in Romania Burton Berry noted already in 1947, Romania, “like each of the other states in that area, has been dominated militarily, economically and politically by the Soviet Union.”

Even after the Romanian government signed a Treaty of Peace with the Allied and Associated Powers in February, 1947, the Communist Party continued to violate human and political rights. The United States accused the Romanian Communist Party of excluding non-socialist parties from the government, denying freedom of speech, and further violating civil and political liberties. The State Department argued that the Romanian Government, “through its police authorities, intensified its systematic and brutal campaign to eliminate all political opposition.” Even in the very earliest years of the Cold War, the United States condemned the Soviet-dominated governments because “there have not existed, and do not now exist in Rumania those human rights and fundamental freedoms which the Rumanian Government is obligated by the Treaty of Peace to secure to all persons under its jurisdiction.”

Frustrated with the Romanian and other Eastern European governments, the Truman administration also struggled with the role that trade should play in East-West relations. The United States embraced a liberal international financial order, free of restrictions and control. The recovery of Western Europe depended on increased

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10 Telegram from the Secretary of State Byrnes to the Acting Secretary of State, 15 January 1946, FRUS, 1946, 6:569-573.

11 Telegram from the Representative in Rumania Burton Berry to the Secretary of State, 5 February 1947, FRUS, 1947, 4:473-476.

12 Department of State Bulletin, 15 February 1948, 18:216-218 (hereafter DSB, with date and volume number).
production, and Truman built a policy of “trade, not aid.” The president designed his foreign policy to construct an open, self-sustaining international economy, famously enacted in the Marshall Plan. However, anti-communism took priority over liberal ideology. Truman utilized export control to secure primacy in the United States-Soviet rivalry and as “a means to ensure the maintenance of its strategic, technological, and military superiority and domestic stability.”

In 1947, the Policy Planning Staff of the National Security Council (NSC), under the direction of George Kennan, recommended that America restrict the shipment of military equipment or goods in short supply to Eastern Europe. The Policy Planning Staff directly connected trade to security; trading strategic goods to communist nations threatened American security. The Soviet Union and its satellites developed into an economic unit after World War II, and the Soviet Union used the satellites to help increase its military potential. At that time, the United States did not adequately control exports to the communist world. East-West trade did not affect the United States because of the minimal volume of economic activity, but Western Europe relied on the East for resources. Kennan’s Policy Planning Staff wanted export controls in connection with the Marshall Plan, even though restrictions hampered the trade ability of Western Europe, because the potential threat of the Soviet and satellite military was great enough to justify restrictions. Though careful to avoid recommending economic warfare, the Policy Planning Staff considered the Soviet Union and satellite countries a threat to the Marshall Plan, economic recovery, and the national security of Western Europe and the United

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States.\textsuperscript{15} The National Security Council decided on December 17, 1947, to control all exports to the Soviet Union and Eastern Europe. The NSC designed the restrictions to aid recovery, to increase US security, and to protect world peace.\textsuperscript{16}

The need to aid Western recovery conflicted with national security. Since Western Europe needed resources from Eastern Europe to maximize their recovery effort, the United States, while still attempting to “prevent or delay further increase in the war potential of Eastern European economies,” sought to import essential resources from Eastern Europe to Western Europe. The United States also needed important metals and minerals from the communist bloc. The Departments of State and Commerce agreed to classify commodities based on strategic value and restrict exports of importance while encouraging trade of non-essential items, but the two agencies were not in complete accord. The Department of Commerce wanted all East-West trade on a \textit{quid pro quo} basis to ensure the maximum benefit to the United States and Western Europe.\textsuperscript{17}

However, the Department of State disagreed because of the low quality and lack of diversity of Eastern European goods and the undue influence Soviet economic leaders might develop over American firms.\textsuperscript{18}

As the United States developed its export control policy, Yugoslavia broke from the Soviet Bloc, initially without US assistance. Instead of rank submission to Stalinist


\textsuperscript{17}Report by the Ad Hoc Subcommittee of the Advisory Committee of the Secretary of Commerce,” 4 May 1948, \textit{FRUS, 1948}, 4:536-542.

\textsuperscript{18}Secretary of State Marshall to Secretary of Commerce Sawyer, 9 July 1948, \textit{FRUS, 1948}, 4:550-551.
Yugoslav leader Josip Tito promoted national communism. Tito’s regime, unique in the region, governed independently without the support of the Soviet Union. Tito had seized control of Yugoslavia through civil war and without the aid of the Red Army. His country served the interests of his authority and Yugoslav communism, not Stalin and the Soviet Union. Though Stalin soon purged the Soviet Bloc of any potential “Titos,” many secretly strove for independence from Soviet influence in East Germany, Hungary, and Czechoslovakia.

Tito kept Yugoslavia non-aligned in the Cold War. This first schism in the communist world offered an intriguing opportunity to the United States. If the situation could be exploited, the Soviet Union could be weakened and the Western world could be more secure. The United States adopted a wedge strategy: whenever a fracture appeared in the Iron Curtain, the United States fostered that split and indirectly weakened the Soviet Union. Tito’s break from Moscow represented such an opportunity and the State Department decided to “keep Tito afloat” by providing economic and military aid. Such help prevented the further spread of communism into Greece and Western Europe. Though Yugoslavia was decidedly communist, its opposition to Soviet imperialism took precedence over ideology. A crack in the Soviet bloc, and the maintenance of independent nations were more important than ideology to the Truman administration.

The United States reaction to the Tito opportunity set, as George Kennan stated, “an important precedent” and could have had “an important influence on whether the rift between Tito and Moscow spreads to Russia’s relations with other members of the

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19 Gaddis, *We Now Know*, 49.

Tito proved that a small communist country could challenge and defy the Soviet Union, and Kennan realized the importance of this event. Tito’s actions broke “the aura of mystical omnipotence and infallibility which has surrounded the Kremlin power” and after that “the possibility of defection from Moscow...will from now on be present.” As long as Yugoslavia kept a “loyal and cooperative attitude” towards the west, the United States did not require substantial concessions from Tito and provided aid.\footnote{PPS 35, “The Attitude of this Government toward Events in Yugoslavia,” 30 June 1948, FRUS, 1948, 4:1079-1081.}

Tito’s break with the Soviet Union strengthened Stalin’s determination to prevent another defection. Communist parties in satellite countries hunted and neutralized dissidents and opposition leaders, with some imprisoned and others executed after show trials. Soviet leaders imposed the Stalinist system of rule onto their satellite nations. Further collectivization swept the countryside and eliminated the middle class. Industrialization continued to ruthlessly exploit the working class. Stalin justified his further assumption of control as necessary to prevent another more challenges to his rule.\footnote{Campbell, American Policy towards Communist Eastern Europe, 13.} The Soviet Union met any future wedge strategies with harsh resistance after the purge of Titoist elements. But, Tito showed the possibility of independence, with the economic help of the West. Kennan and other wedge strategists hoped other countries in Eastern Europe would follow Tito’s lead.

How the United States could encourage this remained at issue. On February 26, 1949, Congress passed the Export Control Act, which gave the chief executive strategic economic powers usually reserved for wartime. Export control became a part of
American foreign policy towards the Soviet Union and satellites, even during peacetime. The president could restrict exports to communist countries, as well as exports to any location where capitalist countries could, in turn, deal goods to communist states. National security trumped the ideal of free trade and open markets. The stated purposes of the Export Control Act were "to protect the domestic economy..., to further the foreign policy of the United States and fulfill its international responsibilities, and to exercise the necessary vigilance over exports from the standpoint of their significance to the national security." Acting Assistant Secretary of Commerce Thomas C. Blaisdell emphasized the serious threat to American security that Eastern Europe posed, and argued that "in the light of the growing concern of democratic nations over the policies of the eastern European nations, it is quite clear that our national security requires the exercise of such controls to complement export controls over arms, ammunition, and implements of war." With the State, Commerce, and Defense Departments all in favor of restricting exports to communist states, officials constructed export control lists. Private firms needed licenses from the federal government before exporting items on the list. Congress supported economic control against communist nations and provided the tools for the president to restrict trade and prevent strategic goods from reaching the communist world.

The administration supported the Congressional action because the Export Control Act kept the final decision on export controls in the hands of the president. Secretary of Commerce Charles Sawyer argued that export controls served American

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foreign policy goals and aided the domestic economy by securing scarce resources. The United States could control the flow of resources to Western Europe and keep them away from communist countries.25

By 1949, the United States judged the Marshall Plan a success: it had accelerated the recovery of Western Europe, and protected the vital region from communism. Eastern Europe, however, remained under Soviet domination. Now, Kennan’s Policy Planning Staff decided, was the time to pursue the “elimination of Soviet control from those countries and the reduction of Soviet influence to something like normal dimension[s]” while avoiding war. In order to achieve this goal, the Policy Planning Staff recommended that the United States should seek to remove Soviet troops from Eastern Europe, isolate and attack Stalinist dogma, promote nationalism, and utilize economic force on the satellite nations.26 The U.S. Chiefs of Mission to the satellite states, during a conference in London from October 24-26, 1949, applauded the policies on trade already in force, stating export control had reduced industrial output in the communist bloc and strained Soviet-satellite relations with increased demands on Soviet resources.27

Even if the United States restricted exports to Eastern Europe, communist nations could still import strategic items from other sources. To prevent the further re-exportation of essential goods, the United States and Western Europe developed parallel


control over Eastern European exports. Though less stringent than American controls, the multilateral Coordinating Committee (CoCom), established in November, 1949, restricted goods of strategic and military significance.\textsuperscript{28} CoCom was not associated with NATO or any other international organization, but acted independently to control trade with communist countries. Western allies conducted more trade than the United States did with Eastern Europe, and were thus hesitant of sweeping embargos. Since America’s European allies were worried about domestic reception to export controls, CoCom was non-binding, mostly informal and secret,\textsuperscript{29} so as to avoid domestic debate and pressure.\textsuperscript{30}

Because of the emphasis on export control against communist nations, Truman encountered many problems domestically with Congress while trying to secure aid to Yugoslavia. The Tito regime’s suppression of religious freedom, its adherence to national communism, its restrictive business practices, and its dictatorial government concerned conservative members of Congress. Defenders of the wedge strategy argued that humanitarian and national security concerns overpowered ideological objections, and persuaded Congress to pass $38 million in aid in the Yugoslav Emergency Relief Act of 1950. In addition, supporters of aid argued that recent food and raw material shortages threatened Yugoslav security and presented an opportunity for Soviet interference. This humanitarian need coupled with Tito’s mild liberalization of travel restrictions, greater

\textsuperscript{28}Secretary of State to Certain Diplomatic Offices, 26 April 1950, \textit{FRUS, 1950}, 4:87-93.

\textsuperscript{29}CoCom’s existence remained mostly secret until newspaper reports revealed its existence in 1952.

religious tolerance, and decelerated collectivization (the “loyal and cooperative attitude” described by Kennan), encouraged Congress to support Yugoslav aid.\textsuperscript{31}

By 1950, however, the State Department realized American trade restrictions had no “fundamental effect upon Soviet ability to make war at some time in the future.” Since trade was more important to Eastern Europe, strategic item embargoes did affect the communist satellites, but not substantially. Unless the United States developed a strict international system of embargo, the effect of export restrictions remained minimal. America’s professed ideals of free trade impeded the creation of true economic warfare against the communist world. Even worse, if the United States restricted trade and its allies did not, the real harm would fall on American business which would operate at a severe international disadvantage. The State Department still restricted the trade of strategic items, but doubted the effectiveness of general economic warfare.\textsuperscript{32} In addition, it recognized that Western Europe might in fact be harmed more by trade restrictions than Eastern Europe, as the West still needed Eastern raw material for reconstruction. The State Department, therefore, recommended that the United States cease adding items to the embargo list.\textsuperscript{33}

At the same time, the communist victory in China and Soviet acquisition of the nuclear bomb brought a sense of crisis and urgency to American policy, and resulted in a reversal to a stricter control policy. NSC-68 developed this theme, stating “it is clear that a substantial and rapid building up of strength in the free world is necessary to support a

\begin{itemize}
\item \textsuperscript{31}Lees, \textit{Keeping Tito Afloat}, 60-61, 90-97.
\item \textsuperscript{32}“Comments on Moscow’s Despatch No. 558, October 1, 1949,” undated, \textit{FRUS, 1950}, 4:107-114.
\end{itemize}
firm policy intended to check and to roll back the Kremlin’s drive for world domination.” The document, however, did not specify how to drive out the communists. The Korean War strengthened this resolve. President Truman requested an adjustment in international economic policy to “prevent the flow to countries supporting Communist imperialist aggression of those materials, goods, funds and services which would serve materially to aid their ability to carry on such aggression.” In response, the State Department recommended that the United States “step up our efforts to impair the strength of the Soviet world through the intensification or extension of controls over its trade and financial relationships with outside areas.” Though rejecting a complete embargo, the State Department required licenses for all items exported to Eastern Europe, with a complete ban on strategic items directly contributing to Soviet war potential. Also, the United States worked to decrease reliance on trade with the Soviet bloc and import essential material from other countries.

As the war in Korea continued, Congress added more restrictions to East-West trade in 1951. The Mutual Defense Assistance Control Act of 1951, popularly known as the Battle Act, prevented the sale of strategic goods to communist nations. By controlling exports to countries that threatened U.S. security, the Battle Act aimed to weaken Soviet military and industrial strength. The Act also prevented aid to any other nation that provided strategic goods to communist countries. Embargoed items included arms, ammunition, atomic energy material, petroleum, and any other material that could be used to manufacture materials that “threatened the security of the United States.”

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Battle Act linked the economy and East-West trade to national security and the rollback of communism and, combined with previous strategic embargoes against the Soviet Union and satellite nations, attempted to weaken the economic potential of an empire still recovering from World War II. Eastern Europe itself did not pose an economic and trade threat to the newly rejuvenated American economy, but could theoretically threaten American and European security if its resources were at the disposal of the Soviet Union. The president had discretionary power when enforcing the embargo, and exercised this power liberally. The Battle Act required the president to restrict aid to any country dealing embargoed goods unless unusual circumstances prevailed. Usually, the president issued a blanket exemption to all NATO countries and Japan, pending a case by case review.

Nonetheless, Representative Laurie C. Battle, an Alabama Democrat for whom the Mutual Defense Assistance Control Act was named, criticized the implementation of the Act. He was dissatisfied with the work of Director of Mutual Security W. Averell Harriman, the administrator of the Battle Act, and the export controls of CoCom. Battle wanted more trade restrictions and more items declared strategic. In a letter to Harriman, Battle accused the Truman administration of giving "a lower priority to the control of exports to the Iron Curtain area as a device for gaining an advantage over the Russians in the present world conflict than I think is desirable." Congress, Battle assured, would press the issue.

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36 Kovrig, Of Walls and Bridges, 229-232.


CoCom allies also began criticizing American export controls, but for different reasons. Whereas the United States wanted tighter controls on exports to communist states, the other members of CoCom "repeatedly asserted that while they concur in embargoing certain selected items to the Soviet bloc, items for general industrial uses, even though of strategic importance, should be permitted to be exported to the bloc in limited amounts." Those countries also wanted increases in quota amounts, due to increases in production. Western Europe wanted an expansive increase in East-West trade, running counter to the wishes of the Truman administration that wanted to restrict and decrease reliance on trade with Eastern Europe.\(^39\)

Though Western allies continually violated the strategic embargo, the United States never punished any violations nor restricted any aid to the violating nations. Even in the first year of the Battle Act’s existence, Denmark specifically violated the law by shipping an oil tanker to the Soviet Union. Great Britain, France and Italy shipped strategic goods committed prior to the Battle Act’s effective date. All were granted exemptions because the termination of aid would have "very serious effects" on "NATO and the Northern European Defense Program." Truman and his successors attempted to balance the maintenance of the NATO alliance and the need to weaken the Soviets while trying to influence developments in Eastern Europe.\(^40\) As a result, Western Europe remained economically linked to its communist neighbors while Congress continually argued for more restrictive trade with Eastern Europe throughout the Cold War, and


\(^{40}\) Harriman to Lay, 19 January 1953, 913-932.
usually remained more conservative on the issue than the sitting president. This pattern continued, and solidified the constraints that hampered Johnson’s bridge building policy.

Dwight D. Eisenhower ran as the Republic presidential nominee in 1952 on a plank platform calling for the liberation of Eastern Europe. Eisenhower and his future Secretary of State John Foster Dulles pledged to boldly “roll back” communism from the captive nations and provide “genuine independence of those captive people.” Speaking on August 24, 1952, at an American Legion convention in New York, the candidate promised to help the satellite nations “throw off the yoke of Russian tyranny” and pledged to “never” recognize the permanent Soviet sphere of influence in Eastern Europe. Abandoning Eastern European people was immoral to Eisenhower, but he stressed the need to use “all peaceful means” when discussing the American role in that region’s future with Dulles, who often used more belligerent tones when discussing liberation. From the very beginning, Eisenhower’s Eastern European policy used aggressive words but set pragmatic goals. Rhetoric set the public tone, but Eisenhower, like Truman, would not risk war to free the captive nations of Eastern Europe.

After Eisenhower entered the White House, he and Dulles established a “New Look” in American national security policy. Eisenhower wanted to reduce the size of the military, increase American nuclear armaments, and deter aggression. Since there could be no winner in an atomic war, deterrence became central to his “New Look” strategy.  

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Hesitant to send troops worldwide, even in a limited capacity, Eisenhower instead relied on more covert means to sabotage the growth of communism in the third world.

The fate of Eastern Europe also heavily influenced Eisenhower's Soviet policy. The main goal of Eisenhower’s foreign policy was to “develop throughout the world positive appeals superior to those of Communism” and to “reduce Soviet power and influence so that they can no longer threaten the peaceful co-existence of all nations.” To do so, the National Security Council aimed, “without overestimating the effect or taking undue risks, to weaken Soviet control over the Satellites and the military potential of the Soviet system.”

