

PARTNERSHIP OF EQUALS

Yuri Sinyakov

10

years after the adoption
of the Comprehensive Programme
of Socialist Economic Integration



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OF EQUALS**



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HARMONY OF INTERESTS

In its thirty-odd years the international economic organization of socialist countries—the Council for Mutual Economic Assistance (CMEA)—has, in the words of Leonid Brezhnev, accumulated unique experience of co-operation among equals. The states that voluntarily united in the CMEA have learned how, on an equitable basis, to harmonize their several and common interests, the national and international aspects of co-operation.

Founded in 1949 as a regional organization of European socialist countries, the CMEA now embraces ten socialist countries in Europe, Asia and Latin America which differ in their levels of economic development and the size of their population and territory. Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic (GDR), Hungary, Mongolia, Poland, Romania, the Soviet Union and Viet-Nam are members of an international association of a new type in which the more developed countries are interested in bringing the less developed ones up to their own level.

One of the Council's main tasks laid down in its Charter is to promote the raising of the level of industrialization of countries which have a less developed industry.

At all stages of its history the CMEA has systematically assisted in implementing the highly complex historical task of gradually evening up the levels of economic development of its members. In the first postwar decade, when the European socialist countries were healing the wounds of war and agrarian Bulgaria, Hungary and Romania were beginning to industrialize, a law of the socialist world began to operate according to which the more developed countries assisted the industrialization of countries that had inherited industrial underdevelopment from capitalism. As a result, the gap between individual European CMEA countries as regards their national income and industrial output has greatly decreased.

From 1950 to 1979, for example, industrial output in Bulgaria rose 23 times, in Hungary 8.4 times and in Romania 31 times.

Thirty years ago an American journalist wrote that Bulgaria's output of electricity would barely light the signs in New York's Times Square. Today in electric power consumption per head of population socialist Bulgaria has exceeded the world average, in this respect surpassing such an industrially developed country as Italy. The path it has traversed in the course of thirty years is from a kerosene lamp to the first atomic power station in the Balkans. The secret of the "Bulgarian miracle" is the co-operation and internationalist assistance of its CMEA partners.

Along with the progress of each socialist nation and the growth of the authority of the socialist states there has been a considerable strengthening of the positions of the entire socialist community in the world economy. Developing on a large scale and in a planned way it has become the most dynamic economic force in the world.

Over the past ten years the national income of this group of countries has risen by 50 per cent and its industrial output by nearly 70 per cent. During the same period the national income of the Common Market countries—Britain, France, Federal Republic of Germany, Belgium, the Netherlands and others—increased by only 20 per cent and their industrial output by 17 per cent.

The faster development rates of the countries of the socialist community compared with the capitalist countries is a permanent trend. Thirty years ago the CMEA countries accounted for a mere 15 per cent of world national income; today the figure stands at 25 per cent. Their share of world industrial production has risen from 18 to approximately 33 per cent. The CMEA countries are ahead of the Common Market states in the output of such vital products as electric power, oil, natural gas, steel, metal-cutting machine tools, electric locomotives, tractors and railway rolling stock.

The CMEA countries account for 21.6 per cent of all the electricity generated in the world, 30.9 per cent of the coal, 19.2 per cent of the oil, 27.8 per cent of the natural gas (including casing-head gas), 29 per cent of the steel, 36.8 per cent of all mineral fertilizers and 27 per cent of the cement.

Among the principal factors responsible for the economic progress of the CMEA countries are the processes of socialist economic integration. A new stage in the economic co-operation of these countries is bound up with the concept of "integration", which became part of the political vocabulary of socialism comparatively recently—ten years ago.

The objective need for deepening co-operation gave rise to a desire for a constructive programme of economic interaction between the countries con-

cerned. Such a programme, called the Comprehensive Programme of socialist economic integration, was adopted in 1971. It manifested a creative approach to urgent problems of the development of the socialist community. The Comprehensive Programme determined ways of raising the economic effectiveness of social production and of utilizing the vast and not yet fully explored advantages of socialism as a social system.

Today not a single state in the world has a full range of the tremendous number of highly specialized enterprises needed to meet the ever growing demand for innumerable goods. Moreover, it is often unprofitable and therefore inexpedient for a single state to produce everything it needs for its national economy. The solution is for it to import certain goods and export its mass-produced commodities.

The Comprehensive Programme helps to solve these problems. Harmonizing the interests of all the CMEA member-countries, it enables each of them to establish such relations and to distribute its productive forces in such a way that at the given level of development of production the manufacture of any product will require the minimum amount of labour.

Multilateral co-operation within the framework of the Comprehensive Programme enables individual states not to spread investments in an effort to create a full range of industries, but to concentrate their forces on particular sectors of economy and in this way to organize the mass production of goods conforming to world standards.

For instance, the manufacture of machinery for the paper industry is concentrated in two countries—Poland and the Soviet Union. The German Democratic Republic and Czechoslovakia produce insignificant numbers of such machines, while Bulgaria, Hun-

gary and Romania do not produce them at all. While the Soviet Union specializes in the production of three-axle lorries designed for a load of six tons per axle and lorries with a carrying capacity of 27 or more tons, Czechoslovakia is the only country in the community manufacturing motor vehicles with air-cooled engines and a carrying capacity of 12 tons.

Or take this example. Not a single plant in Europe is turning out more than 20-30,000 rear axles a year. In Hungary, the output of rear axles rose from 60,000 in 1975 to 100,000 in 1980. Such large-scale production helps Hungary not only to solve domestic market problems, but to ensure the country's supply of motor vehicles: in exchange for rear axles it receives cars from the USSR and lorries from the GDR.

