
Report on Export Control Study

By

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[The following is a reprint of testimony presented by Mr. Schmitt before the Subcommittee on International Economic Policy and Trade of the House Committee on Foreign Affairs in Washington, DC on January 31, 1991. A reprint of the first part of the Executive Summary of the export controls study is presented following this statement.]

My name is Roland W. Schmitt. I am the President of Rensselaer Polytechnic Institute and the Chairman of a committee that has just completed a study of export controls for the Committee on Science, Engineering, and Public Policy of the National Academy of Sciences, National Academy of Engineering and Institute of Medicine. Our committee released its report earlier today. I am grateful to the members of this subcommittee for inviting me to discuss our findings.

As all of you know, export controls long have been a contentious topic here in Washington. But the events of the past several weeks have brought home for Americans throughout the country just how important export controls really are. Iraq's invasion of Kuwait highlighted the growing threat the world faces as chemical, biological, and other weapons of mass destruction proliferate around the globe. Events in Lithuania and Latvia, meanwhile, show that even as we would wish for continued democratic reforms in the Soviet Union, we cannot yet embrace this long-time adversary with open arms.

We also are seeing a transformation of Eastern Europe. Western Europe is moving towards economic unification in 1992. Japan's economic power and technological sophistication is enormous and growing. All these and other changes have been so profound that they demand new approaches.

Our panel's difficult job was to determine where export controls fit into this emerging world. Our study was commissioned by Congress in the 1985 Omnibus Trade and Competitiveness Act. It received support from the U.S. Departments of Commerce, Defense, and State, with limited additional funding from the Industry Coalition on Technology Transfer. We built upon the work of several earlier studies, notably the Academies' 1982 Corson report and 1987 Allen report.

We found several broad trends that affect U.S. efforts to keep sensitive weapons and technology out of the hands of our adversaries. First, the threat to our national security has changed substantially in recent years and will continue evolving. Second, military technology depends increasingly on advances in the civilian economy, and a shift has begun in the relative importance of economic and military strength as determinants of national security. Third, the ability of the United States to pursue national security goals unilaterally is declining.

We then considered how these and other trends fit into the incredibly complex fabric of export controls. Our conclusion is that export controls have served our country well during the past 40 years. And we stress that they will continue to be necessary to national security in the future. But we also determined that national security export controls must change substantially to reflect the new threats and opportunities that the United States is now confronting.

The United States is a member of the Coordinating Committee for Multilateral Export Controls, or COCOM, which oversees the export of sensitive Western technologies to the Soviet Union, Eastern Europe, and China. Current multilateral restrictions on the sale to the Soviet Union and eastern Europe of items with dual—civilian and military—uses are premised in most cases on denial. A sale is not approved unless the exporter can show that the item will be used only for a legitimate civilian purpose. Such a system made sense in the past but [today] is an artifact of the Cold War. Eastern Europe is abandoning its military alliance with the Soviet Union and substantially turning towards democracy. The Soviet Union also is undergoing momentous, if still uncertain, changes.

We think these multilateral restrictions on technology flows from the West to the East can be reduced, allowing for possible exceptions in the case of the Soviet Union. In general, however, we should move toward a system of controls that presumes exports to the former Warsaw Pact countries can be made so long as we can verify that the nation receiving a technology employs it only for civilian rather than military purposes. If the Soviet Union continued moving toward a more transparent society, such verification would become increasingly viable.

Obviously, we must act cautiously. Events in the Baltic states make that clear. And the Gulf War demonstrates anew that our security depends on maintaining a lead in military technology. We must insist on safeguards—such as the right to make unannounced site visits—as a condition for exporting proscribed items. Nonetheless, the time has come for a more dynamic and responsive approach. Moving in this direction will help the United States maintain its competitive position and ability to create new technology of civilian and military relevance. It also may help promote the Soviet economic reform process and encourage, to some degree, the conversion of Soviet military industrial facilities to civilian uses.

The United States faces a different set of threats in the growing capacity of other, less advanced nations to develop and employ weapons of mass destruction. Iraq is a timely example, but other nations also have pursued chemical, biological, or nuclear arsenals, as well as missile-delivery systems and advanced conventional weapons. The proliferation of these weapons of mass destruction challenges us, since we have limited influence over the many suppliers of the products and technologies behind these weapons. Some technologies can be easily hidden or misrepresented. For example, a foreign chemical plant may produce mustard gas instead of fertilizers. In seeking new and innovative export policies to control this growing proliferation threat, we should begin by treating these policies primarily as national security—rather than foreign policy—concerns.

It is also essential that we act multilaterally to the greatest extent possible. It does little good for us to deny technologies to foreign adversaries if one of our allies, or some other nation, steps in to make the sale. Export controls cannot completely stop nations from buying or gaining the capacity to produce dangerous weapons. But, when focused on the risks of greatest concern, they can hinder the flow of sensitive technology more effectively if they are applied by the world community. Our panel believes new opportunities exist for joint action. And it stresses that the Soviet Union and China, as well as the COCOM nations, must officially be part of the multilateral regime to deal with this problem.

This emphasis on multilateralism applies to export-control policy in general. The record is persuasive that unilateral controls have forced the United States to absorb substantial costs. Such controls should thus be used rarely, and only to support carefully considered national goals. Even then, we should normally limit the time we apply unilateral restrictions. To ensure this, controls adopted mainly for foreign policy (as contrasted with national security) purposes should have sunset provisions so they will not outlive their political, military, or technological rationale.

Nor should our exports be obstructed by excessive regulation. Currently, more than a dozen federal agencies administer export controls for a wide range of products. COCOM has its own policies. Some foreign customers are avoiding American products rather than get enmeshed in all these regulations. Many American firms also find the process burdensome. The United States pays a high price for this complexity. In recent years, our technological and manufacturing preeminence has declined in comparison to some other advanced industrial countries. As this subcommittee knows well, our jobs are tied ever more tightly to the global economy. Increased U.S. participation in world trade should be seen as a fundamental element of U.S. national security rather than as a policy counterweight to it.

The system needs to be made simpler, more open, and internally consistent. To its credit, the Bush administration already has made strides in doing this. But we suggest several other ways to make the system less complicated. One is to disentangle important policy considerations from the routine administration of export controls. We think the routine administration of all controls should be consolidated within the Commerce Department's Bureau of Export Administration, while leaving the formulation of policy in the responsible agencies. The President should issue a national security directive that states the objectives and mechanisms of our various national security export controls. And, to get federal agencies working together more smoothly, a coordinating committee should be established with the authority to resolve disputes quickly. Private industry has an important role to play in making the export-control process work more effectively. So does the Congress—something I would be happy to discuss in greater detail.

Now, however, let me summarize. Export controls will remain necessary in the years ahead, but the ending of the Cold War and the emergence of new security threats require us to make significant changes in how these controls are designed and enforced. We should modify our policy towards eastern Europe and the Soviet Union, assuming the latter does not return to a repressive and totalitarian political and military posture. At the same time, we should take a tougher stance against the proliferation of chemical, biological, and nuclear weapons, and missile-delivery systems in other parts of the world. Our economy, our security, and our lives could depend on bringing these controls into the future.