Eisenhower continued the essential parts of Truman’s East-West trade policy by controlling the export of strategic items, administering the Battle Act, and encouraging non-strategic trade. However, a shift in tone emerged: the United States now encouraged the expansion of peaceful East-West trade to satisfy American allies, obtain needed materials from the Soviet bloc, and avoid the communist propaganda charge that the United States was “against the peaceful development of the world economy and in favor of economic warfare.”

At a NSC meeting on March 18, 1953, President Eisenhower dismissed the necessity of export controls on East-West trade. Restrictions wasted American talent and resources through the administration of the controls, harmed American allies by lowering their standard of living which was “too damned low” from his own observation, and did

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not benefit American security. Eisenhower stated “that in his view the very best weapon in the hands of a modern diplomat was trade” and any inhibitor that harmed American allies must be relaxed. In the president’s view, “it would be impossible to win any war with such severe restrictions placed on our allies, and especially a cold war.” To Eisenhower, the only reason to continue export control of non-strategic items at the current 1953 level was the Battle Act.46

NSC 152, issued on May 25, 1953, reviewed United State economic defense policy. In line with the president’s thinking, the NSC recognized that trade restrictions harmed America’s western allies more than any other region and had very limited long term effect on the Soviet bloc. The NSC recommended a new economic defense policy, that of limiting the definition of “strategic goods;” easing restrictions on trade with Eastern Europe; decreasing the number of embargoed items on the strategic control list; and adopting a more flexible attitude on American and international trade controls. This could be done without revising the Battle Act or requesting additional legislation.47 The National Security Council approved a new relaxed trade policy a few days later.48

This new policy of the United States, developed after months of review, centered on encouraging trade for the benefit of American national security. Trade continued to be part of the wedge strategy, to loosen the control of the Soviet Union over Eastern Europe, but instead of restricting trade on non-strategic good to retard the economic and military potential of the satellites, Eisenhower wanted to use trade in order to influence


these regimes. President Eisenhower summarized this new policy by stating “we are trying to induce the satellites to come over to our side by judicious use of trade” and “the purpose of our trade should be to split the Soviet world.” Given Truman’s experience, the administration had cause to anticipate harsh Congressional opposition, since encouraging East-West trade violated the spirit of the Battle Act.49

As the US defined its policy, it also had to be mindful of the needs of its allies. Fortunately, there was a wide area of agreement. In 1954, British Prime Minister Winston Churchill personally wrote to Eisenhower asking for decreased export controls so Western Europe could engage in the “friendly infiltration” of the Soviet Union and Eastern European satellites, “which would be to our advantage from every point of view, including the military.”50 In March, the Eisenhower administration accepted the relaxation of controls on less strategic items and reviewed the international and American export control lists. Since Eisenhower wanted American trade policy to “be pretty generous,” he loosened restrictions even more. The National Security Council as well decided to explore removing restrictions for American businesses. More in step with its allies, the Eisenhower administration continued to move further and further away from Congressional opinion on East-West trade.51

Yugoslavia constituted part of that growing divide. Tito’s nation remained an outstanding propaganda symbol to exploit, even if the United States viewed no other nation as able to develop “Titoism,” or independence from Moscow. The nation’s

49 Memorandum of Discussion at the 157th Meeting of the National Security Council, 30 July 1953, FRUS, 1952-1954, 1:1004-1009.

50 Secretary of State to the Embassy in the United Kingdom, “Text of Letter from Prime Minister to President,” 27 March 1954, FRUS, 1952-1954, 1:1132-1134.

51 Memorandum of Discussion at the 191st Meeting of the National Security Council, 1 April 1954, FRUS, 1952-1954, 1:1143-1145.
independence constituted “a standing insult to Soviet prestige and a challenge to Soviet infallibility.” Even though the other captive nations were too close geographically to the Soviet Union to declare independence, the promotion of anti-communism, nationalism, and Titoism could provide long-term benefits to the Eastern European people and American security.\(^52\)

From May 27 to June 2, 1955, Soviet Premier Khrushchev visited Yugoslavia to reestablish party relations with Tito. The Belgrade Declaration signed on that trip between Yugoslavia and the Soviet Union stated communist nations could find their own road to socialism and conduct a foreign policy independent of the Soviet Union. However, Tito emerged from the visit suspicious of and disillusioned with true Soviet intentions, and the actual practicality of different roads to socialism remained vague.\(^53\)

The Eisenhower administration continued to supply aid to Tito and Yugoslavia, because, as Dulles stressed, it was “the best leverage we had for getting an increased independence of the satellites...and we should not risk any action that would tend to drive the Yugoslavs back to their Russian connections.”\(^54\) The administration acknowledged that Tito “will continue to regard his interests to be best served from a flexible position in which Yugoslavia can achieve benefits from both power blocs with a minimum of commitments to either,” but the United States maintained its policy of aid to reward independence.\(^55\)


\(^{53}\)Lees, Keeping Tito Afloat, 160-163.


Congress doubted the general wisdom of such policies. In February and March, 1956, the Senate Subcommittee on Investigations held hearings on East-West trade to investigate, as Chairman John L. McClellan, an Arkansas Democrat, stated, the "disturbing" relaxation of export control of strategic goods that occurred in 1954. The subcommittee deemed certain items CoCom removed from embargo lists, such as machine tools, boring machines and advanced industrial technology, as still strategic. The subcommittee heard the testimony of technical advisors to CoCom and private businessmen who dealt with communist countries, most of whom opposed relaxing trade restrictions. Republican Senator Joseph R. McCarthy, a member of the subcommittee, opposed relaxation because "if war comes... a sizable number of Americans may die because of this decontrol." Because of the reduction of controlled items on the CoCom list, many American allies such as Great Britain and Italy could after 1954 export previously classified strategic goods to the Soviet Union and Eastern Europe. This caused consternation in the subcommittee, as many senators viewed that as aiding Soviet military potential.

A major disagreement between the subcommittee and the Eisenhower administration centered on the definition of strategic goods. For instance, during the 1956 East-West Trade hearings, the senators disputed the non-strategic nature of metals such as copper and aluminum. Metals with potent war making potential should be embargoed, the subcommittee argued, even if they had peacetime uses. The basic

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57 Ibid., 65.

58 Ibid., 105.
opinion of the Senate subcommittee was that any metal or good that could possibly have military potential should be controlled from export to the Soviet Union and Eastern Europe.

Eisenhower defended his administration's relaxation of controls against Congressional attacks at a press conference on March 7, 1956. He argued that export controls harmed American allies in Europe who needed resources from the east. The president also stated that control lists, both American and international, were reviewed constantly in order to "see that we are not just getting rigidly fixed behind any one position with respect to any one item." In a subsequent NSC meeting, Eisenhower dismissed the congressional concerns on East-West trade as "moved by political considerations."

Eisenhower continued to stand by his East-West trade policy, but soon congressional opposition became too much to handle. Senator McClellan released the committee's East-West trade report in July, and accused the administration of violating "the spirit if not the letter" of the Battle Act and called for the termination of aid to countries that shipped any goods to communist countries. The administration backed off its relaxation of trade restrictions, and the Commerce Department decided not to remove a long list of goods from the control list. Even though Eisenhower dismissed Congress's role in East-West trade, the pressure was too great to continue liberalizing trade.

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The Soviet invasion of Hungary in 1956 caused the United States to reevaluate its Eastern European policy. Instead of a policy of rollback and liberation, the Operations Coordinating Board of the NSC recognized its failures and pushed for the development of “national communism” and gradual evolution away from Soviet domination through East-West exchanges, such as economic aid, increased trade, and higher diplomatic mission presence. The United States should not act alone: Western Europe and NATO could have a greater impact on Eastern Europe, if policy were coordinated multilaterally.62

Trade remained as the major source of East-West contact. It encouraged peaceful communication with the west and, as with Yugoslavia, encouraged independent action that would be rewarded. In 1958, Secretary Dulles began fighting for fewer controls on trade, much to Eisenhower’s appreciation, and brought up again the effect restrictions had on Western Europe. Acting Secretary of Commerce Walter Williams disagreed, and argued that liberal trade policies strengthened the Soviet Union and increased its capacity “for economic penetration of the Free World.”63

Disagreements persisted. The Policy Planning Board argued for the gradual goal of independence through non-violent means, but the Joint Chiefs of Staff (JCS) argued for liberation through resistance and violent uprisings, rioting, and guerrilla operations, as long as the United States was willing “to cope with the Russian reaction.” Should any nation achieve independence, America should “make unmistakably clear to the Soviets that [the United States would] not tolerate any efforts toward reprisal or resubjugation.”


63 Memorandum of Discussion at the 356th Meeting of the National Security Council, 27 February 1958, FRUS, 1958-1960, 4:327, 703-710.
Even after observing the violent Soviet breaking of the Hungarian revolution, the JCS still argued for rollback, despite the risk. In response, Dulles argued for a subtle policy of applying pressure to the Soviet Union and encouraging the “evolution” of Eastern European countries away from Moscow.  

By 1959, American trade policy increasingly became a concern of the Eisenhower administration. Congressionally-mandated import constraints and increased market competition adversely affected the American trade balance. Higher interest rates shifted American short-term capital overseas, and confidence in the dollar decreased. The balance of payments worsened and would present problems to the succeeding administrations.

At the end of the Eisenhower administration, Eastern Europe still remained firmly entrenched in the Soviet sphere of influence under the dictatorial rule of communist governments, but the State Department, realizing the problems and limitations of liberation rhetoric, settled for simply trying to improve trade and cultural relations. This strategy continued into the next decade, even though it came at the expense of acknowledging Soviet hegemony in Eastern Europe.

John Fitzgerald Kennedy entered the Oval Office in 1961. He had run as an aggressive cold warrior to counter the perception that Democrats were weak on communism. He built on the work of Presidents Truman and Eisenhower, but this did not constrain Kennedy’s ability to remake American foreign policy. He wanted to move from the “Old Frontier” to a “New Frontier” in international relations, and reorganized

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65Eckes, Opening America’s Market, 176-177.
the State Department and Foreign Services to reflect this shift in policy.66 Like Eisenhower before him, Kennedy committed his administration to deter and avoid war, but moved away from massive retaliation and more towards conventional ground forces. As historian John Lewis Gaddis observed, Kennedy tried to “rely less than Eisenhower had on nuclear weapons, while making his willingness to use them seem even more real than that of his predecessor. It was, itself, a theatrical performance…a tough act.”67

Kennedy placed special emphasis on economic relations in the international arena. Western allies and domestic industry desired new economic opportunity, and Kennedy responded. The president made his Secretary of State Dean Rusk responsible for foreign economic policy.68 He instructed the Departments of State and Commerce to work together to promote trade, travel, and investment and increase foreign commerce.69 By increasing trade, Kennedy could stifle the balance of payments problem. Rusk as well recognized the “transformed world trading situation” and wanted to be in a legislative position to “go out and bargain and negotiate and trade with other governments in order to protect our vital trading interests and at the same time that we do so on a nondiscriminatory basis.”70 In order to solve the trade balance problem, Kennedy proposed to increase exports and find new markets.71 Increased East-West trade

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66 Memorandum from the President’s Special Assistant Arthur Schlesinger to the President’s Special Assistant for National Security Affairs McGeorge Bundy, 11 August 1961, FRUS, 1961-1963, 15:37, 72-75.
67 Gaddis, We Now Know, 258.
70 DSB, 4 December 1961, 45:924.
presented a new opportunity to expand economic relations and influence the Soviet and bloc populations.

Because "we must never forget our hopes for the ultimate freedom and welfare of the Eastern European people," President Kennedy asked Congress in his first State of the Union address to amend the Battle Act and give him the economic tools "to help reestablish historic ties of friendship" with Eastern Europe.\(^2\) He proposed that economic and financial assistance should be granted to any nation, except the Soviet Union and China, where the president sees it will enhance American security.\(^3\) This amendment would have removed Eastern Europe from the Battle Act's embargo of aid to communist countries. Kennedy attempted to work through Congress to achieve his bold foreign policy objectives on East-West trade, a step the Eisenhower administration avoided. The Senate amended and approved the bill on May 11, but the House of Representatives failed to act.\(^4\)

In the absence of congressional action, Kennedy, through Executive Order 10945, created the Export Control Review Board on May 24, 1961, in order to administer export control licenses and review policy. The Board was composed of the Secretaries of Commerce, State, and Defense and was designed to give high-level consideration to trade control policies and forge agreement among the three major departments associated with East-West trade.\(^5\)

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\(^5\)DSB, 12 June 1961, 44:934-935.
In a memorandum to fellow Export Control Review Board members on September 18, 1961, Secretary of Commerce Luther H. Hodges expressed concern about growing Congressional opposition to trade with the Soviet bloc. Tensions between the United States and the Soviet Union increased in 1961 because of the Berlin crisis. Hodges recommended not approving any licenses for exports to Eastern Europe “for the time being” because of the current international tension. Hodges also recommended restricting trade in order to influence NATO allies to take stricter positions.\footnote{Memorandum from Hodges to Rusk and McNamara, 18 September 1961, \textit{FRUS, 1961-1963}, 9:302, 658-661.} The Department of Defense agreed with Hodges’ suggestions, but Secretary of State Dean Rusk rejected increased controls because of the effect on allies.\footnote{Letter from Hodges to Rusk, 20 October 1961, \textit{FRUS, 1961-1963}, 9:303, 661-663.}

Cabinet disagreement on East-West trade continued into 1962, with Hodges wanting a tighter control policy and State disagreeing. President Kennedy expressed a desire to ease export controls, but the Commerce Department would not approve any license requests it deemed inappropriate, despite Kennedy’s directions. American businessmen expressed frustration about the delay in license approval because it slowed what little business existed with Eastern Europe. The State Department even viewed Hodges’ actions as promoting economic warfare against the Soviet bloc and undermining the gains made in East-West relations.\footnote{Memorandum from the Acting Assistant Secretary of State for Economic Affairs Trezise to Rusk, 20 April 1962, \textit{FRUS, 1961-1963}, 9:308, 675-677.}

In a memorandum to the National Security Council, Rusk acknowledged the growing disagreements between the State and Commerce Departments over export licenses. Through trade, Rusk hoped to establish “sober communications” with Eastern
Europe and influence the communist states toward becoming “a more responsible and peaceful member of the international community.” Trade could be used to encourage disunity in the Soviet bloc and to help promote national interests and self-determination.  

By contrast, Congress, still following the path it had under Truman, continued to argue for increased multilateral controls on exports to communist nations to establish unity in the Free World against the Soviet bloc. As the Kennedy administration moved away from export controls, Congress required more. Even though trade with the Soviet Bloc was very small, Congress remained particularly interested in the subject. A sharp ideological disagreement existed between the two branches of the federal government: the executive moved towards liberal trade restrictions and increased contact with the communist world, whereas the legislature viewed relaxing restrictions with the bloc as counter to the goals of the Cold War and saw no benefit in such action. Congress strove to increase export controls to prevent Soviet military and industrial expansion using the resources of the United States.  

Rusk continued to argue that though the Sino-Soviet bloc threatened the security of the United States and the Free World, economic policy could be used to influence the bloc as long as economic defense measures reduced war-making potential and unity within the bloc. Trade relations increased communications between the two superpowers and influenced the Soviet bloc “over the long run to become more responsible and peaceful members of the community of nations.” Economic policy could reduce tensions

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79 Memorandum from Rusk to NSC, 10 July 1962, FRUS, 1961-1963, 9:309, 678-684.

80 Memorandum from Secretary of Commerce Hodges to the NSC, 16 July 1962, FRUS, 1961-1963, 9:312, 689-695.
and help find common purpose even in tense and dangerous times. Trade as well could undermine bloc unity by encouraging Eastern European countries to pursue their own national interests and self-determination. By selectively working unilaterally (specifically with one Eastern European country) and multilaterally (with the Soviet Union and Warsaw Pact) the United States hoped to increase contacts and trade opportunities, as well as fragmenting unity within the bloc.\textsuperscript{81}

Following the strategy developed during the Eisenhower presidency, Kennedy supported the long term goal of self-determination for satellite nations, but recognized the pragmatic short term difficulties of this goal and oriented his foreign policy “toward achieving a stable modus vivendi with the Soviet Union, and to this question of liberation was necessarily subordinated.”\textsuperscript{82} Implicitly accepting Soviet hegemony in Eastern Europe, Kennedy attempted to ease tensions through economic and cultural contact, which he hoped would expose those socialist states to the benefits of the liberal West, continuing Eisenhower’s policy of a soft wedge chipping away at the Soviet monolith.

However, Congress challenged Kennedy’s Eastern European policy, just as it had Eisenhower’s. Noting communist pressures in Cuba, South Vietnam, and Laos, in 1962 Congress briefly revoked Most Favored Nation (MFN)\textsuperscript{83} status from Yugoslavia and Poland and limited trade with Eastern Europe.\textsuperscript{84} In a House hearing on captive European

\textsuperscript{81}Memorandum from Rusk to NSC, 10 July 1962, \textit{FRUS, 1961-1963}, 9:309, 678-684.


\textsuperscript{83}Most Favored Nation is a bilateral agreement between two countries in international economic relations. The receiving country is granted all trade advantages, including low tariffs, which any other nation enjoys. The country receives the lowest tariff rate available to any other country. MFN status promotes trade, as it lowers import and export restrictions.

\textsuperscript{84}Kovrig, \textit{Myth of Liberation}, 242-244.
nations, Congressman Donald C. Bruce, a conservative Republican from Indiana, argued that the "object of Communist aggression is to destroy civilization as we know it and to replace it with a planned existence from which will emerge the new Soviet man completely responsive to the masters of the universal superstate." The House Subcommittee on Europe saw the Soviet Union as bent on world conquest and warned it should not be underestimated. Representative Bruce also asserted that the United States failed the captive nation people by not working towards liberation, and should not tolerate the continued expansion of communism world-wide. Congress recommended a harder line against international communism and ignored the work being done through trade and cultural contacts.