In keeping with an agreement reached within the CMEA framework Bulgaria specializes in hoisting and conveying plant and Hungary in buses and car assemblies. The GDR supplies other CMEA countries with railway carriages and textile machinery; Poland with ships and building machinery; Romania with oil extracting equipment and locomotives; Czechoslovakia with programme-controlled lathes and chemical industry equipment. Unique equipment is manufactured mostly in the Soviet Union.

Thanks to integration the socialist states have in the main succeeded in solving such important problems for the whole community as setting up enterprises of optimal capacity and meeting their fuel and raw materials requirements. Also within the framework of integration earth and space expeditions are conducted, international laboratories set up and transcontinental pipelines laid.

Whatever form it may take, the principles on which socialist integration is based remain immu-

table. These are the principles of equality, sovereignty and mutual benefit. On an absolutely voluntary basis each CMEA country assumes commitments connected with joint integration measures in which it is interested. The decisions and recommendations worked out in CMEA bodies with a view to promoting integration are adopted only with the consent of interested countries and do not concern countries which indicate that they are not interested in them.

Not a single member of the CMEA can claim any special privileges or dictate its will to others. In every working body of the Council each country is equally represented and has one voice regardless of the size of its territory and population or its contribution to the budget of the organization.

As distinct from the imperialist states and international monopolies, which seek to perpetuate the economic backwardness of the former colonies, the socialist community is doing everything to reduce the gap between the industrialized and the developing countries. There are three CMEA countries—Viet-Nam, Mongolia and Cuba—for whose benefit the Comprehensive Programme contains a provision on special measures to accelerate their economic development. The CMEA countries are striving gradually to raise the level of development of these countries to that of other members of the community. The economically more developed countries are giving many-sided assistance to Viet-Nam, Mongolia and Cuba for this purpose.

"With the formation of the CMEA," Fidel Castro has stressed, "the achievements of socialism have ceased to be the individual exploit of a giant nation and have become a common cherished goal of a community of countries united by their ideological basis and by the socialist content of their economy."

Being a full-fledged body in international law, the CMEA maintains contacts with non-member-countries and other international organizations. There are special articles in its Charter which determine the procedure for the Council to enter into relations with third countries and international organizations. The open character of the CMEA as an international organization is also stressed in the Comprehensive Programme, which contains a provision on the possibility of non-member-countries taking part in implementing it.

To many international organizations and to many countries, especially developing ones, the CMEA sets an example in the introduction of progressive forms and methods of economic co-operation on a planned basis. As the United Nations Conference on Trade and Development (UNCTAD) has noted in its documents, many aspects of subregional co-operation and integration among the socialist countries of Eastern Europe are based on new approaches and methods. These countries are, consequently, in a position to offer useful technical assistance to interested developing countries, particularly in such areas as the co-ordination of plans, specialization and co-operation in production, long-term trade agreements, steps aimed at evening up the level of economic development of participating countries, and so on.

UNCTAD is one of the 30 interstate organizations with which the CMEA maintains regular contacts. In the past these contacts were limited to exchanging general information on particular spheres of activity; today they are of a specific nature and assist the joint study of problems of common interest.

The CMEA also organizes many-sided co-operation with UNIDO—the United Nations Industrial Development Organization. As UNIDO's Executive Direc-

tor Abd-El Rahman Khane has declared, the CMEA countries are successfully participating in UNIDO activities and through UNIDO assisting many developing countries in a great variety of ways—for instance, by helping them to train national cadres as well as skilled workers on construction projects, through seminars, by considering the technical and economic viability of industrial projects, and so on.

Recent years have seen a considerable development of the CMEA's relations with UN regional economic commissions such as ECLA (Economic Commission for Latin America), ESCAP (Economic and Social Commission for Asia and Pacific) and ECA (Economic Commission for Africa), which deal with the economic problems of the developing countries of the respective regions. Great interest in contacts with the CMEA is being shown by other organizations of developing states such as the Industrial Development Centre of the Arab countries, the Council of Arab Economic Unity, the Institute for Latin American Integration established by the Andean group, and the Latin American Economic System (LAES).

Acting in the spirit of Helsinki agreements, the CMEA is taking steps to deepen co-operation with world and regional institutions and is maintaining close contact with the UN Economic Commission for Europe (ECE), UNESCO and the International Atomic Energy Agency (IAEA).

An example of equal and mutually advantageous relations between countries with different economic systems is the CMEA's co-operation with Finland, the first developed capitalist state to conclude a special agreement with an international organization of

socialist countries. Agreements on co-operation with the CMEA have also been signed by Mexico.

"The economic development of the CMEA countries," President José López Portillo of Mexico noted in his speech at a sitting of the CMEA Executive Committee in Moscow, "attracts attention because of its stable long-term dynamism, harmonious mobilization of financial, manpower and material resources, and extension of co-operation between national economies."

The attendance of observers from non-member countries at sessions of CMEA bodies is one of the most widely practised forms of the Council's international contacts.

As is only natural, the greatest interest in having such relations with the CMEA is shown by non-member socialist countries and the developing Asian, African and Latin American states that have opted for a socialist orientation.

Viet-Nam, the Democratic People's Republic of Korea, Mongolia and China were the first countries which were invited to attend sessions of CMEA bodies as observers. (In 1966 the People's Republic of China stopped sending representatives to these sessions.)

