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Enclosure C

Estimates of Military Expenditures of the Eastern European Communist Countries in 1966

1. Estimated military expenditures in the Eastern European Communist countries in 1966, valued in domestic currencies, range from 3½ percent to 5½ percent of Gross National Product (GNP), as shown in the following table:

East European Communist Countries: Estimated Defense Expenditures and GNP, 1966

Country	Unit of Currency	Defense Expenditures	GNP	Defense Expenditures as a Share of GNP
Bulgaria	billion lera	0.28	8.0	3½%
Czechoslovakia	billion crowns	11.8	207.5	5½%
East Germany	billion DME	4.8	109.6	4½%
Hungary	billion forints	8.9	208.9	4 - 4½%
Poland	billion zlotys	33.9	686	5%
Rumania	billion lei	6.1	145	4%

2. The more advanced countries tend to spend a larger share of their GNP on defense. Czechoslovakia and Poland have the largest defense industries in Eastern Europe; their relatively large expenditures probably reflect the high costs of the production of military hardware in Eastern Europe.

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