Despite Congressional disapproval, the Kennedy administration continued to expand trade with Eastern Europe. The Policy Planning Council recommended that the United States should use trade to influence events in Eastern Europe, "recognizing that such trade can symbolize for a Satellite country another avenue for achieving greater national identity and independence." President Kennedy, in a letter written to the Export Control Review Board a few months before his death, expressed his concern to press forward "more energetically...in our trade with the Soviet and Eastern bloc."

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85U.S. Congress, House of Representatives, Subcommittee on Europe of the Committee on Foreign Affairs, Captive European Nations: Hearings before the Subcommittee on Europe of the Committee on Foreign Affairs, 87th Cong., 2nd sess., 1962, 161-164.


State Department explored ways to increase trade of non-strategic goods with Eastern Europe "to take advantage of current trends."88

During President Kennedy's brief time in office, his East-West trade policy struggled through disagreements within his cabinet between the Departments of State and Commerce, as well as a hostile Congress. He pursued trade and eased export restrictions, similar to Eisenhower's continual push for liberal control. Convinced that the United States could offer an alternative source of technology and industry to Eastern Europe, Kennedy, like his predecessors, sought to build stronger relations in Europe as a whole. After Kennedy's assassination in 1963, Johnson built on these fifteen years of success and failure. East-West trade remained a potent foreign policy tool in the Cold War, but many potential inhibitors remained that the president could not control.

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CHAPTER III

"WHEN THERE IS POLITICAL HARMONY, TRADE INCREASES"

As the United States expanded its sphere of influence around the world, Romania entered under the authority of the Soviet Union. World War II reshaped international, and especially European, foreign relations. The Nazi Empire crumbled in the wake of absolute military defeat and the Soviet Union quickly established its dominance over Central and Eastern Europe. By 1946, the Red Army occupied 260,763 square miles in Europe and Asia.\(^1\) Soviet conceptions of security centered on creating buffer zones to protect itself from hostile elements in Western Europe. By establishing a "geoideological as well as a geopolitical space of Soviet security in Eastern Europe," Stalin protected Soviet interests against future aggression from Germany or any other threat to the Soviet Union.\(^2\)

The domination of Romania offered many benefits to the Soviet Union. Romania possessed abundant natural resources, such as oil, and wide agricultural potential. Geographically, control of Romania provided land routes to Yugoslavia, Bulgaria, and Central Europe. Controlling Romania also meant domination of the Danube River and the Black Sea and secured the Soviet Army's goal of "natural defensible zones" that provided "a comfortable shield of genuinely, or at least effectively, friendly states." Also important were lines of communication and control over supply lines in further countries,

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such as Austria.\(^3\) Romania, in short, served both an economic and military role in the new Soviet empire.

Romania spent the first decade after war under the thumb of Moscow, but in the late 1950s began asserting its autonomy in economic and foreign policy. Though mostly loyal to the Warsaw Pact, Romanian leadership defined its self-interest outside of Soviet-dictated policies. Romania shifted from loyalty to the Kremlin to promoting its own agenda within two decades. Because of Romania's unique ability to separate itself from absolute Soviet control, the communist nation provided a good opportunity for the United States to improve relations with a socialist state. Both nations realized the benefit for their own policy goals, but the Cold War status quo often overpowered rational opportunities in trade and contact.

In 1940, Romania descended into violence after King Carol fled the country, his reputation destroyed because he had joined the Axis Powers. Hitler carved up Romania, giving land to Bulgaria, northern Transylvania to Hungary, and Bessarabia to the Soviet Union, a future point of contention. Marshal Ion Antonescu led the new pro-Nazi government with violence and terror.\(^4\) The government crushed dissent and persecuted the opposition. Communist Party leader Gheorghe Gheorghiu-Dej, an ethnic Romanian from working-class roots, spent most of World War II in a prison camp within the country at Tirgu Jiu. He held a unique position in the Communist Party leadership predominately composed of Soviet operatives and non-ethnic Romanians. Other party


leaders fled to the Soviet Union or hid internally and operated the Communist Party underground.

Romania’s oil reserves were very valuable to the Axis war effort, but on April 5, 1944, Britain and America began bombing the country’s oilfields and refineries. A month later, massive bombing efforts cut oil production by half. Gheorgehiu-Dej escaped from prison and joined the new “Patriotic Front” against Germany. Two weeks later, King Michael disposed of Antonescu with the help of the Patriotic Front. King Michael ceased all hostilities on August 23, and Soviet tanks rolled into Bucharest on August 31, 1944. The Soviet Union took the lead in negotiating Romania’s surrender. Later Soviet war history ignored the King’s actions, instead giving credit for ending the war to Gheorghiu-Dej and the communists.\(^5\)

King Michael formed a coalition government composed of members from the Patriotic Front with Communists holding only a few small positions. However, pressure from Soviet Deputy Foreign Minister Andrei Vyshinsky forced King Michael to establish a new government, led by the Communist Party who seized key positions in the ministries of defense, justice, interior, and the economy.\(^6\) Soon, the Communist Party disposed of the remaining democratic leaders, and Michael abdicated his throne and fled the country in 1947.\(^7\) The United States protested the repression of political dissidents, but was unwilling to get involved in internal Romanian affairs, especially with the Red

\(^5\text{Ghita Ionescu, }\text*{Communism in Rumania: 1944-1962 (New York: Oxford University Press, 1964), 77-78, 84-85.}\)

\(^6\text{Dennis Deletant, }\text*{Romania under Communist Rule (Oxford: the Center for Romanian Studies, 1999), 17, 42.}\)

\(^7\text{Communist Prime Minister Petru Groza threatened the Queen Mother with a pistol and forced Michael to sign the act of abdication.}\)
Army occupying the country. The local American legation protested Romanian and Soviet moves against the opposition, but the complaints were not acknowledged.²

After 1945, Romania found itself in the middle of post-war disputes between the Soviet Union and United States. Each World War II victor claimed ownership of Romano-Americana, an oil company and subsidiary of Standard Oil. The United States claimed two million dollars worth of oil equipment, and provided ownership documentation. However, the Soviet Union classified the equipment as German property, since Romania fought on the side of the Axis, and, therefore, Soviet war spoils. The negotiations, which showed the level of distrust prevalent in Cold War East-West interaction, soon failed.³

Another example of Romanian-American conflict concerned commercial aviation paths. Pan American World Airways Company requested airspace over Romania for its flights to Asia. In return, the United States offered similar airspace in Western Europe, but the Soviet Union, which by 1947 controlled the Romanian air industry, denied the bilateral agreement. The Soviets assumed any air travel would involve military action, and remained suspicious of even commercial activity. Romanian aviation authorities declined even quid pro quo arrangements, following the Soviet lead. The United States and its allies restricted the sale of aviation equipment to the Soviet Union and its satellites, but did allow bilateral agreements concerning commercial traffic in Eastern

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³Ibid., 28-30, 59-60.
Europe as long as it provided a “balance of advantage” to the West. However, Romania remained an unwilling aviation partner in the late 1940s.\(^\text{10}\)

In 1948, the First Congress of the Romanian Workers’ Party elected Gheorghiu-Dej Secretary General.\(^\text{11}\) Gheorghiu-Dej and those loyal to him established a one party communist dictatorship under his authority with the approval of the Soviet Union. As the only legal party in the People’s Republic of Romania, the Workers’ Party instituted a totalitarian style of rule and based their new constitution on the 1936 Soviet model. Romania’s constitution declared “the whole power of the state is derived from the people and belongs to the people,” and granted power to the Party and police “for the sharpening of the class struggle” and removing all traces of capitalism and imperialism.\(^\text{12}\) The Party nationalized industry in 1948 and private property the following year. The state controlled agriculture either directly or indirectly through collectives. The government ministries possessed total authority over the economy and political society in Romania.\(^\text{13}\)

With the continued presence of the Red Army, Romania remained officially and persuasively linked to the Soviet Union. The two countries signed a Treaty of Friendship, Cooperation, and Mutual Assistance on February 4, 1948. Romania and the Soviet Union pledged “to take all joint action in their power to obviate any threat of renewed aggression by Germany or any other Power which might be associated with

\(^{10}\)Ibid., 75-78.

\(^{11}\)Tismaneanu, *Stalinism for all Seasons*, 87.

\(^{12}\)Ionescu, *Communism in Rumania*, 157.

Germany either directly or in any other way. By focusing on future threats from the Western Powers linked to Germany, the Treaty legitimated the continued presence of Soviet troops for security and protection. Romania’s early goals focused on developing a socialist state and pleasing the Soviet Union.

In response to Soviet pressure, continued American human rights protests, and increased tension with the West, Romania harassed and arrested American diplomatic mission staff. Romania particularly objected to American trade policy with Eastern Europe and the restriction on industrial exports. In 1948, authorities arrested four members of the American legation and held them for sixteen hours on charges of espionage and later charged others with conspiracy. The Romanians also requested that America decrease its Legation staff to 53 in 1949, and then to only 10 in 1950. Independent members of the press, including the Romanian correspondents for the New York Times, Associated Press and United Press, were imprisoned and charged with espionage, removing valuable information sources for the American and British missions. The Romanian media portrayed American military personnel assigned to the mission in Bucharest as terrorists. In response to all these restrictions and questionable harassment and arrests, the American State Department requested a parallel decrease in the Romanian mission staff in Washington, D.C. and imposed travel restrictions on those remaining. American influence through its mission to the Romanian government reached

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15.Ionescu, Communism in Rumania, 148.
its nadir when Romanian officials barely acknowledged the Legation and did not visit it between 1948 and 1951.16

As American-Romanian relations remained hostile, new Soviet leader Nikita Khrushchev attempted to strengthen the Soviet and satellite economies. The Council for Mutual Economic Assistance (CMEA or Comecon), founded by Stalin in response to the Marshall Plan, coordinated bloc economies. The organization set up a series of bilateral trade agreements with the Soviet Union at the center. Under Khushchev, who used the CMEA more than Stalin, the Soviet Union increased its assistance to the satellites and attempted to make CMEA more effective. Khrushchev viewed the Soviet bloc holistically, stating in 1953 that “it is impossible to develop everything everywhere simultaneously…the sooner and the better we develop the division of labor between our countries, the stronger our economies will be.”17 Khrushchev believed the CMEA operated on a basis of equality and aided development on the “principles of independence and respect for sovereignty.” After years of perceived exploitation, the satellite nations would not agree with their supranational leader.18

Romanian-American relations improved during the course of the Eisenhower administration. As the United States softened its economic policy and pursued more expansive trade relations, Romania also softened its stance. Though publicly Romania continued to insult and slander the United States as an imperialist and an enemy of

16Harrington and Courtney, Tweaking the Nose of the Russians, 113-117.


socialism and peace, it sought greater economic contact and moved to solve outstanding issues, such as war reparations and visa issues.

The first break in American-Romanian relations occurred in 1954. Valeriu Constantin Georgescu, a Romanian employee of Standard Oil, visited the United States in 1947 on a business trip with his wife. While away from Romania, communist officials nationalized the oil industry and revoked his citizenship. Georgescu’s children remained in Romania, and he sought their release to America. In 1953, the first Secretary of the Romanian Legation in Washington, D.C. Christache Zambeti offered Georgescu a deal: if he would spy for the government, Romania would release his children. Georgescu refused and notified the State Department, which in turn expelled Zambeti. On February 25, 1954, President Eisenhower personally wrote to Gheorghiu-Dej asking him to investigate the Georgescu matter and to “expedite a satisfactory solution.”19 The press and Voice of America radio broadcasts popularized Georgescu’s story and condemned Romanian actions. Finally, after a year of negotiations, Romania freed the boys and the two sons reunited with their parents on April 13, 1954. The Georgescu family personally thanked President Eisenhower at the White House on May 1.20 A public relations boost for Romania, the Georgescu affair represented a small improvement in Romanian-American relations. The Romanian government could have held the two sons and refused their release, but instead accepted negotiations and demonstrated that issues could be resolved under adverse propaganda conditions.


20Harrington and Courtney, Tweaking the Nose of the Russians, 167.
In general, however, Romania continued to threaten the United States rhetorically, in accord with Soviet attacks on American policy. Though the Kremlin promoted active coexistence with the West, the Soviet Union and satellites also attacked the United States and NATO as a threat to European security at the Moscow Conference in 1954. A few months later, on February 22, 1955, Gheorghiu-Dej delivered a speech on Romanian foreign policy to the 5th session of the Grand National Assembly, echoing Soviet propaganda. This speech summarized the basic foundations of Romanian international relations and foreshadowed the formation of the Warsaw Pact, which occurred a few months later. Gheorghiu-Dej argued that the Soviet Union and Romania remained committed to world peace and the easing of international tensions, but the imperialist United States stood in the way. Romania devoted itself to the principle of “peaceful coexistence of capitalism and socialism on the international arena.” However, the United States threatened the peace because of its international base system, multilateral military organizations like NATO, its militarism, and its other “position of strength” policies. By asserting its dominance over the world, the United States threatened the survival of democracy and socialism. To thwart such belligerence, Gheorghiu-Dej advocated joining with the Soviet Union and other bloc states to take “all the measures...for strengthening security and safeguarding peace in Europe.” Gheorghiu-Dej argued, that by forming a single military command, “a military gamble directed against the peace-loving European states will end for the aggressive imperialist circles not only in mere military defeat but also in the downfall of the capitalist system.”

The Warsaw Pact, formed on May 14, 1955, joined Romania, the Soviet Union, Albania, Bulgaria, Hungary, East Germany, Poland, and Czechoslovakia in common defense against Western aggression and accomplished the objective Gheorghiu-Dej had requested. The Eastern European nations formed the Warsaw Pact “in the interests of the further strengthening and development of friendship, co-operation and mutual assistance” and to maintain peace and security in Europe. The Warsaw Pact treaty also encouraged its members to promote economic and cultural ties within the region. The Warsaw Pact hoped to curb the growing American influence in Europe. It was not a direct response to NATO, which formed six years prior; rather, the Warsaw Pact responded to the larger increase in United States power. When West Germany joined NATO, the Soviet Union threatened to form an Eastern European military alliance, and had to honor its word. The Pact’s charter echoed Soviet foreign policy propaganda points, which Gheorghiu-Dej had asserted as well: peace and friendship, reduction of armaments, and a ban on weapons of mass destruction.

Romania seemed to have a privileged status within the bloc. The Soviet Union presented Romania, in the words of American Assistant Attaché in Bucharest Charles A. Lester in 1956, as a “show-case of communism, in an attempt to show the people of the West that communism can work, and in this way further the ultimate goal of international communism. In order to make this convincing to Western people, attempts are


continually made to establish firmly the myth of Romanian independence." To foster this myth of independence, Lester predicted the Soviet Union would remove its troops from Romania, but he also noted the limited impact this would have on American interests. Khrushchev no doubt had plans for Romania, and realized Romanian potential as a source of material and a rapidly growing socialist state. Khrushchev especially recognized the benefits of Romania and its communist leadership. In his memoirs, Khrushchev acknowledged that Romania "occupies a splendid territory in geographical respects, and its land is fertile," and also possessed abundant natural resources. The Soviet leader encouraged Romania's economic and political development, and valued the Romanian Communist Party. Khrushchev noted that "good relations developed between us and the Romanian leadership."  

A year after joining the Pact, Romania fully supported Soviet actions in crushing the Hungarian revolution. The Hungary revolution threatened Warsaw Pact unity, and ran counter to Romanian loyalty. Gheorghiu-Dej offered to send extra troops, but Khrushchev declined and kept the invasion force strictly Soviet, but he did accept offers for travel of the troops through Romania to Hungary. Romanian leaders worried that the revolution could spread into their country and quickly suppressed any "counter-revolution." Soviet special forces captured Imre Nagy and the other Hungarian revolution leaders in December 1956 and imprisoned them in Snagov, Romania. The failed revolutionaries remained there until 1958 when they were returned to Hungary.

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24 AmLegation, Bucharest, to the Department of State, no. 233, 14 February 1956, RG 59, Decimal File 766.00/2-1456, National Archives, College Park, Maryland, (hereafter cited as NA II), quoted in Verona, Military and Diplomacy, 149.

tried, and executed. The Soviet invasion had prevented Hungary and Nagy from leaving the Warsaw Pact and Romania vocally and materially supported Soviet actions.\footnote{Deletant and Ionescu, "Romania and the Warsaw Pact," 60-61 and Mastny and Byrne, A Cardboard Castle?, 8.}

Khrushchev’s policy of de-Stalinization had opened Eastern Europe to change, but reform was to spread from the directives of the Party. If reforms went too far, Khrushchev would not hesitate to intervene and crush the "counter-revolution." The Gomulka regime in Poland understood these limitations and Khrushchev granted it a measure of reform, but the Hungarians committed the capital crime of challenging the rule of one party. A wedge into communist control threatened the entire socialist state and would not be tolerated. For this reason, all of the satellite nations approved of Soviet actions to reassert the domination of the Communist Party. Communist authority might have rested "on nothing more than the barrel of a tank," but that insured its continuation.\footnote{Tony Judt, Postwar: A History of Europe Since 1945 (New York: The Penguin Press, 2005), 318-321.}

Having shown the limits of Soviet tolerance in Hungary, Khrushchev felt able to allow some change in Eastern Europe. Gone was the strict centralization of Stalinist rule over the satellites as Khrushchev relaxed control over day-to-day planning in the bloc. However, the parameters were clear, as the new agreement on relations reached by the Soviets and Romanians in 1957 showed. A joint communiqué declared the continued presence of Soviet troops in Romania "appropriate" and strongly endorsed Soviet actions in Hungary. Romania also received new economic concessions, including decreased interest on SOVROMs (joint Soviet-Romanian companies), increased prices for uranium exports to the Soviet Union, and a four-year suspension on repayment of credits. The
status of force agreement between the Soviets and Romanians continued to grant wide latitude to the Red Army. The Army could move freely without Romanian approval in the country and was exempt from Romanian jurisdiction. The Gheorghiu-Dej regime approved of these terms because of loyalty to the Soviet Union, lack of faith in the Romanian army to resolve any uprisings, and the economic concessions. The new Romanian agreements coincided with new agreements throughout Eastern Europe in response to the Hungarian revolution and Polish uprising.28 The new agreements asserted the Soviet right to occupy and influence its satellites, but Khrushchev did grant a small degree of policy flexibility to encourage economic development.