Although they do not have a vote in the adoption of decisions, the observer-countries have the opportunity of taking an active part in the work of the CMEA. For example, at sessions of its bodies they can state their position on questions under discussion and make proposals pertaining to their co-operation with CMEA countries.

In 1962 the CMEA was joined by the Mongolian People's Republic and in 1972 by the Republic of Cuba, which had been taking part in the work of the Council as an observer since 1962. Explaining

why Cuba, while being an observer, had delayed joining the CMEA for ten years, Carlos Rafael Rodríguez, Vice-President of the Council of State and Deputy Prime Minister who is now Cuba's permanent representative in the CMEA, said: "Today we are convinced that before trying to take a full part in the undertakings of this international socialist economic organization, less developed countries should carry out preparatory measures which will enable them fully to enjoy the benefits of membership and at the same time eliminate everything which can turn their presence in the CMEA into an obstacle hindering the collective actions of this organization."

Yugoslavia started sending observers back in the 1950s. In 1964 it signed a special agreement on cooperation with the CMEA. In 1978 Viet-Nam became the tenth member of the Council. Thus, for several socialist countries participation in the work of CMEA bodies as observers became a stepping-stone to membership of this international organization.

The 1970s witnessed a considerable increase in the number of observers. They were joined by countries that orient themselves on laying the foundations of socialism—the Lao People's Democratic Republic, the People's Republic of Angola, Socialist Ethiopia and the People's Republic of Mozambique. At its 33rd session in 1979 the Council took a decision on the participation of the People's Democratic Republic of Yemen in the work of the CMEA as an observer and in the following year the 34th session granted observer status to the Democratic Republic of Afghanistan.

In assessing the prospects of co-operation for the 1980s the CMEA countries took into account the

growing importance of the socialist community's ties with developing countries.

The principles of mutual respect and trust and various mutually advantageous forms of co-operation are being asserted in relations between these two groups of countries.

WHERE INTEGRATION BEGINS

The world capitalist economy and the economy of the socialist community approached the 1980s with different records. Growing contradictions in the capitalist world and the deepening economic integration of socialist countries are highly indicative of the competition between the two world social systems.

Thirty years ago the CMEA countries were lagging behind the Common Market countries in volume of industrial output. Today their industrial output is approximately double that of the Common Market countries. They have surged ahead of both the United States and all the countries of Western Europe in aggregate volume of industrial output. Today they produce 33 per cent of steel smelted in the world, 40 per cent of mineral fertilizers, more than a quarter of the machine tools, and 20 per cent of oil.

Today the socialist community possesses a gigantic economic potential. There is virtually not a single major branch of the national economy whose development is not connected with integration processes.

In working out its economic development programmes each CMEA country strives to take maxi-

imum advantage of the favourable conditions offered by co-operation within CMEA framework. Foreign trade is a good index of the level of economic interdependence of the integration partners. In 1979 the CMEA countries' share of mutual deliveries was 93.8 per cent in coal, 68.2 per cent in oil, 69.6 per cent in iron ore, 87.1 per cent in pig iron, 60.2 per cent in ferrous rolled stock, 96.8 per cent in sawn timber and 67.6 per cent in machinery and industrial plant.

At the present time production can be economical and profitable only if it makes use of the latest achievements in science and technology and manufacturing techniques, and if it is large-scale production, i.e. of optimal productivity. This means that each of the many industries in a country must have a powerful scientific and technological basis and a large market. This is not always so even in the case of large countries, let alone small ones.

How can small countries develop their economies in such circumstances? Can Bulgaria, Hungary or Czechoslovakia, for instance, with populations of nine, eleven and 15 million respectively, organize the profitable production of all the goods they need and maintain a high level of science and technology in all of their industries?

They cannot, of course, and here the socialist international division of labour comes to their aid. Each CMEA country is able to concentrate on the industries for which it has favourable conditions and can therefore develop production to meet the requirements of an economic complex with a population of over 430 million.

Organizing such large-scale production calls for co-ordinated action and preliminary consultation at the highest state level. This is where the reliable and

flexible instrument of socialist economic integration comes in.

The principal method of integration within the CMEA framework, as stressed in the Comprehensive Programme, is joint planning activity and especially the co-ordination of national plans. The idea of the leading role of planning in the development of international economic co-operation, laid down in joint documents signed by the leaders of the Communist and Workers' parties of the socialist states, has for already more than thirty years been finding practical expression. The co-ordination of national economic plans, consultation on economic policy matters, joint forecasting, the exchange of experience in planning and managing the national economy—these methods of plan-based international co-operation and division of labour, inherent only in socialism, have become the routine practice in the interstate economic relations of the CMEA countries.

Integration begins with planning. In the course of co-ordinating their national five-year plans the sides determine the volume of future mutual deliveries, agree on increasing in their trade turnover the share of the goods turned out by their most advanced industries, and jointly work out measures designed to weaken considerably the impact on the socialist economy of the crisis upheavals periodically shaking the world capitalist economy. Much attention is also given to questions of international co-operation and specialization in production.

Defining the "well-rounded man", well-known American author F. Scott Fitzgerald called him "the most limited of all specialists" and explained that "this isn't just an epigram—life is much more successfully looked at from a single window, after all".

The same can be said of production specialization. There are many instances in the Council's experience when socialist countries attained impressive results by concentrating their efforts on the production of particular goods.

