am very cool toward any effort to increase trade with Communist countries. I think that the Russians have demonstrated in the Vietnam war that they haven't changed their attitude at all toward us. They demonstrated this a year ago—at the Tri-Continental Communist Conference in Havana, where Rashidov, the chief Soviet delegate, was more virulent in his expressions against the United States than were the Red Chinese or Fidel Castro.

So, I think that we are just kidding ourselves to think that the Russians are going to become more friendly and amenable to us by increasing our trade with them.

Chairman BOGGS. Mr. Gilbert?

Mr. GILBERT. I have only one comment, which I think is a very practical one.

We talk of extending the most-favored-nation position to the Russians as though the Russians were in a position to be a part of those normal world trading situations. As a practical matter, it is my understanding that the Russians now have agreements with various European countries. Each one of them is a negotiated trade agreement providing balance of trade within the terms of the trade agreement, with specific areas of exports and imports agreed on in advance between England and Russia, for example, and between France and Russia, and between West Germany and Russia. None of these agreements contemplate an excess of foreign exchange being in Russian hands. They are all self-balancing. So, that as a practical matter the only trading that could be done on a realistic basis with a state-controlled economy is that our country can negotiate the import of "X" dollars worth of ABC products into Russia in return for an agreement to import a corresponding dollar amount of Russian products that we wanted.

So, I think that talking loosely in terms of extending the most favored nation tends to raise specters which are quite inconsistent with the practicalities. I think if we are to negotiate an agreement that the Russians would buy $100 million worth of earth-moving equipment, and in return take $100 million of caviar, I don't think this raises the specters that we are talking about.

Chairman BOGGS. Dr. Danielian?

Mr. DANIELIAN. I appreciate the support Mr. Balgooyen has given to my statement, but I would like to restate my position as precisely as possible.

I made an inquiry in most of the European countries this summer about their experience in trade with Eastern Europe, speaking with bankers and businessmen and ministers of government. Their reaction was that they preferred to do business, for instance, with the Eastern European countries rather than the undeveloped countries because of their good credit, they performed precisely on the contracts. This is the view of the Swedes and the Danes and the others that I have spoken with, and the Italians, who do a very considerable amount of business with the Eastern European countries.

So, on the basis of economic behavior and international behavior, the business seems to be A 1.

And secondly, there is a definite quantitative limit to the amount of business you can do with these people because of their lack of