As Romania continued to develop its economy and industry, it looked to the west for knowledge, technology, and legitimacy. In 1957, the United States granted visas to Romanian agricultural experts to do business and study American farming practices, as part of Eisenhower’s and Dulles’ push for lower trade restrictions and increased economic contact between east and west. Visas were also granted to Romanian chemists and trade officials. This was not a quid pro quo arrangement, as the American mission in Bucharest was afforded only the most basic of comforts and travel visas. The Romanian government even denied the publication of a magazine about America and the establishment of a reading room, both designed to increase knowledge about and interest in the United States. Even with these restrictions, the Romanians at this time attempted to move away from direct Moscow interference in their foreign and domestic policies, and desired a formal agreement with the United States to express the country’s prestige

and independence.\textsuperscript{29} Even though publicly Romania had to tow the Moscow line of peaceful coexistence and the threat of American imperialism, Romanian officials attempted to improve relations with the West behind the scenes. The officials realized the benefits and resources the United States offered, including technology and culture. Also, with increasing latitude from Moscow, Romanian officials could form new contacts with the West and find new opportunities. Romania depended on the Soviet Union economically and militarily, and by at least exploring opportunities with the West attempted to find a new source for developing and industrializing the domestic economy.\textsuperscript{30}

However, according to Khrushchev's memoirs, Romanian Minster of Defense Emil Bodnaras unexpectedly raised the issue of the withdrawal of Soviet troops during a visit by Khrushchev to Bucharest. The Soviet leader had never previously considered it, fearing a NATO attack and lowered Soviet defensive capabilities. The Romanians broached the subject because they believed communist control over the country rested on the appeal of the Romanian Communist Party, not the force of the Red Army.\textsuperscript{31}

On April 17, 1958, Khrushchev acquiesced and withdrew Soviet troops from Romania, announcing the act as "proof of the peace-loving policy of the Soviet Union, of the Romanian People's Republic and of the socialist camp as a whole."\textsuperscript{32} Romania had been a loyal supporter of the Soviet invasion of Hungary in 1956, and also simply offered

\textsuperscript{29}Dispatch from the Legation in Romania to the Department of State, 9 October 1957, \textit{FRUS, 1955-1957}, 25:268, 665-668.


\textsuperscript{31}Khrushchev, \textit{Memoirs}, vol. 3, 706-708.

little military strategic value because of its geographical location (Romania did not border any non-communist countries). Soviet troops were no longer necessary to maintain control of the Communist Party and the troop withdrawal could be used as a diplomatic and propaganda campaign against NATO, with the Soviets calling for American troop withdrawal from Europe in return.33

However, American policymakers were not impressed and rejected linking Soviet withdrawal from Romania with American withdrawal from strategic regions of Europe. The number of Soviet troops stationed outside of its borders remained roughly the same, so the balance of power had not shifted. The issue was an internal Soviet-Romanian one, not one involving NATO-Warsaw Pact troop adjustments. Also, removing troops was less important than allowing satellite nations to develop policy autonomy and evolve from Soviet influence. Since Romania was not geographically or strategically important, the removal of Soviet troops had little impact on East-West relations.34

Granting Romania greater independence in foreign policy was part of Khrushchev’s experiment to grant greater autonomy to the satellites and improve communism’s international prestige. Romanian independence increased its diplomatic legitimacy. Romania embraced the opportunity and increasingly acted independently in foreign policy, often taking a mile when given an inch. Gheorghiu-Dej often acted for Romanian interests and sometimes against Soviet mandates.35

33 Mihai Retegan, In the Shadow of Prague Spring: Romanian Foreign Policy and the Crisis in Czechoslovakia, 1968 (Portland, Oregon: The Center for Romanian Studies, 2000), 30.

34 Verona, Military Occupation and Diplomacy, 144-145

Despite its boasts to Khrushchev, Romania did fear a revolution against the ruling party, spurred on by the Hungarian revolution. The Party quickly contained any unrest and removed any threats by tightening restrictions and strengthening internal security. The death penalty was introduced for any person who acted “in order to cause disorder in the State or to endanger its security.” The Red Army no longer marched in Romania, but the shadow of Stalinist control remained. The Romanian Communist Party continued to control the population through intimidation, and there was no internal liberalization.\(^{36}\)

Nonetheless, the Eisenhower administration began viewing the bloc countries as in a state of transition, and hoped to exploit the situation for American benefit. As the Hungarian and Polish crises demonstrated, differences existed between the desired policies of satellite countries and the Soviet Union. These differences could be exploited through increased contacts, and the NSC in 1958 recognized Romania as a prime target for this strategy.\(^{37}\)

Through financial and cultural exchanges with Romania, the State Department officially increased contacts between the two countries, which helped develop better relations to the benefit of each. America expanded its influence in the communist country, and Romania now had access to some American technology. Cultural exchanges humanized both populations and promoted American differentiation between a socialist regime and its dominated people. Instead of working against and undermining the Romanian communist government, the United States hoped to influence Romania to


evolve as a country away from Soviet influence. The United States wanted to change the Romanian government, not remove it.  \(^{38}\)

Washington policymakers grew increasingly optimistic about the prospects of improved relations between the two countries. Romania maintained a moderate position in foreign affairs, even with fluctuating Moscow attitudes. Because of Romanian desires for Western trade and technology to increase domestic legitimacy, American policy makers viewed the Romanian regime as "exceptionally receptive to increased contracts with the West."\(^{39}\) To exploit this, the State Department in 1959 and the years that followed presented American positions on international issues to high-level Romanian officials whenever possible; developed contacts with artists, professionals, and technocrats; encouraged officials to remove travel restrictions on the basis of reciprocity; encouraged cultural, technical, and educational exchanges between the two countries; continued propaganda efforts and cultural presentations; and increased contacts and exchanges with private organizations and universities. Economically, the State Department attempted to advise and assist US businessmen in trade with Romania as long as it did not interfere with the Battle Act and other strategic embargoes, and to facilitate commercial visits to America by Romanian officials.\(^{40}\)

The last year of the Eisenhower administration brought modest improvement in American-Romanian relations, as the two nations signed a financial agreement on outstanding war debt in 1960. Romania paid a lump-sum of $24,526,370 which covered

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World War II damages, nationalization of American assets in Romania, and commercial and financial debts unresolved since the Treaty of Peace of 1947. Most of the amount was composed of liquidated Romanian assets in the United States. By settling this financial issue, Romania hoped to increase peaceful trade and contacts between the two nations.\(^{41}\) The United States also decided unilaterally to ease travel restrictions.\(^{42}\) In order to “obtain a better knowledge of each other,” the two nations signed a two year agreement for visits and exchanges in the fields of graduate study, science, industry, performing arts, sports, and tourism. Additionally, the agreement called for cooperation in motion pictures, exhibits, books and publications, radio, and television.\(^{43}\)

The two agreements officially increased the economic and cultural contact between the two countries and after a decade of inaction and hostility, represented a modest thaw in their cold relations. However, even though the State Department recommended raising the legation in Bucharest to embassy status in 1960, President Eisenhower refused on the basis of economy (legations were cheaper to maintain) and Romania’s location behind the Iron Curtain. The State Department argued that raising the mission level did not indicate approval of the Romanian government, but assured the Romanian people of American interest in their welfare, and increased American influence and ability to institute policy in Romania.\(^{44}\) Even though the United States had embassies in the Soviet Union, Poland, and Czechoslovakia, Eisenhower did not agree with his

\(^{41}\) *DSB*, 25 April 1960, 42:670-673.


\(^{43}\) *DSB*, 26 December 1960, 43:968-972.

Secretary of State Christian Herter and the Romanian mission remained merely a legation.

For the Soviets, there were other threats with which to contend. The rise of China as an international power in both the communist and non-communist world posed a challenge to Soviet leadership as the Chinese openly questioned the validity of Soviet strategies and ideologies.\(^4^5\) In 1960, the Sino-Soviet schism erupted publicly, with both sides attacking the other in the World Federation of Trade Unions and other communist party meetings. China rejected Soviet discipline and leadership and demanded Soviet consultation with other communist parties before reaching international agreements, a severe cut into Soviet authority which almost provided the CCP with veto power. The schism between the two most powerful communist nations threatened bloc unity and presented opportunities to western diplomacy “for maneuver and influence which could provide important advantages in the world struggle.”\(^4^6\) This split would eventually play a role in Romanian policies.

On December 12, 1961, President Kennedy welcomed the new Romanian Legation Minister, Petre Balaceanu. Kennedy noted his background in economics, but then proceeded to list reasons why trade between America and Romania remained difficult. Even though the United States was interested in trade development, Kennedy noted that “when there is political harmony, trade increases.” Kennedy frankly stated that the political tension between East and West prevented meaningful trade, as did export restrictions (Battle Act) and the current crisis in Berlin. Balaceanu replied that

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\(^4^6\)NIE 10-61, 7-11, 16.
Romania desired improved trade and hoped that could contribute to better overall relations.47

Secretary of State Rusk met with Rumanian Foreign Minister Corneliu Manescu in Geneva a few months later in 1962. During the forty-five minute “friendly, if not relaxed” meeting, the secretary of state expressed the hope that the United States and Romania could overcome disagreements and reach accords on consular and trade issues. Manescu expressed frustration with “Captive Nations Week,” a Cold War creation which focused attention on those nations dominated by communism and other non-democratic regimes.48 Rusk also stated that the United States did not hold Romania responsible for broad differences between East and West. When Manescu asked for clarification, Rusk cited Berlin and Southeast Asia as two “little problems” frustrating relations.49 Even though the crisis in Berlin would soon end, the role of the both the United States and Romania in Southeast Asia would cast a continuing pall over their relationship.

These two brief meetings between the President and the Romanian Minister and the Secretary of State and the Foreign Minister thus previewed the difficulties prevalent in the 1960s that would stymie American-Romanian relations. Romania pushed for increased trade, but the Battle Act severely limited exports of the strategic goods that Romania desired. American rhetoric for liberation in the form of “Captive Nations Week” irritated communist regimes. Cold War crises in Berlin and Southeast Asia raised tension between east and west and hindered constructive growth in trade and cultural

47Presentation of Credentials by New Rumanian Minister, 12 December 1961, FRUS, 1961-1963, 16:2, 10-11.

48Captive Nations Week began in 1953, became law in 1959 (Public Law 86-90), and is still declared every third week in July.

relations. Even if the United States dealt unilaterally with Romania, the two nations were on opposite ideological sides. America was still the leader of the free world, and Romania was still a loyal member of the Warsaw Pact. More importantly, Congress viewed Romania as a puppet of Moscow, even if the State Department and White House did not.

In official publications and speeches, Gheorghiu-Dej remained loyal to the Soviet Union, but focused more on the struggles and achievements of the Romanian Communist Party. In a speech commemorating the 40th anniversary of the founding of the Party titled “Forty Fighting Years under the Victorious Banner of Marxist-Leninism,” he celebrated the Party role in establishing socialism and peace in Romania. Gheorghiu-Dej declared “the Party embodies all that is best in our people; it is the people’s ardent heart, its consciousness, its collective wisdom and will.” Absent, though, was the usual continuous adulation for the Soviet Union’s role in Romania’s establishment of communism beyond an expression of gratitude for the Soviet Army’s role in World War II. More importantly, Gheorghiu-Dej discussed Romania’s efforts in “socialist industrialization – the priority development of the heavy industry with its pivot the machine-building industry, capable of supplying all branches of industry, agriculture and transport with machines and equipment.”

Since the late 1950s, Khrushchev urged greater cohesion in bloc economic production, focusing each bloc country on material and agricultural production while promoting Soviet industrialization and potential. By highlighting industrialization, Gheorghiu-Dej rejected Soviet mandates and asserted Romanian desires for increased economic capability outside of Khrushchev’s wishes and plans. His opposition to Soviet

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domination fed into the greater atmosphere of challenge posed by China. Khrushchev’s control over the communist world faced many grave concerns. Effectively, three camps evolved in the communist world: Soviet imperialism, Chinese revolutionary fervor, and satellite pragmatism. Communist ideology may seem like a religion, but by the 1960s there were numerous denominations in the Communist world.

Romania completed full collectivization of the peasantry in 1962, and Gheorghiu-Dej afterwards focused on Soviet-style economic modernization. This involved the development of national economic plans, rapid industrialization, and the promulgation of national communism. The CMEA threatened Romanian industrialization, as it called for giving the Soviet Union central control over economic production, reducing Eastern Europe to the providers for Soviet factories. Romania would have to abandon its plans of rapid industrialization and be reduced to a supplier of raw goods, leaving them in the familiar position as the “gas station and breadbasket of Eastern Europe.” The CMEA directly threatened Romanian industrialization and political autonomy, but Romania refused to be a second-class nation, appealing to nationalism and their worth in the communist world.

The 1962 CMEA plan called for Romania to abandon its major new industrial plans and focus on petroleum, fertilizers, and agriculture. Romania possessed large amounts of oil reserves that the Soviet Union hoped to exploit for its benefit, not Romania’s. All other satellite nations agreed to “specialize” in a variety of products with only Romania and Albania dissenting. For instance, the Romanian Five-Year Plan

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(1966-70) revolved around the construction of the Galati steel combine, which would triple their steel production and allow for further industrialization. The Soviet Union backed away from its promised support of the steel combine and instead requested Romanian attention to petroleum and agriculture. Romania resented the CMEA placing Soviet interests in front of national interests.\textsuperscript{54}

Gheorghiu-Dej’s promotion of nationalism, independence and western ties increased the popularity of his regime. The American Legation noted in 1963 that Romanian peasants interviewed had a strong positive opinion of the United States and thoroughly disliked the Soviets and communist regimes because of collectivization and poor living conditions. Peasants viewed the United States “as a model of prosperity and a bastion of freedom…everything that comes from the United States is better than can be obtained elsewhere.” Beyond their hatred of collectivization, the peasants increasingly favored the Gheorghiu-Dej regime because of its independent position towards the Soviet Union. A rumor spread in rural areas that because of Gheorghiu-Dej’s efforts, Romania would gain complete freedom from Soviet domination in a few years and collectivization would be abolished.\textsuperscript{55} Though that obviously proved false, Romania continued to assert its independence and increased ties with the Western world.

\textsuperscript{53}Galati is an eastern Romania city on the banks of the Danube River.


\textsuperscript{55}Counselor of American Legation in Bucharest John P. Shaw to Department of State, airgram A-132, “Popular Attitudes in Rural Rumania,” 12 December 1963, RG 59, Central File POL 2 RUM, box 4027, NA II.
The developing gulf between China and the Soviet Union created the opportunity for the independent action Romania followed.\textsuperscript{56} The Soviet Union needed a unified bloc against the China challenge, and was willing to negotiate with Eastern Europe and allow them limited autonomy. China created a weakness in the Soviet empire that satellite nations could exploit.\textsuperscript{57} Romania, previously a subservient satellite of Moscow, claimed neutrality in the Sino-Soviet schism, and the Soviet Union needed to earn its loyalty in the form of increased policy freedom and industrial support. This support ran counter to Soviet goals of increased economic cohesion in the CMEA, but Gheorghiu-Dej increased Romania’s international prestige and viability by exploiting the Sino-Soviet split.\textsuperscript{58}

This policy had a price. Romanian-Soviet trade suffered during the tense period of 1958 to 1964. Imports from the Soviet Union decreased from 57.7 to 37.7 percent. Exports to the Soviet Union decreased as well from 50.2 to 39.8 percent. Trade with the West doubled as imports went from 21.5 to 39.9 percent. Romania had to look elsewhere for economic support since the Soviet Union disagreed with Romania’s role in the Soviet bloc. Romania wanted to have an international impact and CMEA control threatened Romanian legitimacy.\textsuperscript{59} Since the Soviet Union was unwilling to support massive Romanian industrialization, Romania looked internally and towards the West for trade, credit, and later political support. Romania began a process of “re-Romanianization” by


\textsuperscript{58}Counselor of American Embassy in Ankara, Turkey Philip Clock to Department of State, airgram A-95, 26 July 1963, RG 59, Central File POL 2 RUM, box 4027, NA II.

restoring original Romanian names to streets that had been Russified and rehabilitating historical and cultural figures previously purged. Nationalism and pride became part of Romanian propaganda, moving away from previous accolades to Soviet internationalism.  

In 1963, President Kennedy specifically mentioned Romania as an example of "economic and political variation and dissent" that was appearing in the Soviet Bloc. Romanian independent actions encouraged the Kennedy administration to improve economic relations and study Romanian proposals for credit and industrial equipment. Romania wanted to remove travel restrictions, raise the level of the American diplomatic mission, broaden trade improvements, and more generally continue communications between the two governments. Romanian economic ministers also requested industrial equipment in the fields of chemical, rubber, power, metallurgy, electro-technology, cellulose, and food production, as well as increased exports to the United States and favorable credit terms to pay for the new equipment. Romania viewed American industrial equipment as key to their goal of economic development and independence. Better trade relations between the two nations benefited Romanian production

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64 Telegram from the Department of State to the Legation in Romania, 27 November 1963, *FRUS 1961-1963*, 16:26, 55-56.
capabilities, and American foreign policy goals of influencing Eastern Europe and decreasing tension.