Thanks to large orders from the Soviet Union and other socialist countries, the Ikarus plant in Hungary manufactures high-class buses on a scale unequalled by a single enterprise in Western Europe. It produces more than 10,000 buses a year, as compared with 6,000 buses of the same class produced annually by Mercedes-Benz, one of the biggest Western European firms.

The Soviet Lada car is a striking example of the fruitfulness of international production specialization and co-operation. It has Bulgarian batteries and starters, Hungarian radios and door locks, Polish head and tail lights and Czechoslovak tyres and tubes. In exchange for the 60 items which Bulgaria, Hungary, Poland and Czechoslovakia supply for the Lada cars the Soviet Union delivers finished cars to these countries.

Joint planning work organized on a multilateral basis within the CMEA framework makes it possible to solve the most challenging economic problems. This is, above all, true of fuel and raw material resources. As a result of co-ordination of the national economic plans of the CMEA countries the economic map of the socialist world now bears conventional symbols indicating joint international construction projects designed to ensure the supply of the states concerned with critical fuels and raw materials.

When embarking upon the joint tapping of natural resources the countries of the community agree in advance on the concentration of capital investments, on what contribution each of the partners will make

to the joint project and on distribution of the final product. Such projects already in operation include the Ust-Ilimsk pulp plant in Siberia (USSR), the Devnya chemical combine in Bulgaria, the Kiembai asbestos combine in the Urals (USSR) and the Erdenet copper ore mining and dressing combine in Mongolia. These symbols of socialist integration have been built by joint efforts and will satisfy the requirements of all the participants.

The construction of the **Soyuz** trans-European gas pipeline, extending 2,750 kilometres from the Urals, on the boundary of Asia and Europe, to the western borders of the Soviet Union, is perhaps the most striking example in this field. Along this pipeline the European CMEA countries receive 15,500 million cubic metres of natural gas a year from the USSR.

It was a truly international friendship construction project and the experience gained on it will be applied in many other similar multinational undertakings. The participating countries were Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania and the Soviet Union. Participation took different forms. The purchase of the pipes and of other equipment was made possible with credits granted by the International Investment Bank of the CMEA countries.

National contingents of workers and specialists, totalling about 15,000, from Bulgaria, Hungary, the German Democratic Republic, Poland, the USSR and Czechoslovakia, took part in the project. While Polish fitters worked on the actual pipeline, from the welding of the first seam to the moment when the pipeline was put into operation, Bulgarian workers contributed to the project by building houses. The pumping stations and automatic equipment were as-

sembled with the participation of specialists from Hungary and the German Democratic Republic.

The participation of Romania took the form of delivering highly efficient equipment for a gas-processing plant erected in the Urals, where the pipeline begins.

Also in the Urals yet another international project is being completed. It is the Kiembai complex which will annually turn out half a million tons of asbestos, a fibrous mineral used in nearly every branch of modern industry. The demand for it is growing from year to year. Starting in 1981 the countries that have taken part in building the complex—Bulgaria, Hungary, the German Democratic Republic, Poland, Romania and Czechoslovakia—will each be receiving 180,000 tons of Urals asbestos annually.

The iron-and-steel industry is another sphere of multilateral co-operation. Its development largely determines the progress of the national economy as a whole. To this end the Soviet Union has built iron ore concentrate plants in the area of the Kursk Magnetic Anomaly in Central Russia and plants in the Ukraine and Kazakhstan to produce ferro-alloys, that is to say, alloys of iron with manganese, silicon, chromium and other substances. Other CMEA countries have delivered building materials and structures, machinery and equipment. Thanks to the launching of these plants Soviet deliveries of iron-containing raw materials and of ferro-alloys to the CMEA countries have increased by 25 per cent compared with 1975. This means that the CMEA countries will be able sharply to increase their own production of steel.

The existence of large stocks of raw materials in the Soviet Union and the interest the CMEA countries have in tapping them as speedily as possible

are the main factors in determining where joint construction projects are to be begun. Another important factor is that the extraction and processing of minerals require much greater capital investment than, say, engineering. A country in whose economy the extraction of raw materials figures prominently is compelled to increase capital investment in this sphere particularly rapidly. Transport costs are also enormous, because the Soviet Union's principal natural resources are to be found beyond the Urals in its eastern regions.

In order to overcome these unfavourable factors the need arises to pool national material, financial and manpower resources.

Participation in any particular international project is entirely voluntary. When adopting appropriate decisions the CMEA does not dictate its will to any country. Underlying the joint construction projects is the principle of their equal economic effectiveness for all the partners. If a member of the community considers a project inexpedient, it does not take part in that project. For example, only six of the ten CMEA members have taken part in building the Ust-Ilimsk pulp mill in Siberia. Viet-Nam, Cuba, Mongolia and Czechoslovakia did not participate in the project because of economic considerations of their own.

The Soviet Union is known to be one of the world's biggest producers of raw materials. Prompted by its internationalist duty it supplies a considerable portion of the CMEA countries' requirements of the most valuable raw materials and because of this it introduces certain changes in its own economy in favour of the extractive industries. It supplies the CMEA countries with large amounts of oil and gas, 65 per cent of their electricity and about

three-quarters of their cotton and iron, manganese and chromium ores.

On the other hand, deliveries of machinery and plant from other socialist countries are of great importance for the Soviet economy. In the last five-year period (1976-80), for example, CMEA countries supplied about 40 per cent of the Soviet Union's requirements for ships and loaders, one-third of the railway carriages and metal rolling equipment it needed and about 50 per cent of its needs for automatic telephone exchange equipment.

