

break into new markets, no matter what the cost. If we add to this the fact that nobody in the Communist camp goes broke as a result of selling below cost, no matter how long or how often, it becomes quite clear why we hear so often the outcry of individual firms, industries or countries that have suffered damage as result of recurrent Soviet price-cutting operations in the world market.

C. CURRENT PRESSURES AGAINST WESTERN FIRMS

By contrast with the monolithic trading combines of the bloc, the business firms in the West selling to the Communist bloc work independently, competing one against another for a chance to confront individually the full power of the state trading monopoly. Under such conditions, the temptation is very strong for the Soviet commercial strategists to exploit their advantage to the hilt. When so tempted, bloc trade agencies do not as a rule resist very hard. In recent years, in particular, the demands they have made for special terms and for extra privileges upon Western businessmen have been escalating steadily. They have demanded extreme discount allowances, extra long periods of repayment. At the same time, they have demanded the latest innovations in technology, usually without compensation to the patentholder in the form of royalties based on volume of production.

The Soviet trading agencies are very adept, for example, at promoting unrestrained competition among sellers as well as buyers within each free world country and from time to time, across the national frontiers of these countries. Party boss Khrushchev himself is an expert practitioner in the art of dangling the bait of "big orders" in order to extract in advance a credit large enough to make the order truly "big." In his elaborately staged appearance before an audience of Western businessmen at the Leipzig Fair, made in March 1959, Khrushchev laid down a firm rule on how to get large Soviet orders:

If some states or firms are interested in securing big new orders from us in order to help them keep their industry at capacity and provide employment for their workers, we can give such orders on condition that we are granted credits. . . . Trade is a voluntary matter. If you do not want to grant us any credits, if you do not need this trade, then leave it alone. It does not matter to us.

Since then, Soviet pressure has been rather intense in regard to commercial credits. Western firms have been made to compete against one another in offering their exports on the most extended credit terms. To this end, the Soviet trade agents keep the pot constantly at a lively boil. They place into circulation dubious pieces of "information," alleging to report the latest "offers" they have received from various national groups of businessmen. On August 31, 1961, for example, the official Soviet news agency, Tass, reported a "specific proposal" received from an Italian group of export manufacturers to provide the U.S.S.R. with a credit of \$75 million over a period of 10 years.³ Such a "proposal" was not reported in any Western source; nor has the Soviet press ever repeated it again. Evidently, it was no more than a device to encourage some higher bidding on the part of other countries or groups of firms that may wish to export to the Soviet market. It is a curious fact indeed that although they are very large operators functioning in a modern busi-

³ Tass-Radio Moscow, Aug. 31, 1961.