Many problems existed before a meaningful level of trade could occur, but by the early 1960s, American-Romanian relations were much improved when compared to relations of a decade previously. The United States and Romania were entering a period of serious discussions about improving trade agreements and diplomatic relations. Of all the Eastern European nations, Romania presented an opportunity to the United States similar to that provided by Yugoslavia in 1948: encouraging a Soviet satellite to pursue autonomy. Yet other more constricting similarities, such as a war against another communist state and an uncooperative Congress, existed as well. It would be Johnson’s task to steer his policy between these two extremes.
CHAPTER IV

"THE WINDS OF CHANGE ARE BLOWING ACROSS EASTERN EUROPE"

The Lyndon Johnson administration's push for improved relations between East and West coincided with the rise of Romanian nationalism and independence. Just as the United States wished to build bridges to Eastern Europe, Romania desired the resources and economic support of the West. The United States and Romania shared a common goal, but with divergent reasons. Johnson's bridge building policy aimed to find common ground between East and West, lowering tension through improved trade and cultural contacts. Romania based its foreign policy on the principle of economic development and industrialization, which would transform Romania from an agricultural country and enable it to "gradually reach the level of the economically advanced countries and secure real national independence."¹ The United States as well as the rest of the Western world offered Romania those desired economic resources.

Although deeply committed to fighting communism in Vietnam, Johnson wanted to lower the general tension level of the Cold War and improve relations between the United States and the communist world.² Johnson tried to influence Eastern Europe to embrace self-determination and polycentrism, and believed the United States could play a positive role in these developments. He declared, "We will continue 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 of humanitarian aid."³ Johnson’s short term aim was European stability, both militarily and diplomatically, and the slow westernization of the bloc countries in the long run.⁴

By promoting economic and cultural relationships, the United States hoped that each Eastern European country could become more and more independent of Moscow. Johnson wanted the United States to reward countries for their independence and adopted a policy of differentiation and pluralism, which rejected a Soviet monolith and encouraged autonomy outside of the Soviet-mandated Warsaw Pact policies.⁵ Slowly, the United States wanted to promote self-determination, liberalization of internal policies, and stronger relations with the West. Bridge building was not a wedge strategy designed to crack the Bloc, but rather an attempt to find, in the words of Dean Rusk, “points on which agreement could be reached, whether they were small points or large points, simply because President Johnson wanted to reduce the dangers in the world.”⁶ The end result would be the “final dismantling of the Iron Curtain and the free association of East Europe and the West.”⁷

Johnson’s bridge building faced many difficulties, some were similar to those faced by his predecessors; others were unique to him. Policy conflicts between the State and Commerce Departments complicated the development and implementation of trade


⁴Kovrig, Myth of Liberation, 258.

⁵Floyd, “For want of Rubber,” 485.


agreements and export controls. Congress remained committed to economic restrictions and did not trust communist intentions. Legislation from the previous fifteen years limited trade possibilities. Though the administration pursued an Eastern European policy separate from its actions in Vietnam, Congress directly connected the two. The State Department negotiated trade agreements with Romania, but trade suffered from the lack of Most Favored Nation status and other trade restrictions. President Johnson tried to build a bridge between the United States and Romania, but never achieved the desired results. The superpower and the communist state could not meaningfully connect.

Johnson’s Cold War policy entailed two seemingly divergent goals: fighting and containing communism in Vietnam while still decreasing East-West tension in Europe. Johnson utilized both the “carrot” and the “stick” to influence communist behavior by encouraging more cultural and economic contact with the Soviet Union and Eastern Europe, but increasing America’s military presence in south-east Asia. The balancing act between soft and hard power complicated the effectiveness of Johnson’s bridge building policy. The president wanted to push back communism in one part of the world while still reaching out to communists in Eastern Europe. Johnson wrote in his memoirs that it was “two aspects of the same policy. We were fighting in Vietnam to demonstrate that aggression should not, must not, succeed…on the other hand, we had to show that there was an alternative to confrontation. We had to work in Europe and elsewhere, as opportunities arose, to erase the worst features of the Cold War.”

The Johnson administration continued the talks Kennedy had initiated with the Romanians concerning trade, consular status, and travel restrictions. The State Department held discussions during the early months of the new administration to increase trade, to raise the consular status to embassy level, and to remove travel restrictions. Romania’s recent signs of independence from Moscow encouraged the State Department to consider seriously Romanian requests. As a result, the Gheorghiu-Dej government settled a few hundred outstanding consular cases, granting visas to Romanians so they could join their relatives in the United States.

A review by the Export Control Review Board specifically recognized the Romanian opportunity. The Board released a policy paper entitled “Action Program for Romania” along with “Policy Guidelines on Trade with Eastern Europe,” delivered to the White House on December 18. The action program, approved by Johnson the following February, described specific commercial proposals to negotiate. Because of its increased push towards an independent foreign policy, Johnson decided Romania would be America’s test case for action in Eastern Europe. Secretary of State Dean Rusk echoed the president’s decision on February 25 in a speech entitled “Why We Treat Different Communist Countries Differently,” arguing that America’s policy was to “encourage evolution in the Communist world toward national independence” and that Romania had “asserted a more independent attitude…and we are responding accordingly.”


10Telegram from the Legation in Romania William Crawford to the Department of State, 26 February 1964, FRUS, 1964-1968, 17:139, 381-385.

11Harrington and Courtney, Tweaking the Nose of the Russians, 229-230.

12DSB, 16 March 1964, 394.
However, members of the Export Review Board continued to disagree, as they had during the Kennedy administration, on the role of trade with Eastern Europe. Secretary of State Rusk wanted to use trade to increase the production of commercial goods in the Soviet bloc, but Secretary of Commerce Hodges wanted *quid pro quo* concessions, such as higher prices on machinery, intellectual protection, and the recognition of copyrights and patents. Rusk accused the Commerce Department of desiring economic warfare with the Soviet Union and satellites. By trading agricultural equipment, the topic of a meeting on January 20, 1964, Rusk hoped to increase Soviet production of consumer goods, but Hodges worried about the effect of new technology on the greater Soviet and satellite economies.13

While the Johnson administration debated East-West trade, Soviet Premier Nikita Khrushchev and the communist leaders of the satellite nations argued over their appropriate relationship. The 1960s trend, which saw the communist leaders in the bloc countries exert more independence than previously, continued into the middle of the decade. Khrushchev observed that they acted like children too old to spank that would soon turn on their father and "kick him in the belly."14 To varying degrees, Eastern European nations moved towards "Tito-esque" independence, able to follow their own road to socialism. During a conversation with Tito’s associate Vladimir Velebit, the Executive Secretary of the Economic Commission for Europe who possessed many economic contacts in Eastern Europe, W. Averell Harriman, Under Secretary for Political

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Affairs, asked what the United States could do to encourage independence. Velebit replied that expanding trade and granting MFN status were key, as "improved trade improves the political climate."\(^5\)

Economic relations came under debate within the Warsaw Pact, as well. Khrushchev continued to push his plan of interbloc economic cooperation, but some satellite nations resisted. Romania began working towards its own industrial goals, often at the expense of CMEA plans. The Soviet Union wanted Romania to focus on agriculture and the development of natural resources, which irritated the Romanian leadership. CMEA members, such as Czechoslovakia, also criticized Romanian industrial plans; however, Romania directed most of its anger and frustration towards the Soviet Union. Romanian officials were confident in the industrial potential of the country, but had to contend with outside interference. Instead of devoting domestic resources to maximizing industrialization, Romania, under CMEA plans, had to export resources, mostly crude oil, to the Soviet Union, even if it did not receive full compensation in the form of currency, machinery or equipment. Romania was "determined to do everything possible to modernize industry within the framework of communism."\(^6\) Romania wanted to become an industrialized communist country, but not subservient to Moscow.

While developing domestic industrialization, Romania tried to keep peace in the international communist camp. Romania preached peace and unity in the face of growing discord between China and the Soviet Union, who argued over border and economic


\(^{16}\) Counselor of the American Embassy, Tokyo John Goodyear to Department of State, airgram A-1097, "Japanese Report of Rumania," 18 March 1964, RG 59, Central File POL RUM, box 2621, NA II.
issues. Romanian leaders called for an end to polemics and offered Sino-Romanian bilateral meetings. Appealing to the Romanians, China declared that the Soviet Union should not hinder economic and industrial development in socialist countries and should reform the CMEA. The Romanian delegation arrived in Beijing in March, 1964, but negotiations were unsuccessful. China rejected a Romanian proposal to cease attacks, while the Soviet Union accused the Chinese of more ideological deviancy and factionalism. After Beijing, the Romanian delegation flew to Moscow, but reached no substantive agreements to heal the growing schism. Romania’s attempt at mediation and leadership had negligible effect on the Sino-Soviet split.\(^7\) Gheorghiu-Dej’s regime desired an increased and more autonomous role in the international communist scene, and vigorously acting as a mediator, even if an unsuccessful one, raised their prestige.

While working with other communist states, Romania also desired increased contact with Western Europe and especially the United States. By increasing contacts with the United States, Romania exemplified, in the CIA’s words, the “new and less rigid relationship” between the Soviet Union and Eastern European satellites that allowed for “greater consideration for individual national interests.” The satellite governments questioned each other’s policies, weakening the effectiveness of the Warsaw Pact and CMEA. The CIA predicted that Eastern European nations will “broaden their autonomy even more in view of the unsatisfied demands of self-interest in all of them.” The Soviet bloc was clearly in flux, developing away from Soviet control and towards independence.\(^8\)


Rusk voiced similar sentiments when he testified on East-West trade on March 13, 1964, in front of the Senate Committee on Foreign Relations. He noted all Eastern European countries were trying to reduce their dependence on the Soviet Union and increase trade with the United States. American policy centered on using trade to motivate Eastern European countries toward greater independence, and the State Department decreased export restrictions and made other concessions in order to enact this policy. Trade enabled the United States to “exert some influence on the evolution of policy and institutions in this period of accelerating change in Eastern Europe.” Rusk told the committee that the administration was exploring “realistic” trade opportunities, and warned Congress not to get caught up in “doctrinaire extremes that seem to flourish in this field.”

When Rusk noted that the regimes of Eastern Europe were moving towards greater freedom and better relations with the West, Democratic Senator Frank J. Lausche of Ohio disagreed and viewed the satellites in the same hostile light as the Cuban regime. Lausche argued that since he distinguished the regimes from the captive population, the United States should not be using trade to help the communist governments and not “following the course of conduct which is tantamount to telling the world we have gone to bed with the Communists.” The committee disagreed with the administration’s handling of East-West trade, such as selling wheat to the Soviet Union, providing aid to Yugoslavia, and increasing trade with Poland. In the words of Republican Senator Karl

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20 Ibid., 30.
E. Mundt of South Dakota, "the attitude of Congress is certainly not one to encourage trade with Communist countries."21

Secretary of Commerce Hodges testified three days later and described the impediments to East-West trade: congressional legislation, continued denial of Most Favored Nation status, and export controls. Hodges again pressed for a *quid pro quo* agreement on East-West trade, an argument he made in Export Control Review Board meetings with little support from Rusk. If the United States exported advanced technology or valuable resources, it should receive equal value in return. Hodges further described a major inhibitor to East-West trade: the denial of Most Favored Nation status. Without MFN status, countries had to pay tariffs on their exports, which raised prices and made those goods less competitive, so major trade could not occur as long as Congress denied MFN to Romania. The President did not have the authority to grant MFN status which severely hampered his ability to negotiate and enact trade agreements with countries lacking the trade status. Lacking MFN status and with higher tariffs, Eastern European goods could not compete in the American markets.22

The Chairman of the Foreign Relations Committee, Senator J. William Fulbright, a Democrat from Arkansas, argued that the current restrictive East-West trade policy hurt American businessmen more than any other group. He pointed out the difficulty of keeping American technology out of the hands of communists and questioned the effectiveness of the current trade restrictions. Export controls kept the Eastern European market open only for Western European businesses and placed a burden on America. He

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21Ibid., 42.

22Ibid., 54-65.
also specifically pointed to Romania's growing independence from Khrushchev and desire for increased trade with the west.\textsuperscript{23}

Romania helped its case by publicly declaring its economic and foreign policy independence at the Enlarged Plenum of the Central Committee of the Romanian Workers' Party held in April, 1964; they did so after consulting with the Chinese. The CMEA threatened Romanian sovereignty by removing control of the economy from the state and granting it to supranational organizations. Gheorghiu-Dej stated that an integrated world economy was the long term goal of communism, but that goal must not violate the national economies of independent socialist nations. With the Sino-Soviet schism causing hostility in the communist world, Romania appealed for peaceful coexistence among all socialist states. The success of the communist world depended on the ability of all socialist states to work without conflict.\textsuperscript{24} The Romanian leadership hoped to play the Soviets against the increasingly polemic Chinese, creating leverage for its own interests. By declaring its autonomy, Romania asserted its legitimacy in the communist community and demanded the respect owed to a socialist state. Such bold displays of nationalism and pride increased the internal popularity for the Romanian Workers' Party.

The American legation in Bucharest later learned that during the 1964 Plenum, Gheorghiu-Dej held a special meeting with regional party secretaries to confirm their loyalty to the party and its new policies, as well as to warn them of the dangers of the new doctrinal keystone of Romanian foreign policy. He worried about Soviet reprisals to

\textsuperscript{23}Ibid., 67, 70.

Romanian independence, no doubt with the Hungarian invasion in the back of his mind. Gheorghiu-Dej also struggled with the possibility of internal "out-of-hand demonstrations and publicity" that could encourage Soviet action.\(^25\)

Gheorghiu-Dej’s policy centered on legitimatizing his regime’s international credibility, securing domestic support through nationalism and patriotism, proceeding with his nation’s rapid industrialization, overcoming difficulties and poor relations in the CMEA, and warding off a Soviet invasion. The Plenum declared that Romania would not “fall into line with Moscow on the Sino-Soviet split” and more profoundly denied “Moscow’s traditional role as center of the communist world.” The American legation in Bucharest concluded that “it is not an overstatement to say that this pronouncement establishes Rumania’s emergence as a new and original form of national communism” by promoting the “diversity, equal rights and independence of each communist state.”

Gheorghiu-Dej and the Romanian Communist Party attacked the credibility and authority of Moscow, taking advantage of the polemics already stated by the CCP.\(^26\)

Romanian officials made “blunt and strong criticism of the USSR” on three issues impeding Romanian industrialization: the Soviet economic exploitation of Romania, the CMEA, and Khrushchev himself. Because the Soviet Union ordered Romania to focus on oil and agricultural products as a member of the CMEA, Romanian officials believed this prevented their advancement and ability to focus on industrialization. The Soviets and Romanians disagreed on the allocation of resources, as well as control over

\(^{25}\) AmLegation, Bucharest, Minister William Crawford to Department of State, airgram A-118, “Gheorghiu-Dej Reportedly Told Regional Party Heads of Risks in New Course,” 7 October 1964, RG 59, Central File POL 11 RUM, box 2622, NA II.

\(^{26}\) Crawford to Department of State, airgram A-267, “Joint Weeka No. 9,” 8 May 1964, RG 59, Central File POL 2-1 RUM, box 2621, NA II.
production. Romania charged that Khrushchev designed the CMEA to control satellite production for the maximum benefit of the Soviet Union through specialization, and this inhibited domestic development. Khrushchev bore the brunt of personal criticism; some Romanian officials speaking at party meetings described Khrushchev as "that pig and corn expert" and as a "thief."\(^{27}\)

Because of "political circumstances" (an oblique reference to the April Plenum), Acting Secretary of State George Ball recommended extending guarantees on sales of non-agricultural products to Romania and Poland on May 13, 1964. By opening talks on trade, finances, and politics, the United States hoped to determine the financial capacity of each country to repay the guaranteed credits.\(^{28}\) Five days later, in Washington, D.C., Harriman, along with American Minister to Romania William Crawford,\(^{29}\) held private talks with Romanian Deputy Prime Minister Gheorghe Gaston-Marin in an effort to begin negotiations. At the meeting, the Romanians reaffirmed their policy of national independence and peaceful coexistence. In order to proceed with rapid industrialization and a rise in the standard of living, Gaston-Marin said Romania pursued diverse economic relations with the western world, and especially the United States. The most important thing, to the Romanian Minister, was the development of economic affairs. While recognizing the handicap of Romania lacking MFN status, Harriman stated the

\(^{27}\) Shaw to Department of State, airgram A-280, "Joint Weeka No. 10," 22 May 1964, RG 59, Central File POL 2-1 RUM, box 2621, NA II.


\(^{29}\) William Avery Crawford, a career Foreign Service Officer, became Minister to the Legation in Romania in 1962 after holding the position of Director of the State Department Office of Research and Analysis for the Sino-Soviet Bloc from 1959 to 1961. In 1965, he left Romania to work in international affairs for NATO. Eric Pace, "William Crawford, 86, Envoy from U.S. to Romania in 60's," NYT 26 December 2001.
United States was ready to “create the climate and environment in which trade is possible.”

Shortly after these talks took place, President Johnson laid out American motives for “bridge building” in a speech on May 23, 1964. By building “bridges across the gulf which has divided us from Eastern Europe,” Johnson hoped to continue the process of encouraging evolution away from Moscow begun in the late 1950s by the Eisenhower Administration. Appropriately, President Eisenhower was in attendance at the speech. Now that the political climate had changed and allowed satellite nations to challenge Soviet rule, a real shift in the Eastern European power structure was possible. America hoped “to open new relationships to countries seeking increased independence yet unable to risk isolation; second, to open the minds of a new generation to the values and visions of the Western civilization from which they come and to which they belong; third to give freer play to the powerful forces of national pride; fourth, to demonstrate that identity of interest and the prospects of progress for Eastern Europe lie in a wider relationship with the West.”

On June 1, 1964, the United States and Romania signed a major trade agreement after two weeks of high level negotiations between Harriman and Gaston-Marin. The deal expanded trade and authorized Romania to buy eleven major industrial installations with the assurance that U.S. equipment would not be re-exported and technical data would not be transmitted without explicit approval; the agreement also called for increased cultural and diplomatic relations. Both nations opened trade offices in New

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York and Bucharest and agreed to raise their respective diplomatic missions from legations to embassies. Most importantly, Harriman used the trade agreement to underscore the State Department’s desire to see continued evidence of Romanian independence in international affairs and greater freedom for the Romanian people.  