This all goes to prove that formerly agrarian and backward countries have made tremendous progress in industrialization. In the past thirty years Bulgaria, for instance, has increased its output of machinery and chemical goods 99 and 103 times, Hungary 14 and 46 times and Romania 101 and 150 times respectively.

Industrialization rates have been somewhat lower in Czechoslovakia and the German Democratic Republic because after the Second World War these countries already had quite well-developed industry. But even these countries' advances in engineering and the production of chemicals are impressive, with Czechoslovakia registering increases of 18 and 22 times and the German Democratic Republic increases of 16 and 12 times respectively.

Slated for the 1980s are major integration measures to achieve further progress in engineering, the chemical industry, transport, raw materials extraction and the output of consumer goods and food products. These measures are the result of plan co-ordination by the CMEA countries in a fundamentally new area of economic co-operation, namely, long-term target-oriented integration programmes to solve top-priority problems.

A programme is always the key to overall victory; it does not tolerate half-measures. This means that on every problem multilateral and bilateral agreements are concluded to settle all questions as regards financing, the provision of the required material and manpower resources, the building of new industrial enterprises or modernization of existing ones, research and development work, and the economic terms of co-operation, including credits and prices. It is a matter of comprehensive, not partial, solution of these problems during the next ten years.

But even this latest trend in socialist integration begins with planning or, more precisely, co-ordination of the five-year national economic plans of the CMEA countries. The success of the long-term target-oriented programmes directly depends on how well co-ordinated the national economic five-year plans are, on the extent to which the national economic plans take account of the long-term tasks of co-operation.

Target-oriented programmes have already been launched. Work on them is conducted by ministries and other government agencies, CMEA bodies and the international economic associations of the socialist countries.

New joint construction projects have already appeared, new international research teams have started work and the industrial spheres have been determined in which enterprises are being built to function on the basis of specialization and co-operation in production. Engineering is the foundation of progress in the industries listed in the long-term programmes: energy, fuel, raw materials, agricultural and consumer goods production and transport.

All the target-oriented programmes are aimed at raising general prosperity, but here we shall dwell

on a programme which concerns people very directly—the CMEA long-term food programme for the current ten-year period.

The programme incorporates balanced diet norms in accordance with which all the countries of the socialist community are to increase their production of milk, meat, eggs, vegetables and fruit. Tasks have also been set for meeting the specific food requirements of the various age and professional groups of the population.

In the 1980s food production is to become a super-modern industry. To this end the most up-to-date achievements will be introduced by factories and mills.

An important role is played here by refrigeration technology. According to expert estimates, refrigerating units cut fruit and vegetable losses by 90 per cent, increase the storage time of cereals eightfold and keep milk fresh for up to a month. The CMEA countries expect to save 1,500 million roubles worth of foodstuffs from deterioration through improving refrigerating facilities alone.

Science will also contribute to implementing the food programme. International research teams are working out new methods of preserving agricultural products and developing nutritive substances of improved flavour.

The CMEA long-term programme for the development of agriculture and the food industry envisages special measures to promote these sectors of the economy in Viet-Nam, Cuba and Mongolia. How these measures are being carried out will be described later on.

Long-term programmes for tackling the most important problems common to all the socialist countries are the main feature of co-operation within the

CMEA framework today. Translated into the language of figures and assignments, they have become an organic part of the national economic plans of the CMEA countries, thus acquiring the force of state law. This testifies to the leading role of planning in the most fruitful areas of co-operation among the countries concerned.

FROM BERLIN TO ULAN BATOR

In the age of scientific and technological revolution the rates of a country's economic growth and its ability to cope with social and economic problems depend on the availability of a reliable energy base. The importance of this is shown by the following figures. Since 1900 world energy consumption has increased by more than ten times and more energy and heat have been expended than in the preceding 19 centuries.

The CMEA countries constitute the world's only industrially developed zone which has avoided the heavy blows that the energy crisis is dealing at the capitalist economy. It has avoided them thanks to the mutual assistance the partners in integration give each other, thanks to co-ordinated policies in tapping new energy resources and planned deliveries of fuel from the USSR.

From 1971 to 1975 the countries of the socialist community received 250 million tons of oil, 30,000 million cubic metres of gas, and 40,000 million kilowatt-hours of electricity from the USSR and from 1976 to 1980 about 370 million tons of oil, 46 million tons of light oil derivatives, 88,000 million cu-

bic metres of gas and 64,000 million kilowatt-hours of electricity. All told, the energy resources they received from the USSR during these latter five years amounted to 800 million tons of equivalent fuel.¹ Moreover, despite the sharply increased prices of fuel on the world market, in 1979 the price of Soviet oil exported to the CMEA countries was only 60 per cent of the world price. The overall savings received by these countries thanks to the difference between the world and contract prices amounted to roughly 3,000 million dollars a year in the period from 1974 to 1979.

In the 1981-85 period Soviet oil deliveries will remain at the high level attained in 1980 and amount to 400 million tons.

Although the socialist community is immune to upheavals in the energy sector of the capitalist world economy, a strain in fuel and energy consumption may, nevertheless, be observed in the CMEA countries too. One reason for this is the depletion of fuel stocks in the traditional regions of extraction. That is why socialist states are introducing stringent oil and gas economy measures and restrictions on their use as fuel, more widely using low-calory types of coal in the power industry and tapping hydropower resources.

