

effects of stagnation and even fall in real wages, inadequate level of investments and continuing increase in defense spendings. In sum, all the above may bring about the so-called negative growth of the Soviet Bloc economies, if this is not the case already now, although deceitfully concealed by "doctored" statistics.

As to other aspects of the issue under consideration, may I merely say that in the seventies the West extended loans to the Soviet Bloc somewhere in the range of 80 billion dollars, what is an equivalent of some 50 thou. tanks.

I do not think any comment is necessary here.

Mr. President,

Let me now pass to the questions posed in the said letter to me.

Question No. 1: To what extent do loans contribute to the military strength of the Soviet Bloc countries?

Answer: It is already well-known that Soviet Bloc countries, the USSR especially, have very much war-oriented economies. On the average, those economies are at least twice as much burdened with war spendings than is the case in the West. Adding to this all other spendings, like for security police and the like, the burden is even still higher.

Therefore, any loans to such economies mean relief to them. Moreover, on many occasions they can be the only way those economies may acquire necessary capital and know-how to start certain productions of arms and munitions. Centrally-planned and managed economies can easily shift resources from one domain into another one and hence any opportunity to receive external financing of any sort is a boost to them, in many instances primarily in defense sector.