The United States also hoped the agreement would encourage other communist nations; more independence from Moscow and liberal internal policies would encourage more trade with the United States.  

Using trade, the United States hoped to improve diplomatic relations and promote independent action by Soviet Bloc nations, and increase respect for human rights in Eastern Europe.  

Two weeks later, the Department of Commerce published a special general licensing procedure which allowed most commodities to be exported to Romania under general licenses without the need for individual ones, as previously required. The trade agreement, in the eyes of the Romanians, was a great step towards improved relations and they appreciated the steps taken to liberalize trade controls. Secretary Rusk, however, tempered Romanian enthusiasm by reminding a Romanian delegation that MFN status was not going to be granted immediately, and that American firms might choose not to sell to Romania, even though the Commerce Department approved export licenses.  

By declaring an independent course to development and a pursuit of its national interests, Romania had put itself on the path of non-alignment with the Soviet Union. Romania held high-level discussions with leading western powers about joining the

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International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), and the General Agreement on Tariffs and Trade (GATT). As Crawford described, “these developments are further evidence that Rumania’s drive for greater independence is not merely a reaction to restrictive Soviet economic policies but is aimed at carving out an independent role in its full sense on the world scene.” Independence also resonated well with the Romanian people who embraced national traditions and a shared history.\(^{35}\)

Now with American approval, the Romanian trade delegation began searching for a company to sell them a synthetic rubber plant, vital to their industrial plans. The Goodyear Tire and Rubber Company first entered negotiations with Romania in the summer of 1964 and applied for and received an export license from the Import-Export Bank to sell the synthetic rubber plant. However, Romanian officials rebuffed Goodyear’s overtures because their process lacked efficiency, pulled out of negotiations, and began searching for other companies with the necessary technology and skill. By the fall of 1964, the Firestone Rubber and Tire Company entered negotiations to sell two plants to Romania, an estimated deal worth up to forty million dollars. Goodyear, realizing the huge market Firestone could gain in Eastern Europe, protested the negotiations on patriotic grounds and claimed the Romanians would export the technology to the Soviet Union. The Associated Press and United Press International ran stories praising Goodyear’s refusal to do business with communists. On October 1, the president of Goodyear wrote a letter to the State Department arguing against the Firestone negotiations and also went public against trading with the communist

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\(^{35}\)Crawford to Department of State, airgram A-127, “Rumania’s Emerging Independence in East-West Political Affairs,” 16 October 1964, RG 59, Central File POL 1 RUM, box 2621, NA II.
Despite the bad publicity, Firestone and Romania reached an unofficial agreement on the sale of two synthetic rubber plants in early January.\(^{37}\)

Romania did little to discourage its poor reputation in the United States. The communist country, along with most of the rest of the communist world, aided North Vietnam and the Viet Cong forces in the South. Most support was material, but protests against American involvement grew more vocal as Johnson escalated the conflict. Though never promising direct involvement, the communist bloc nations offered support to deter American involvement.\(^{38}\) The Soviet Union and China provided large sums of economic and military aid to North Vietnam. Though substantially less, satellite aid to Vietnam consisted of small arms, ammunition, medicine, and other supplies. Romania provided trucks, other vehicles, oil and refined petroleum to Vietnam, aiding its fight against the United States.\(^{39}\) Romania’s aid to the war in Vietnam threatened its trade viability with America as members of Johnson’s cabinet and Congress questioned whether the United States should trade with countries that aided North Vietnam’s war effort.

In his State of the Union address in January, 1965, Johnson noted that “in Eastern Europe, restless nations are slowly beginning to assert their identity. Your government, assisted by the leaders in American labor and business, is now exploring ways to increase


peaceful trade with these countries and with the Soviet Union." He wanted to take the initiative and expand contacts with Eastern Europe, but lacked the authority to further implement his policy. Legislation limited the extent to which Johnson could increase trade with the satellites. In February, in order to explore opportunities and review American East-West trade policy, Johnson asked J. Irwin Miller, Chairman of the Board of the Cummins Engine Company, to form a committee and produce recommendations on trade with the Soviet Union and Eastern Europe. The committee was free to "explore all aspects of the question of expanding peaceful trade in support of the President’s policy of widening our relations with these countries." Johnson wanted a fresh view on East-West trade, and chose "the best informed and most able businessmen in our country as well as representatives of the academic world and labor."

Johnson recognized the challenges involved with expanding East-West trade. He anticipated criticism and resistance from Congress for a number of reasons. Many congressmen, "as well as others outside government, flatly opposed anything that looked like a ‘deal’ with a Communist nation." Others opposed any trade that could benefit the Soviet economy, and wanted trade on a *quid pro quo* basis: if the United States made economic concessions, the communists must offer political concessions. The main opposition, Johnson recognized, came from those opposing the "relaxation of trade

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41Johnson, *The Vantage Point*, 472.

42Memorandum from Bundy to Johnson, "Your Meeting this Afternoon with Irwin Miller about the President’s Committee on East-West Trade," 17 February 1965, *FRUS, 1964-1968*, 9:165, 481.


44Johnson, *The Vantage Point*, 471.
barriers with any country giving assistance to North Vietnam.” Realizing all of these impediments, Johnson hoped Miller and his group would provide a clear picture of the benefits, costs, advantages, and disadvantages to Johnson’s policy. The president “saw increased trade as a way to begin easing some of the worst tensions and suspicions of the Cold War,” but lacked the ability to overcome existing barriers and the challenges of the Vietnam War.\footnote{Johnson, \textit{The Vantage Point}, 472.}

The president needed the support he thought Miller would provide. The Firestone-Romania deal received criticism from newspaper editorials and the conservative magazine \textit{Human Events}. The media praised Goodyear for not taking part in the deal and attacked Firestone’s participation. The publicity brought the issue to the attention of the Young Americans for Freedom (YAF), a conservative group that opposed communism and denounced peaceful coexistence. The YAF protested in March, 1965, outside of Firestone retailers in Philadelphia, holding signs reading “\textit{FIRESTONE SELLS THE USA DOWN THE RED RIVER}” and handing out flyers attacking the company. The protests received much local news coverage. Firestone began questioning its deal, and expressed these concerns to the State Department. The Johnson administration replied that the sale was in compliance with the 1964 trade agreement, and that companies aiding the bridge building policy were patriotic, but did not offer public support to the company.\footnote{Floyd, \textit{For Want of Rubber}, 506-507.}

On March 19, 1965, Gheorghe Gheorghiu-Dej died of cancer. He left a legacy of growing autonomy from the Soviet Union, but deep domestic repression of political and human rights. Nicolae Ceaușescu quickly consolidated his power and became general

\footnote{Johnson, \textit{The Vantage Point}, 472.}
\footnote{Floyd, \textit{For Want of Rubber}, 506-507.}
secretary of the Romanian Communist Party and president of Romania. To ensure his domestic legitimacy, Ceaușescu continued Gheorghiu-Dej’s foreign policy and fostered Romanian national communism, based in tradition and history. The new leader sold socialism as historically Romanian, with the Party as the protectors of the nation’s tradition.47

While protests against Romania appeared in the United States, Romania continued to liberalize and allow greater cultural influence from the West. American books by authors such as John Steinbeck, Ernest Hemingway and William Faulkner appeared in Romanian book stores.48 Louis Armstrong and his Five All-stars gave a series of four sold out jazz concerts on March 27 and 28, 1965, in Bucharest’s Palace Hall despite expensive ticket prices. The concerts coincided with a rise in jazz interest, including the formation of the popular “Students’ Friends of Jazz” club and weekly concerts at the University of Bucharest.49 American music and entertainers had a rapt audience in Romania, once the regime relaxed cultural restrictions.

Ambassador Crawford also worked on the Firestone deal diligently behind the scenes, believing it played a material role in East-West relations. The Firestone deal transcended mere commerce, as it represented American interest in Eastern Europe and support for Romanian independence. The United States had an opportunity not just to increase economic relations with Romania, but prove its devotion to bridge building. Should the negotiations collapse, Crawford recommended that the State Department

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49 American Embassy, Bucharest, to Department of State, airgram A-322, “Joint Weeka No. 7,” 10 April 1965, RG 59, Central File POL 2-1 RUM, box 2621, NA II.
should lobby, "unofficially and discreetly," a key official of Firestone, preferably a
Firestone family member, and save the deal. He argued, "I believe Firestone, as a major
representative of U.S. business community, bears an important responsibility to maintain
U.S. reputation for fair dealing. If circumstances warrant, I would hope the company can
be made aware of this obligation and persuaded to consider U.S. national interest in this
case equally with its own."  

While the Firestone agreement came under fire, Romania also pursued a deal with
Universal Oil Products Company for petroleum exploration and refining equipment.
Romania requested advanced catalyst material, advanced catalyst technology, advanced
petroleum exploration equipment, and anti-knock compounds. The Export Control
Review Board considered the case on April 1, 1965. The new Secretary of Commerce
John T. Connor noted that the Departments of the Interior and Commerce disapproved
of supplying the requests, but State recommended approval. Rusk argued that none of the
items requested were among CoCom embargoed items and Romania continued to follow
the policy of independence from Moscow developed by Gheorghiu-Dej. Even though
there was little hope of Romania receiving MFN status (since Congress continued to
oppose giving it to any communist countries), granting these export licenses could keep
"the doors open" for normal relations between the United States and Romania. Rusk
argued that limited economic growth was better than none. However, Connor and
Secretary of the Interior Stuart Udall worried about exporting advanced drilling

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50 Telegraph from Crawford to Department of State, 31 March 1965, RG 59, Central File POL RUM-US, box 2623, NA II.

51 Connor, as Secretary of Commerce and Chairman of the Export Control Review Board, held considerable sway over relations with Eastern Europe. He strongly objected to the Vietnam War, worked diligently to keep inflation under control, and was a loud voice of dissent within the Johnson cabinet. Patrick McGeehan, "John T. Connor, 85, Former Commerce Secretary, Dies," New York Times, 10 October 2000.
technology to a communist country, particularly one that supplied petroleum, jet fuel, and drilling equipment to North Vietnam, China, and Cuba. Though Romania promised not to copy or re-export American equipment, Secretaries Connor and Udall argued Romania would sell advanced designs and equipment to other Communist nations or be forced to provide it to the Soviet Union. Despite these concerns, the Export Control Review Board agreed to sell the requested petroleum equipment, but Secretary Connor attempted to delay approval of the anti-knock compounds by the President because of Romanian exports to North Vietnam.\footnote{Minutes of Meeting of the Export Control Review Board, 1 April 1965, \textit{FRUS, 1964-1968}, 17:150, 405-413.} Despite Connor’s disapproval, Universal Oil decided to design and construct a $22 million petroleum processing plant.

The petroleum debate showed again the divide within even the Johnson administration concerning “bridge building.” Rusk heeded Johnson’s call and pushed for an increase in trade. American technology provided improved Romanian production and efficiency, which resulted in Romania being freer from the Soviet economy, and thus able to act more independently. However, Connor still saw Romania as a member of the Communist conspiracy that aided American enemies. He ignored Romania’s recent actions because his Cold War suspicions overshadowed all other concerns. Connor and the Under Secretary for Economic Affairs Thomas Mann did not distinguish Romania from the larger communist world. They operated outside “what has generally been understood to be this government’s policy.” Their opposition to liberal trade with
Romania challenged the State Department’s ability to encourage positive relations between East and West.\textsuperscript{53}

The Vietnam War continued to escalate during Johnson’s presidency, and the conflict influenced East-West trade. Connor resisted aiding countries that supported North Vietnam’s actions against American soldiers, and argued against Rusk and Johnson’s Eastern Europe policies. Whereas the Korean War caused Truman to increase export controls against the communist world, Johnson did not want a war in Asia to limit his bridge building policies. Others, including Connor and the Congress, were unwilling to separate the two policies, and limited Johnson’s success in East-West trade.

The YAF continued its protests against the Firestone-Romania deal, and organized a protest at the Indianapolis 500 auto race, a major showcase for Firestone products. On April 16, 1965, the president of Firestone met with State Department officials to discuss the ongoing protests. Having received thousands of letters and increased protests at the retail shops, the company decided to end the deal with Romania. The State Department mildly encouraged the company to pursue the deal, but made no public announcement in support of it. Firestone publicly withdrew from the deal four days later, succumbing to adverse publicity and lack of administration support.\textsuperscript{54}

With the dissolution of the Firestone deal, Johnson’s East-West trade policy experienced a major disappointment. The administration needed new ideas, and with perfect timing the Miller Committee submitted its findings to the President on April 29,

\textsuperscript{53}Memorandum from David Klein of the National Security Council Staff to the President’s Special Assistant for National Security Affairs Bundy, “Rumania, Firestone, etc.,” 20 April 1965, FRUS, 1964-1965, 17:151, 413-414.

\textsuperscript{54}Ryan Floyd, “For Want of Rubber: Romania’s Affair with Firestone in 1965 Part II,” East European Quarterly 39 (Spring 2005): 63-64.
1965. Miller and the other members interviewed the major administration officials involved in East-West trade and quickly realized the lack of consensus in the Johnson Cabinet, which hampered decision making and policy implementation. Secretaries Rusk and McNamara both favored trade expansion without any quid pro quo, while the Secretaries of Agriculture and Commerce believed trade should be limited to “anything they can eat, drink or smoke.” The Secretary of the Treasury Douglas Dillon remained neutral on the issue. The administration’s often confused actions in regard to Eastern Europe reflected the internal discord over East-West trade.55

Working from “the proposition that we can use trade to influence the internal evolution and external behavior of Communist countries,” the Committee recommended that political considerations steer economic concerns.56 The main goal of American trade, as the committee reasoned, was to encourage independence in Eastern Europe and to bring those communist nation’s trade practices “into line” with international norms. While still embargoing strategic items, the United States should actively pursue trade negotiations and relax export controls in response to better relations and concessions. The Committee also determined that the biggest barrier to improved trade relations was denying those countries Most Favored Nation status, which in turn prevented the full exploitation of trade in Eastern Europe. Granting the president MFN power would be a vital tool in expanding trade to communist countries. The Miller Committee concluded that “trade is one of the few channels available to us for constructive contacts with nations with whom we find frequent hostility. In the long run, selected trade, intelligently negotiated and wisely administered, may turn out to have been one of our

55Harrington and Courtney, Tweaking the Nose of the Russians, 251-252.
56Korvig, Of Walls and Bridges, 248-249.
most powerful tools of national policy." In a letter to the President, Miller anticipated a backlash against increasing trade with communist nations, and argued that the report was “anything but soft” as it recommended Johnson “use trade to drive hard, realistic political bargains…which would clearly be in the United States interest.”

The adverse effects of denying trade were also clear. Romanian advocates of improved relations with the United States received strong criticism over the failed Firestone negotiations. Critics used the opportunity to attack cultural and other contacts between the two countries. Romanian leaders still desired improved relations, but bitterness and frustration over the difficulties of bridge building grew. An informant for the embassy in Bucharest declared that Romanians in favor of increased ties with the United States “must get support now.” The Firestone deal soured Romanian-American relations, and hurt bridge building efforts. Some Romanian officials blamed the collapsed Firestone deal on inexperience and unfamiliarity with American trade practices, as well as fierce competition and criticism from Goodyear. Romania, as a socialist nation, had little experience with the internal pressures of an anti-communist society and capitalist economic system.

On July 15, 1965, Senator Fulbright gave a lengthy speech accusing Firestone of withdrawing from the deal because of “unusual competitive pressure and a nuisance boycott by an extremist political organization,” referring to the YAF. He criticized the

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59Telegram from American Embassy, Bucharest, to Department of State, 6 May 1965, RG 59, Central File POL RUM-US, box 2623, NA II.

60Memorandum of Conversation between Foreign Service Officer Owen B. Lee and First Secretary of Romanian Embassy Laurentiu Miculescu, “Conversation with Rumanian Diplomat,” 3 June 1965, RG 59, Central File POL RUM-US, box 2623, NA II.
Johnson administration for not withstanding the strong pressure against the deal. The senator also accused Goodyear salesmen of distributing right-wing pamphlets bitterly attacking Firestone, though Goodyear did not officially acknowledge any involvement.

Challenging Romanian-American relations even further was Romania's continued support for North Vietnam in its war with the United States. During the Ninth Congress of the Romanian Communist Party on July 19-24, 1965, the Party passed a "Motion of Solidarity with the Struggle of the Vietnamese People" that stated Romania's demands and condemnations. The Motion declared, "The right of the Vietnamese people to decide their destiny by themselves, without any interference from outside, in accordance with their own will, must be observed!" Besides the standard revolutionary and anti-imperialistic language, the core of Romanian support for the Vietnamese people centered on independence and self-determinism, which echoed Romanian assertions against the Soviet Union. Romanian leaders based foreign policy and larger national identity on "the principles of national independence and sovereignty, equal rights and non-interference in internal affairs," and thus demanded the same for other nations. In regard to Vietnam, Romanian officials directly criticized American actions and indirectly criticized Soviet actions, accusing both of interfering in domestic conflicts that should be decided by internal leaders.

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64Vasilescu, Romania in World Affairs, 26.
Johnson’s escalation of the Vietnam War also complicated his relationship with Congress. The further he pushed American intervention in Vietnam, the more Congress began to push back. Senator Fulbright went public with his criticism of Johnson’s handling of the Vietnam War in September, 1965. Fulbright believed his dissent would help the American public answer complex foreign policy questions, but Johnson believed it hindered the war effort. The president from then on shunned his former ally. In February, 1966, Fulbright held hearings on the Vietnam War, receiving the testimony of numerous academic, military, and diplomatic experts who told him that US action in Vietnam harmed relations with European allies. Congress began to assert its authority and power against the wishes of the Johnson administration, complicating its ability to create and implement policy in general.