The capitalist and socialist world have a diametrically opposite approach to the fuel problem. The road taken by the Western states is one of exploiting the mineral deposits of developing countries, price-fixing and fierce clashes in the struggle for raw materials in which all methods are resorted to, from political blackmail to military intervention.

¹ One ton of equivalent fuel roughly equals 1.5 tons of coal, 0.7 tons of oil or 844 cubic metres of gas.

In the CMEA zone fuel and energy problems are being solved with due regard for the differences in the economic development levels of individual countries and by resorting to various forms of co-operation based on the principles of socialist internationalism. The CMEA countries' collective undertakings in this field are illustrative of the great role socialist economic integration is playing in the development of the power industry.

A striking instance of collective energy policies is the construction of the super-high tension line from Vinnitsa in the USSR to Albertirsa in Hungary.

This 750-kilovolt bridge links two countries, but in addition to the Soviet Union and Hungary contributions to its financing and construction were made by Bulgaria, the German Democratic Republic, Poland and Czechoslovakia. The point is that the line was built in the interests of the socialist community as a whole. It is designed to strengthen the Mir power grid which links all the European CMEA countries.

Maximum load in energy networks is known to occur twice daily, in the morning and in the evening, when every country needs much more energy than at any other time of the day. In the USSR, however, the peak is reached two hours earlier than, say, in Budapest or Prague. This means that during the period of peak load in the USSR it is possible to transmit to it the reserves of energy that are at that hour to be found in Hungary and Czechoslovakia. Conversely, when the peak hour shifts to Hungary and Czechoslovakia they can receive surplus energy that has been accumulated in the USSR.

Such energy transfers along super-high tension lines are very effective as regards their economical effect. There is also a net gain from taking advan-

tage of the time difference. Had it not been for the Vinnitsa-Albertirşa line, the CMEA countries would have had to build a new power station with a capacity of 1,500 megawatts.

Thanks to the new energy bridge in 1980 the Soviet Union was able almost to double the electricity it supplied to CMEA countries, compared with 1975.

With the launching of this line Hungary became the fourth country in the world—after the USSR, the US and Canada—to use 750-kilovolt lines.

It has been decided to continue the construction of international super-high tension transmission lines. The new 750-kilovolt lines which it is planned to build in Eastern Europe in the direction of Romania, Bulgaria, Poland and the German Democratic Republic will bring additional advantages to those countries. Taking advantage of the difference between peak-load periods alone will make it possible in the future to reduce the capacity of power stations by about 3,000 megawatts.

Now let us turn to the map of the eastern regions of the USSR. In the Siberian city of Gusinozyorsk a high-tension transmission line begins which crosses the border of the Mongolian People's Republic. On Soviet territory it was erected by Soviet builders while in Mongolia it was a joint Mongolian-Soviet project. The line supplies extra "Siberian" power to Mongolian industry and agriculture. On the other hand, not long ago Siberian power started flowing into the common stream of the power grid of the Soviet Union, becoming part of the USSR Unified Power System which is now being established.

Thus there began to take shape on the map of the socialist world the outline of the united energy system of the CMEA countries, one on a scale which

has no parallel in world economic history. The countries of the socialist community can now transmit electricity over vast distances, from Berlin to Ulan Bator; they can transfer millions of kilowatts that are surplus in one area over distances of thousands of kilometres to wherever the need for them is greatest at any given moment.

The effectiveness and mutually advantageous nature of the CMEA power grid is attracting the attention of the business world in the West of Europe. A desire to establish firm contacts and organize co-operation with the CMEA countries in this field has been expressed more than once by Austria, the Federal Republic of Germany, Italy, Greece, Turkey, Finland and Sweden. The socialist countries see no obstacles to this. Their statesmen have on many occasions pointed out that the CMEA energy grid is not a closed one, that its advantages can be used by other European and Asian countries and there are no insurmountable technical obstacles to this.

The energy system of the socialist countries is a prototype, as it were, of an "electric bank" which could organize mankind's rational and mutually beneficial utilization of the riches of our planet.

At the same time, even in such a complex field as energy supply, the socialist countries rely on the advantages of a planned socialist economy, on a well-considered strategy of providing their national economies with fuel and raw materials.

The energy programme signed by the heads of government of the CMEA countries and covering the period up to 1990 is an expression of this strategy. What is fundamentally new about this programme is that it is based on qualitative rather than quantitative aspects of co-operation. What is involved is not so much an increase in fuel extraction as the

rational and economical use of critical resources, the tapping of new sources of energy and the development of new methods and means of transforming and transmitting it. Scientists in the CMEA countries are studying the possibilities of the practical commercial use of solar, wind and geothermal energy.

Much attention is given in the energy programme to measures to ensure the rational distribution of productive forces at the level of the whole socialist community. With this aim in view plants to produce energy-intensive products are to be built in the eastern regions of the USSR. Located near fuel and raw material deposits, these plants will supply the CMEA countries with ammonia and methanol, polyethylene and rubber. In exchange the Soviet Union will receive products which do not require great energy expenditure, such as plastics, dyes and pesticides.

The CMEA long-term energy programme is drawing upon all known reserves. These include the use of residual heat in heat and power plants, deeper oil refining, the tapping of new gas and oil deposits of the ocean shelf and the fuller utilization of hydraulic resources.

One more important aspect of the energy programme is the priority development of nuclear power generation. By 1990 the aggregate capacity of atomic power stations in the European CMEA countries (excepting the USSR) and Cuba will have reached 37,000 megawatts, a ninefold increase in ten years.

The nuclear power industry of the socialist community is based on technology developed in the USSR, the country which pioneered the use of atomic energy for peaceful purposes. As far back as 1965 a decision was taken by the CMEA on designing

and building a unified series of atomic power stations. As a rule, such a station consists of two generating units equipped with 440-megawatt water-cooled reactors.

The series began with the Novovoronezhskaya station in the European part of the USSR. Similar power stations are being built in the USSR and other states. In 1966 the German Democratic Republic became the second member of the "atomic energy club". Then the energy of uranium fission began to produce electricity in Czechoslovakia, Bulgaria and Hungary. Even Cuba, which started its electrification after the revolution and had to begin practically from scratch, plans to build an atomic power station of 880-megawatt capacity in the 1980s with Soviet assistance.

As regards their technical and economic characteristics the atomic power stations built in the CMEA countries match large thermal power stations of the classical type. They are also competitive as regards the cost of the electricity they produce. The Kozlodui station in Bulgaria has not only proved its great economic effectiveness but withstood a grueling test—a force-eight earthquake in 1977.

Experience in operating stations of the unified international series has demonstrated the reliability of the radiation safety systems adopted by the CMEA. Rigid limits, multiple safeguards and extreme caution are the rule at the atomic power stations built in the socialist countries. Health precautions of the utmost strictness are taken at them. Each working reactor has a virtually fail-safe emergency protection system based on triple and quadruple safeguards and a reserve cooling system that instantly goes into action in the event of a sudden critical rise in temperature.

In 1980 the countries of the socialist community began to master the second generation of the unified series using 1,000-megawatt reactors. In the opinion of economists the introduction of this new generation will bring about a 10-15-per-cent reduction in the cost of electricity.

Success in implementing the long-term plans for development of the power industry depends on progress in atomic engineering. Within the CMEA framework a major agreement has been concluded on international specialization and co-operation in production and on mutual deliveries of equipment for atomic power stations, to cover the period up to 1990. For volume of production and deliveries this agreement has no parallel in the CMEA system. Under the agreement what is in effect an international production line will be established to turn out several thousand million rouble's worth of machinery and plant.

The parties to the agreement are Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania and the Soviet Union, as well as Yugoslavia.

About half of all the basic equipment for the construction of atomic power stations will be supplied, as before, by the Soviet Union.

Here are some of the integration projects collectively worked out by the CMEA countries and directly linked with the energy programme. One of them is being implemented in the Ukraine, where Hungary, Poland, the Soviet Union and Czechoslovakia have decided to build the Khmel'nitskaya atomic power station with a capacity of four million kilowatts. The amount of energy to be received by each of them will be directly proportionate to their contribution to the construction of the station.

The principle of going shares has also been made the basis of hydropower projects on the Danube. For instance, on a parity basis, Romania and Yugoslavia are building the Iron Gate-2 system. Bulgaria and Romania have joined forces in building the Nikopol-Turnu-Magurele hydroproject, while Hungary and Czechoslovakia are erecting the Gabčíkovo-Nagymáros hydropower station. The latter will become a part of the future 3,500-kilometre Black Sea-Danube-Main-Rhine-North Sea waterway.

While the capitalist world has for years been looking for a way out of the energy crisis, the socialist countries have done everything to safeguard themselves against such upheavals, and, as government spokesmen of the CMEA countries declare, even in the remote future the countries of the socialist community will not be faced with an energy crisis. What are the grounds for such confidence?

The question was put by the present author to Pyotr Neporozhny, Minister of Power Industry and Electrification of the USSR, who is also Chairman of the CMEA Standing Commission on Electric Energy.

"There is no secret here," the minister replied. "One of the advantages of a planned economy is that one can develop proportionally all the branches of the fuel-energy complex and make advance preparations to tap particular resources. In its energy policy the socialist community does not seek immediate profits but takes care to ensure the rational utilization of all natural riches and the optimal balance between all types of fuel, and it is also mindful of the interests of future generations. The emphasis is on comprehensive, that is to say, balanced utilization of minerals while making use of the achievements of the scientific and technological revolution.

“At the same time, there are difficulties connected primarily with the depletion of traditional deposits of fuel and raw materials. A strain upon fuel and energy resources may be observed in the countries of the socialist community too. The energy target-oriented programme has been adopted for the very purpose of overcoming these difficulties and excluding them in the future.”

A CURRENCY THAT KNOWS NO CRISES

Through mutual trade the CMEA countries almost fully meet their needs for basic raw materials, fuel, food, machinery, industrial plant and consumer goods. Mutual deliveries are systematic and stable, as envisaged in previously agreed programmes. Here too, in the sphere of international trade, relations between the countries are based on long-term plans.

Among the elements constituting the mechanism of foreign trade an important place is taken by the system of multilateral settlements in transferable roubles.

The system functions through the International Bank for Economic Co-operation (IBEC) and the International Investment Bank (IIB), which the socialist countries set up to service their joint activities in the field of currency-financial relations.

In the first ten years following the formation of the CMEA settlements between member-states were made on the basis of bilateral clearing, when exports equalled imports. A country had to limit itself to goods which its partner could offer and the volume of trade was determined, as a rule, by the country with lesser export possibilities.

The framework of settlements through clearing became inadequate as the volume of trade grew and socialist integration developed. The need arose for a new and more flexible system. On January 1, 1964, a system of settlements in transferable roubles came into operation.