American involvement in Vietnam also drew the criticism of Eastern European regimes. Romanian policy, like that of Lyndon Johnson, pursued two contradictory courses: in this case, criticizing American involvement in Vietnam while still trying to improve relations between the two in order to secure valuable technology and resources. Romanian officials tried to separate political opposition and economic opportunism. Though the Johnson State Department overlooked Romania’s role in aiding Vietnam and criticizing US involvement, Congress did not. Romanian support for North Vietnam and the Viet Cong prevented Congressional approval of bridge building. Romania desired independence from the Soviet Union, but not from the international communist

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community. Romania’s rhetoric and ideology hampered its relations with the United States.

Romanian leaders made two statements on Vietnam in 1965, on February 13 and August 13, each at a time the Romanians regarded as a major escalation of conflict, such as the implementation and continuation of Operation Rolling Thunder. On February 4, 1966, when the United States resumed air attacks against the Democratic Republic of Vietnam, the Romanian Foreign Ministry issued a declaration, condemning “again U.S. aggression against the Vietnamese people and energetically protest[ing] renewed air raids which imperil world peace.”67 Romanian officials, however, also reached out to the United States and offered to mediate the conflict in Vietnam, similar to its efforts to heal the Sino-Soviet split in 1964. Since Romania practiced a foreign policy outside the influence of the Soviet Union and the United States, Romania believed it could negotiate impartially. While publicly condemning American actions in 1966, Romanian officials argued it “was in a unique position to act as an intermediary between the U.S. and Hanoi” because Romania “had an independent outlook.”68 Romania viewed the Vietnam War as another opportunity to increase its own relevance on the international political scene, as well as further promote its autonomous foreign policy.

In 1966, Romania received some good publicity in the United States, even after the failure and difficulty of the Firestone negotiations, increased anti-communist rhetoric in the United States, and the escalation of the Vietnam War. Time Magazine published a

67 Telegram from Ambassador Davis to State Department, 4 February 1966, RG 59, Central File POL 27 VIETS, box 2621, NA II.

cover story on the country, focusing on Romanian independence and advancements as "the third communism," distinct from Soviet and Chinese ideology. The article praised the Romanian economy, but noted its lack of culture compared to its neighbors, especially Hungary. It also criticized the quality of Romanian goods, especially its "Carpati" cigarettes which apparently easily fell apart. However, the cover story was very optimistic about Romanian progress and autonomy and praised new leader Nicolae Ceausescu. "The Third Communism" concluded with a quote from a Romanian waiter: "Yes, it will be lovely one day. We were a very backward country, and now look what we have. And it is Rumanian, not Russian or Western. It is Rumanian."69

Furthering its promotion of nationalism, the Romanian Communist Party held a contest in 1966 to rewrite the Romanian national anthem. According to contest regulations, the new song had to emphasize themes such as "praise of the Homeland, the glorious traditions of the nation now advanced by the Romanian Communist Party as the legitimate successor to these traditions, successes of the working people who are ready to defend with any sacrifice their Homeland, liberty, social conquests and peaceful work all of which echo the party’s accelerating course of national communism under the ever-strengthening leadership of Ceauşescu."70 By linking the Communist Party to shared Romanian traditions and history, Ceauşescu and the party increased the domestic legitimacy of their authority and decreased their connection to the Soviet Union and larger communist international movement. Ceauşescu’s regime valued domestic support


70Second Secretary of American Embassy, Bucharest, Robert H. Frowick to Department of State, airgram A-338, "RSR National Anthem Contest Reflects National Communism Course," 8 April 1966, RG 59, Central File POL 15-6 ROM, box 2621, NA II.
and popularity, especially in the face of possible reprisals for the country’s independent foreign policy.

It was not only Romania’s foreign policy that earned criticism. In May, 1966, the Senate Judiciary Committee heard the testimony of Reverend Richard Wurmbrand. Wurmbrand, a Romanian refugee and an Evangelical Minister, was imprisoned from 1948 to 1956 and 1959 to 1964 by the communist authorities for religious reasons. He claimed to have been tortured, drugged, and even forced to watch the crucifixion of a cat to induce confessions against the church. Reverend Wurmbrand criticized the United States for improving relations with the Romanians. These accusations influenced Congress to view Romania simply as another communist government, certainly in opposition to the White House’s perception and goals of influencing Romania in economics and human rights.

Many in Congress continued to make no distinction between Romania and the larger, belligerent communist world, and Romania’s support of North Vietnam aided this perception. While Congress heard testimony detailing abuse, torture, and the violation of religious freedom and other human rights, Romania sent a delegation, led by Romanian Defense Minister Emil Bodnaras, to North Vietnam in a show of support. Experiencing a “mood of close comradeship,” the Romanian delegation used the opportunity to defend a fellow small, but independent, country. Bodnaras expressed full support for North Vietnam and the Viet Cong, as well as releasing a communiqué that included a lengthy condemnation of the U.S. role in Vietnam. Hanoi in turn expressed “appreciation of Romanian efforts in consolidating peace in Europe and the world.” Both called on

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“powerful anti-imperialist forces” including “fraternal socialist countries” to “unite closely to oppose the imperialists” and firmly asserted the principles of “independence, equality, mutual respect, support, and comradely assistance” in relations among communist parties. Romanian officials criticized the United States in terms similar to those used in the 1950s, accusing the American government of being bent on world domination.

Romania also increased its rhetoric against military blocs in the mid-1960s, boasting its “independent outlook.” The Romanian position on European security focused on the “peaceful expansion of ties between east and west” through the reunification of Germany. This could lead to the rapprochement of East and West Europe “via the gradual atrophy of NATO and the Warsaw Pact (in that order).” The elimination of supranational military organizations would achieve peace and stability and replace the “permanent confrontation” of NATO and the Warsaw Pact. Romanian officials also rejected Soviet proposals to coordinate with Warsaw Pact foreign policy, the only satellite to do so. Ceaușescu and Prime Minister Maurer were determined “not to be a satellite of the Bloc.” Rusk believed that Romania was “firmly committed to the path of national independence and to the pursuit of Romanian national interests, developments which are clearly in the interest of the Free World.” An important distinction Rusk missed, though, was that Romania desired independence from the Soviet

72 Telegram from American Embassy in Saigon to Department of State, 13 May 1966, RG 59, Central File POL 7 ROM, box 2621, NA II.

73 Telegram from Neubert to Department of State, 20 June 1966, RG 59, Central File POL 15-1 ROM, box 2621, NA II.

74 Letter from US Ambassador to Turkey Parker T. Hart to Rusk, 15 August 1966, RG 59, Central File POL TUR-US, box 2621, NA II.

75 Rusk to Hart, 25 August 1966, RG 59, Central File POL TUR-US, box 2621, NA II.
Union, not the international communist community. While autonomous, Romania continued to talk and to act like a socialist country.

Rusk specifically recognized progress in relations with Romania at a Johnson Cabinet meeting in late August, 1966. Citing bridge building progress, the secretary of state noted the trade agreement with Romania, continued economic assistance to long standing recipients like Poland and Yugoslavia, and new proposed legislation on East-West trade. Rusk’s foreign policy was based on “trying not only to put out fires but also to help shape a world in which fires are less likely to occur.” Improved relations with Romania, Rusk argued, aided American foreign policy by pulling communist countries closer to United States interests.

On September 6, 1966, Richard Davis replaced William Crawford as Ambassador to Romania. A career foreign service officer, Davis had served as Senior Deputy Assistant Secretary of State for European Affairs. Crawford’s frustration with the lack of progress in Romanian-American relations contributed to his departure from the embassy. While promoting the relaxation of trade restrictions and constantly pressing for better relations, Crawford found his effectiveness in decline, highlighted by the Firestone deal disintegration. The same issues (MFN, export restrictions, limited credit) plagued economic relations and showed little signs of improvement. Romanian-American relations lost its strongest advocate when Crawford requested his transfer. Now,

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76Rusk, Summary of Presentation - Cabinet Meeting, 25 August 1966, in Lyndon Baines Johnson, Minutes and Documents of the Cabinet Meetings of President Johnson (Frederick, MD: University Publications of America, 1982), microfilm.


78Harrington and Courtney, Tweaking the Nose of the Russians, 260.
Ambassador Davis, President Johnson, and Romanian Secretary Ceaușescu controlled the
future of bridge building.

Romania underwent no changes in policy or personnel. Ceaușescu and the other
Romanian Party leaders continued to emphasize nationalism, tradition, and a shared
history in the mid 1960s. Throughout 1966, Ceaușescu visited all major regions in
Romania to stress the historical and traditional ties that unified the nation, as well as to
discuss economic plans with local party and state officials. The visits “stressed assertedly
the glorious Romanian history, particularly Romanian struggles for independence and
unity, and attempted to convey an impression of continuity between past and present.”
The local population dressed in symbolic historical clothes such as medieval, Dacian, and
Roman styles. By embracing the past, Ceaușescu attempted to legitimatize the
Communist Party and establish a link between a shared Romanian history and socialism.
He rejected international Soviet-style communism for domestic connections.
Nationalism increased the internal popularity and justification for Ceaușescu’s rule.
Though never achieving total independence, Romania did emerge with a degree of
autonomy. The country remained a member of the Warsaw Pact, CMEA, and aligned
with the world socialist camp, but pursued an open foreign policy. Ceaușescu continued
Gheorghiu-Dej’s push for national communism, which focused on rapid industrialization
and his emphasis on nationalism increased domestic support for a bolder, autonomous
foreign policy.  

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79 Telegram from Neubert to Department of State, 12 October 1966, RG 59, Central File POL 15-1
ROM, box 2621, NA II.

80 Dennis Deletant, “'Taunting the Bear': Romania and the Warsaw Pact, 1963-89,” Cold War
Romania’s push for autonomy and continued Chinese belligerency toward the Soviets threatened Soviet policy toward the international communist community, but presented opportunities for President Johnson to decrease tension with the Soviet Union. The international balance of power was shifting: the Soviet Union and China continued to criticize each other, and the Chinese Cultural Revolution only heightened the polemics. Soviet-Chinese dissidence created an opportunity for the United States to ease East-West tension. The Soviet Union was more willing to listen to Johnson, and the president decided to press ahead with his East-West agenda. In October, 1966, President Johnson called for the immediate healing of the “wound in Europe which cuts East from West and brother from brother” by enacting “a shift from the narrow concept of coexistence to the broader vision of peaceful engagement.” The speech, entitled “Making Europe Whole: an Unfinished Task,” laid out his steps to improve East-West relations, including liberalizing trade, easing travel restrictions, and encouraging cultural and scientific exchanges. Even Senator Fulbright, by this time a fierce Johnson critic, called the speech “a statesmanlike approach to our relationships with the Europe of today – not Europe as it has been in the past.” Though Fulbright attacked Johnson’s handling of the Vietnam War, he continued to support the president’s European policy.

To improve East-West relations, the president revised the Export Control Commodity list, removing 400 non-strategic items that could now be shipped to Eastern Europe. This removed obstacles to doing business with Eastern Europe and expanded

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82 Thomas Alan Schwartz, Lyndon Johnson and Europe in the Shadow of Vietnam (Cambridge, Massachusetts: Harvard University Press, 2003), 134-139.
peaceful trade. In addition, Rusk submitted the East-West Trade Relations Act of 1966 to Congress which would give the president the authority to enter into commercial agreements, grant MFN status, and expand the trade of non-strategic goods to Eastern Europe and the Soviet Union. Johnson anticipated resistance from Capitol Hill ("strong enough to spell certain defeat"), but believed 1966 was the year to move ahead with his East-West trade policy.\(^3\)

Congress questioned the motives of the Johnson administration, including the logic of trading with Eastern European communist nations while containing communism in Vietnam. Administration officials defended the removal of peaceful goods and proposed the new trade bill as an attempt to increase cohesion and peace in Europe, and to allow American businesses to compete with Western Europe in Eastern European markets. European trade was in the billions, but American trade with Eastern Europe was only in the millions.\(^4\) Congress never passed the East-West Trade Relations Act. According the George Ball, the White House was not willing to fight for the bill because Johnson did not want to lose support for the rest of his agenda, so in the end the bill was simply "a lot of rhetoric" that "just went up and died."\(^5\) The Vietnam War continued to escalate, and Congress faced elections in 1966. No one wanted to risk the political liability of dealing with the communists.\(^6\) According to Johnson's memoirs, the proposed 1966 East-West Trade Relations Act "became a victim of the war in Vietnam"

\(^{3}\)Johnson, The Vantage Point, 473.

\(^{4}\)U.S. Congress, House of Representatives, Subcommittee on Foreign Affairs, Recent Developments in East-West Relations, 89\(^{th}\) Cong., 2\(^{nd}\) sess., 18 October 1966, 11-14, 41-56.


\(^{6}\)Harrington and Courtney, Tweaking the Nose of the Russians, 261.
because "resentment against nations supporting Hanoi politically and materially was too
great to be overcome."\(^{87}\)

Johnson’s escalating war also complicated and ultimately sabotaged Romanian-
American relations. Romania continually condemned American involvement in
Vietnam, considering the issue as one for the Vietnam people, not outside nations.
Romania called for an immediate halt to American bombing in North Vietnam, the
withdrawal of all foreign troops, and the application of the 1954 Geneva Agreements.
Romania supported "the struggle of the Vietnamese people up to the full victory over
their aggressors."\(^{88}\) Their strident denunciation of US policy aided the conservative
perception that all communist nations should be treated the same, as they all aided North
Vietnam.

Johnson’s East-West trade policy did receive one boost of support from the
United States Council of the International Chamber of Commerce on April 21, 1967,
when the council released a statement arguing that the United States should pursue "a
more flexible policy than in the past towards trade with Eastern Europe." New
opportunities to expand markets and influence the economic development of Eastern
Europe demanded a new trade policy to aid American businesses. The United States
Council supported giving the president the ability to grant MFN status to individual
Eastern European countries because of the benefits the American consumer gained from
increased imports from Eastern Europe. There were tangible economic benefits from
increased trade with Eastern Europe, such as establishing new markets for American

\(^{87}\)Johnson, *The Vantage Point*, 473.

exports. President Johnson appreciated the Council’s support and assured them that the United States would continue “to do our part to bridge the chasm between East and West which has so long threatened the peace of the world.”

Johnson submitted another East-West trade bill in 1967, and again failed to convince Congress of the need to expand East-West relations. Partisan infighting, as well as increased Congressional assertiveness, doomed the trade bill the moment it was announced. Republican opposition, led by House Minority Leader Gerald Ford of Michigan and Senate Minority Leader Everett Dirksen of Illinois, refused to discuss trade until the bloc nations convinced the United States they desired peace in Vietnam. Ford argued against Johnson’s Eastern Europe policy and could not understand how “the Johnson-Humphrey Administration continues to urge that we trade with the enemy by ‘building bridges’ between us and these Communist dealers in death.” The Republican opposition killed the 1967 East-West trade bill before it even reached a committee hearing. As the Washington Post later described the situation, “deep gloom enshrouds the congressional prospects” for liberalized trade.

Romania took the challenges to Romanian-American relations in stride, but grew frustrated. Since any goods the United States could not provide could be procured from Western Europe, Ceaușescu devoted Romanian foreign policy to peace and détente in Europe. He was pleased with the economic and diplomatic relations developed during

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91 Harrington and Courtney, Tweaking the Nose of the Russians, 266.

the Johnson administration, but wanted more. He knew the impact the Vietnam War had on Romanian-American relations, describing the war as "a sort of hindrance." Ceaușescu understood the pressures from Congress, but grew impatient with the continual denial of MFN status and other trade restrictions. When the United States preached patience, Romania expressed displeasure. For instance, Romania requested credits for the purchase of a glass factory from the United States in 1967. The Johnson administration asked Congress for an extension of the lending authority of the Export-Import Bank, but Congress was not cooperative. The Export-Import Bank could not lend credits to communist countries. Upon hearing this, Romanian Premier Ion Maurer remarked "that when Romanian peasants don't like something they scratch behind their ears (he scratched behind his ear)."

On June 26, 1967, President Johnson met with Romanian Prime Minister Ion Gheorghe Maurer and Foreign Minister Corneliu Manescu. Maurer brought up Vietnam as a major topic of discussion. As a fellow small socialist state, Romania sympathized with North Vietnam and wanted a peaceful settlement of the war. It claimed a "special interest" in seeing the war over because hostility threatened Romania's desire for peace and independence. Johnson regretted that the United States and Romania differed in their approach to the Vietnam problem, but he appreciated the "reasonable position" of Romania. Johnson also said that if the Prime Minister could get North Vietnamese leader

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Ho Chi Minh to withdraw his troops from South Vietnam, he would begin negotiations the same day.\textsuperscript{95}

Premier Maurer privately did not think peace was possible in 1967 because Johnson had escalated the war too far, and now North Vietnam had nothing left to lose.\textsuperscript{96} America demanded a \textit{quid pro quo} from Hanoi in negotiations before agreeing to halt bombing, and Romanian mediation efforts remained in vain. Romania talked to both sides of the conflict, but never facilitated a workable de-escalation.\textsuperscript{97} However, W. Averell Harriman later remarked that Romania “did everything they could to further negotiations” and their “the unusual effort and meticulous care... contributed to Hanoi’s ultimate decision to start the talks in Paris.”\textsuperscript{98} Despite their best efforts, Romanian attempts to spur negotiations did not make a difference.

With Romanian-American relations frustrated, Romania increased its ties with Western Europe and established diplomatic relations with West Germany in 1967, the first Eastern European nation to do so. This insulted the Soviet Union and East Germany, but was a part of the Romanian policy of peaceful coexistence. Since World War II, Romania had provided natural resources key to the development and expansion of the European economy, and found allies in the west. Romania also remained neutral in the Six Day War, refusing to sign a note from Moscow condemning Israel for its actions, the


\textsuperscript{97}Harrington and Courtney, \textit{Tweaking the Nose of the Russians}, 265.

only Warsaw Pact nation to do so.\textsuperscript{99} Romania replaced trade with the Soviet Union and Bloc by increasing trade with Western Europe. Imports from and exports to Romania increased every year during the 1960s, but the rate of growth did decrease towards the end of the decade. Imports increased from $231.6 million in 1963 to $391.82 million in 1968. Exports increased from $223.5 million to $578.27 million.\textsuperscript{100} Trade provided a new and better source for technology, products, and knowledge. Ironically, President Johnson recognized the work Western Europe did to build their own bridges to Eastern Europe, and acknowledged that “in many respects they were moving farther and faster than we were. We all had a long was to go, but slowly the Cold War glacier seemed to be melting.”\textsuperscript{101}

Yet this trade had a political cost. Romania provided petroleum and drilling supplies to nations considered enemies by the United States. Such transactions were prohibited by American law. The Battle Act and Foreign Assistance Act complicated America’s ability to trade with Eastern Europe, and must have sent mixed signals about American intentions. Did the United States consider Eastern Europe an enemy, because they dealt with other communist nations, or a potential trade partner? Congress often acted with suspicion towards the Soviet Bloc and its views was in conflict with the President’s words and actions. Common thought was that any goods traded to Eastern Europe would be exported to Vietnam and used to aid in the fight against American

\textsuperscript{99}Harrington and Courtney, \textit{Tweaking the Nose of the Russians}, 267.


\textsuperscript{101}Johnson, \textit{The Vantage Point}, 474.
soldiers. In this sense, there were no nonstrategic goods, and, therefore, there should be no trade.\textsuperscript{102}

Democratic Senator Warren G. Magnuson of Washington, Chairman of the Interstate and Foreign Commerce Committee, supported Johnson’s East-West trade policy. He believed that while still defending against communist military aggression, the United States affirmed the positive behavior of communist regimes through increased trade. Senator Magnuson argued that trade restrained communist belligerency because “if we remove that trade potential, then the Communists will have nothing to lose by pulling out all the stops.” Instead of isolating the Communist bloc, Magnuson believed the United States should encourage the moderates in the Eastern European regimes through non-strategic trade, because “wouldn’t we rather have the Rumanians making corn flakes than increasing jet fuel production.”\textsuperscript{103}

In 1968, as part of its general challenge to the administration, Congress held more hearings to criticize President Johnson on East-West trade, disputing both policy and practice. House Subcommittee on Europe Chairman Edna Kelly, a longtime Democratic Representative from New York, called the hearings to investigate “the whole range of legislation which bears on East-West transactions – and to see how these various statutory provisions implement or advance our foreign policy objectives.” The hearings consisted of testimony by US Congressmen and officials from the State Department. The major concern was Vietnam. As long as America was at war, Congress argued it should not trade with countries that in turn trade with Vietnam. Winning the war in Vietnam

\textsuperscript{102}Kovrig, \textit{Myth of Liberation}, 257.

was paramount over détente and trade concerns. Representative Peter H. B. Frelinghuysen, a Republican from New Jersey, believed that no serious progress in East-West trade would occur until after there was peace in Vietnam.\(^\text{104}\)

Representative Paul Findley, a Republican from Illinois, testifying to the House Subcommittee on Europe, criticized Johnson’s bridge building because unilateral relations with Eastern Europe undermined the Atlantic Community. Findley argued that Johnson’s current policy undermined NATO and isolated the United States. The only way to “make the Eastern European nations realize that destiny is directed by the West — not Moscow” was through unity. Eastern Europe needed to be incorporated into the larger European community and market and the United States undermined this unity by unilaterally pursuing détente.\(^\text{105}\) Findley, however, did think Romania should eventually receive MFN status because “rational economic policies and independent nationalism appear to be replacing the outworn and outmoded concepts of Marxism-Lenism.” He had little support in Congress; even the State Department did not endorse his views because Johnson wanted the autonomous ability to grant MFN status to any nation he deemed appropriate.\(^\text{106}\) Power struggles between the executive and legislative branches continued to complicate East-West trade.

Congress opposed granting MFN status to Eastern European nations because of the lack of protection for private property and trade with North Vietnam.\(^\text{107}\) Delbert L. U.S. Congress, House Subcommittee on Europe, Committee on Foreign Affairs, East-West Trade, 90\(^\text{th}\) Cong., 2\(^{nd}\) sess., 1968, 4-10.

\(^\text{104}\) Ibid., 2-6.


Latta, a Republican from Ohio, criticized Johnson for increasing trade with communist countries that aided the North Vietnam war effort. Because the United States was “in a time of crisis and not of tranquility,” Latta argued against increasing trade with Eastern Europe and the Soviet Union. Again Congress asserted that Vietnam superseded all economic concerns. Ironically, many scholars claim Vietnam obsessed Johnson’s foreign policy. Congress was just as obsessed with the war, if not more so, than the President. Johnson’s bridge building policy proved Johnson was able to act outside the context of the Vietnam War in order to pursue détente. Congress and some members of his administration were not.

John Culver, a Democrat from Iowa, disagreed with Findley’s support for Romania. He argued that despite Romania’s “foreign policy flourishes,” the country remained out of all Eastern European satellites “the most retrogressive state in terms of domestic climate, and probably the most unlikely to be implementing, in the immediate future, the liberal economic reforms” necessary for MFN status. He wondered why the United States should liberalize trade with Romania, when that country had done little to develop “a more liberal climate attractive to Western interests.” However, Republican Representative Benjamin B. Blackburn of Georgia supported increased trade with Romania because of its independent foreign policy and wanted to use trade to “break up the Communist establishment.”

In general, the members of the Subcommittee on Europe disagreed with the President on East-West trade because of Eastern Europe’s support for North Vietnam. Romania offered possibilities because of its independent

\[108\text{Ibid., 19.}\]

\[109\text{Ibid., 17-18.}\]

\[110\text{Ibid., 29.}\]
foreign policy, but its internal policies affected Congressional support. Members of the House of Representatives remained decidedly against giving Johnson the tools he needed to expand East-West trade.

Johnson, however, soon received support from some members of the Senate. In May, 1968, Democratic Senator Walter Mondale of Minnesota held hearings on East-West trade and introduced Senate Joint Resolution 169 in order to “promote the best interests of the United States by permitting an increase in trade in peaceful goods between the United States and the nations of Eastern Europe.” The senator noted that while the Johnson administration encouraged increased trade, Congress inhibited and erected barriers. Congress continued to submit legislation to decrease East-West trade because of the fear of exports to Vietnam. Mondale wanted to relax export controls and ease restrictions on export credits to encourage trade. Because Congress refused to grant MFN status to Eastern European countries (except Yugoslavia and Poland), those countries had to pay the high tariff rates for their products, and, therefore, traded with Western Europe instead. Mondale also criticized the Young Americans for Freedom’s campaign against the Firestone deal, and understood why Romania had “little faith in arrangements with American companies.” The senator concluded his speech on the Senate floor by declaring, “winds of change are blowing across Eastern Europe, but the breezes rarely enter Congress. We must respond to these changes. If we do not, the nations of Eastern Europe and of the West will correctly decide that we have shunned an opportunity to alter the economic dependency with the Communist bloc. History will make the same judgment.”

The Subcommittee on International Finance considered Mondale's bill in June. Testifying in opposition to increased East-West trade, Republican Senator Strom Thurmond of South Carolina found Mondale's argument unconvincing because trading with communist nations gave them no incentive for peace and in fact increased the probability of war. American advanced technology allowed communist nations to focus more on war potential, not developing their own technology. Thurmond argued that Johnson's policy to "woo the satellites" was dangerous and aided the enemy in North Vietnam. The risks of trade were greater than abstaining from it.\(^{112}\) Republican Senator Bourke B. Hickenlooper of Iowa agreed, and argued against the liberal trade policies of the Johnson administration and criticized their relaxation of restrictions on trade.\(^{113}\) Republican Senator Charles H. Percy of Illinois, however, supported Mondale's resolution, arguing that increased trade and contact with capitalism decreased support for Soviet economic policies and systems, as well as increased the desire for peaceful, consumer goods.\(^{114}\) Besides Senator Percy, most Republicans opposed Johnson's East-West trade policy. In the end, no action outside of the hearings was taken, and Congress continued to ignore the benefits of East-West trade because of the Vietnam War.

Without major legislation to revise drastically American-Romanian trade relations, the administration utilized cultural and economic contacts to continue work with the Romanians and to encourage their independent actions. Romanian Ambassador Corneliu Bogdan visited universities and tourist attractions in Seattle, San Francisco, and


\(^{113}\)Ibid., 8.

\(^{114}\)Ibid., 41-42.
Los Angeles, and revisited discussions about a new synthetic rubber plant with Goodyear, the company that ruined the Firestone deal years earlier. Dr. Donald Hornig, the President’s Special Assistant for Science and Technology, invited six Romanian scientists to tour American industries and universities. Alexandru Birladeanu, the Deputy Chairman of the Council of Ministers and Chairman of the Romanian National Council of Scientific Research accompanied the scientists as they toured New York, Chicago, Los Angeles and Cape Kennedy. On July 8, 1968, the United States and Romania signed an agreement to broaden scientific and technological contacts, “including agreements in the field of patent licenses and know-how with adequate protection for industrial rights,” an important issue of deep concern to American firms. During the trip, Birladeanu also requested authorization to buy a heavy water plant for a nuclear power complex, medium-sized computers to use in the national economy, and increased fellowships for Romanian scientists. Secretary Rusk reassured Birladeanu of America’s commitment to expand exchanges between the two countries.

Romania was not the only satellite country moving away from Moscow. While other Eastern European nations grew concerned with Czechoslovakia’s Alexander Dubcek’s calls for reform and autonomy in domestic affairs, Ceaușescu embraced the events of “Prague Spring,” declaring full confidence in Dubcek’s ability to build socialism in accordance with “their hopes and aspirations.” On August 16, he signed a treaty of friendship, cooperation and mutual assistance with Czechoslovakia. A week


later, on August 21, 1968, Soviet and Warsaw Pact troops invaded Czechoslovakia to end the “Prague Spring” liberal reforms. Ceaușescu called the invasion a great mistake and refused to send troops. Based on nationalism and sovereignty, Romania firmly stood against the invasion and was the only Warsaw Pact nation not to send troops to Czechoslovakia.

The conflict alarmed the United States, but the government was muted in its response. It condemned any further hostility as “a great tragedy” and stated that Soviet actions threatened the Eastern European countries’ right to national existence. President Johnson spoke against the invasion and defended the small country’s rights and security. This “unbridled aggression” was at odds with core values of the United States and the United Nations. Romania appreciated Johnson’s remarks.

The Soviet invasion caused the United States to reexamine its East-West trade policies. While asserting that long-term strategy remained the same, the administration took immediate action against the invading countries by denying export licenses, seeking quid pro quo in any new trade agreements, and maintaining the current CoCom embargo list by not removing any items over the next year. Since Romania did not participate in the invasion, the Johnson administration planned on rewarding the country through

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117 Harrington and Courtney, *Tweaking the Nose of the Russians*, 273-274.


requiring export licenses on few items, encouraging Romania to join the General Agreement on Tariffs and Trade, and approving the establishment of American sales offices for Romanian foreign trade enterprises.¹²²

After the invasion, Romania agreed to participate more in Warsaw Pact activities, but refused to give up control of its military. Romania would be involved, but not at the expense of national sovereignty. Ceaușescu continued to expand relations with non-communist countries and visited Latin America in late 1968, but refused to increase Romanian participation in CMEA. Most importantly, Ceaușescu’s internal popularity and control demanded that he remain relatively autonomous from Moscow. He could not offer material concessions to the Soviets lest he jeopardize his own internal control.¹²³

The Soviet invasion of Czechoslovakia challenged Johnson’s bridge building policy. The president resorted to the usual policy of using trade as a “stick,” not a “carrot.” His actions after the invasion, denying export licenses and pursuing more conservative trade deals, used trade as a “stick” when pressed with crisis. Since the United States approved of Romania’s actions, it continued to receive preferential “carrot” treatment. Instead of influencing evolving regime behavior, Johnson was limited, in the end, to a simple short term policy of reward and punishment.


Stalin’s domination of Eastern Europe challenged the principles the United States fought for in World War II, but America’s presidents struggled with how to react to the Soviet threat. The United States had to promote the promises of the Atlantic Charter and the self-determination of captive populations. Publicly, presidents called for liberation and utilized propaganda to that end. However, the United States could not use military force to remove the Soviet chains from Eastern Europe, so the only major means to influence the behavior of communist regimes was trade. America could not utilize its preponderance of “hard” military power, so it utilized its “soft” power of economics.

Although anxious to use aid to Yugoslavia as a wedge to break open the Iron Curtain, in general President Harry Truman decided to restrict and control trade with Eastern Europe. Political concerns, like Western European recovery and the denial of strategic goods that aided the military potential of the Soviet Union, remained more important. When faced with communist aggression in Korea, Truman increased export controls. Congress passed legislation to restrict trade with communist nations, granting Truman the power to enact his East-West trade policy. The Export Control Act of 1949 and Mutual Defense Assistance Control Act aimed to keep strategic goods out of the hands and economies of Eastern Europe and the Soviet Union. However, Dwight Eisenhower, despite his public rhetoric of liberation, resisted economic restrictions and decreased export control. He believed trade was the best weapon diplomats had to influence the behavior of communist regimes and encouraged its expansion. Western
European allies pushed the Eisenhower administration to decrease export controls even more. Congressional legislation, cabinet disagreements, and Cold War pressure prevented Eisenhower from liberalizing trade further.

John Kennedy recognized the immense potential of trade to influence Eastern European regimes, and asked Congress to grant him the authority and power to utilize trade to improve East-West relations. Congress refused, and restricted trade with Eastern Europe. His administration also dealt with internal disagreement over the role of trade and its effects on America’s allies. Kennedy pushed for relaxed export controls in a manner similar to that of Eisenhower, and faced similar impediments to his trade goals.

Meanwhile, Romania emerged as an ideal opportunity for East-West trade. Gheorghiu-Dej pursued an independent foreign policy and rejected the economic control of the Soviet Union. The country attempted to industrialize and modernize as a communist nation. In order to become more independent from Moscow, Romania looked towards the United States as an alternative source of technology and resources.

President Lyndon Johnson wanted to build bridges with Eastern Europe and decrease Cold War tension with Romania as a test case, but his administration did not have great success. Johnson’s policy involved fighting communist aggression while affirming positive communist behavior in Eastern Europe. Turning back communist belligerency in Vietnam went hand in hand with increasing trade in Eastern Europe. Both attempted to mold a safer world and to protect American national security. Unlike Truman, who increased export controls when faced with communist belligerency in Korea, Johnson pressed ahead with liberalizing East-West trade even while fighting in Vietnam. However, any real change was impossible because of a Congress unwilling to
pass new East-West Trade legislation to expand non-strategic trade, complications from the Vietnam War, and the domestic political situation. Romanian-American relations progressed, but remained frustrated because Congress stymied major trade, especially by denying Romania MFN status. Some stringently anti-communist Congressmen distrusted Romania because of existing Cold War bipolarity and suspicion. They still saw the Iron Curtain, not separate countries moving away from Moscow. The specter of Vietnam fueled Congress’ distrust of Romania, allowing its members to claim that any trade with a communist country aided the enemies of the United States. Opposition to East-West trade crossed all regional or partisan bias; only a few more liberal Congressmen, such as Senator Mondale, actively supported Johnson’s policies.

Gheorghiu-Dej and Ceauşescu had grand plans for Romania’s foreign policy. Their attempted mediation of the Sino-Soviet split and Vietnam War demonstrated a level of ambition far greater than their actual power. In a world of superpowers, a tiny country possessed only so much influence. Romania’s vocal and material support to North Vietnam signaled a desire to remain in the communist world, but as an autonomous and respected member. Yet at the same time Romania attempted to improve relations with the United States and Western Europe to achieve its industrial plans. Romania’s foreign policy goals in both the East and the West proved contradictory and difficult to reconcile.

Improvements did occur in American-Romanian relations. Trade increased and Romania continued its policy of peaceful coexistence, enabling the administration to demonstrate that “bridge building” was more than just empty rhetoric. American exports to Romania impressively increased from $1.2 million to $32.3 million. U.S. imports
from Romania increased from $8.8 million in 1963 to a mere $5.8 million in 1968, which is not surprising considering the lower quality and high tariffs on Romanian goods.¹

However, the main goal of bridge building was not economic, but rather to use trade to influence the political and diplomatic behavior of the communist governments in Eastern Europe. Wooing satellite nations through soft power, such as trade and culture, increased American national security by decreasing tension and potential threats. However, Romania did not maintain as “loyal and cooperative” an attitude for Johnson as Yugoslavia had for Truman. Romania’s material aid to North Vietnam, as well as its criticism of American participation in the war, ruined Congressional support for increasing trade. Even if the Johnson administration differentiated between fighting communism in Vietnam and affirming positive behavior in Eastern Europe, Congress did not. Lyndon Johnson attempted to relax tensions while waging war, but it did not work. He tried not to let Vietnam consume him and his foreign policy, but in the end, it did.

However, President Richard Nixon visited Romania during his first year in office, the first president to visit Eastern Europe during the Cold War. He built upon Johnson’s foundation of bridge building. Nixon believed Romanian-American relations could further the cause of European peace. Nixon visited Bucharest “in the spirit of realism and of open-mindedness” and concluded his remarks by declaring, “Traiasca prietenia Romano-Americana [Long live Romanian-American friendship].”² Nixon’s friendship would not have been possible without the actions of the Johnson administration.

¹Marer, Soviet and East European Foreign Trade, 376.

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VITA

Brett A. Jerasa
History Department
BAL 8000
Old Dominion University
Norfolk, VA 23529

Brett Alan Jerasa graduated from the University of Virginia in 2004 with a major in economics and a minor in history. In 2006, he began work on a Master of Arts degree in history at Old Dominion University, focusing on twentieth century history. He is a member of Phi Alpha Theta. Brett’s scholarly interests include Cold War history, American history, twentieth century European history, and diplomatic history. He plans to continue his education in the future.