Here is an example of how the system operates. Hungary supplies Poland with Ikarus buses, as provided for in a trade agreement. It can use the receipts from this sale for the purchase of Czechoslovak-made machine tools. At the same time, Czechoslovakia buys sugar from Cuba and the latter, in turn, makes purchases in Hungary. All the settlements involved are handled by the IBEC, which transfers sums from the account of one country to that of another. That is approximately how the system of settlements in transferable roubles works.

The transferable rouble is a monetary unit in its own right which is widely used by the CMEA countries in currency-financial relations among themselves. This collective currency of the CMEA is used in all payments made in connection with the steadily increasing trade turnover, which now runs into tens of thousands of millions of transferable roubles. Transferable roubles are also used in payment for transport services and in settlements to compensate for mutual expenses on the maintenance of diplomatic and trade missions, on tourist travel, scientific, cultural and sports delegations. The same holds good for credit operations.

In essence the transferable rouble is an international currency. It arises only as a result of the export of goods and is used only in international settlements within the CMEA system. It differs fundamentally from the Bulgarian lev, the Cuban peso, the GDR mark, the Hungarian forint and so on. It

also differs from the Soviet rouble. The collective socialist currency was given the same name as the monetary unit of the USSR because of its historical antecedents and traditions: the clearing rouble formerly functioned as an international currency. In the socialist community national currencies are used only in their own national markets, while the transferable rouble caters for external economic relations.

Another important aspect in which the transferable rouble differs from national currencies is that it does not circulate in the form of banknotes or coins.

Non-banknote funds are widely used in the world today. Witness the Special Drawing Rights, the Arab Currency Unit, or the Asian Monetary Unit. The US dollar, too, is not as a rule physically present in international settlements. But the use of America's national currency as an international medium of payment often gives the United States an advantage over its partners, because it enables the US to cushion its currency-financial difficulties at the expense of other countries. The painful effect fluctuations in the dollar exchange rate have on other states is well known.

The transferable rouble is a currency which knows no crises. Its firm commodity backing is assured from the time national economic plans are co-ordinated and is then reaffirmed in trade agreements. The current system of settlements reliably protects the mutual trade of the CMEA countries from the inflation which has gripped the whole of the capitalist world. In conditions of inflation in the capitalist world and of the "floating" currencies of capitalist countries a protective function is performed also by such a quality of the collective currency of the socialist countries as the non-convertibility of trans-

ferable roubles into the currencies of the capitalist states.

In the early sixties, when the system of multilateral settlements within the CMEA framework was just emerging, the finance specialists of the socialist countries studied the possibility of exchanging transferable roubles for gold and convertible currency: at that time the international currency system of the West, established at Bretton Woods in 1944, was not experiencing such an acute crisis.

"Today practically nothing remains of this system," I was told by IBEC Board Chairman Konstantin Nazarki. "The US dollar is not exchanged for gold any longer; the parity rates of currencies have lost all practical significance; 'floating' rates have been introduced; all the fundamental stipulations of the Bretton Woods agreement have long become a thing of the past. If at some future date the capitalist currency system regains a measure of stability, it may be worthwhile returning to the question of the conversion of transferable roubles into the convertible currencies of the Western countries, because the CMEA countries are active both in the socialist and capitalist world markets. But no one will venture to say when such a time may come."

One of the IBEC's functions is to effect multilateral settlements in transferable roubles. The current accounts of the CMEA countries permanently have hundreds of millions of transferable roubles in this bank which constitute the currency reserve of these countries and at the same time are resources used for crediting partners in the IBEC.

All questions of the bank's currency, settlement or crediting policy are decided collectively with no country, regardless of its contribution to the chartered capital of the IBEC, enjoying any special rights

or privileges. This is true of all aspects of the bank's functioning, from voting (each country has one vote) or staffing of the bank to the distribution of its profits.

The member-countries of the bank use its credits to cover any temporary excess of imports over exports, to expand trade turnover in view of the seasonal nature of certain exports, to even out imbalances of payments in mutual settlements and to carry out production specialization measures. Credits are also granted to states whose balance of payments has been affected by natural calamities.

Since the establishment of the IBEC, all the CMEA countries without exception have used credits from it in varying amounts. There has not been a single case of particular countries, which are parties to multilateral settlements, appearing invariably in the role of "debtors" and others invariably being the owners of funds. Discrimination and the infringement of anybody's rights are, of course, ruled out in the bank's credit policy. This would be contrary both to the essence of the economic co-operation of the socialist countries and to the charter of the bank. Decisions on granting credit are taken by the bank's supreme organ, its Council, in which all countries are equal irrespective of their potential and the amount of capital subscribed. The Council also establishes interest rates on credits in transferable roubles—from two to five per cent per year depending on the term of the credit (the maximum term is three years).

Moreover, what is called "concession crediting" is practised within the IBEC system. As distinct from most countries of the socialist community, which receive credits at interest rates of from two to five

per cent, the annual rate for Viet-Nam, Mongolia and Cuba is from 0.5 to two per cent.

These concessions are granted because of the very marked seasonal nature of the exports of these countries. Agricultural products dominate and so their main export deliveries are made in the latter half of the year. Their imports, on the other hand, are evenly spread throughout the year and Mongolia, for instance, in the first half of the year has to rely on credit in order to be able to make from 60 to 80 per cent of its payments. A similar picture is to be observed in the foreign trade of Cuba.

If such concessions had not been granted to them, these three countries would have incurred heavy expenses in paying for credit. It will be recalled that such concessions are not granted to the developing countries by the currency-financial institutions of the West, which demand an interest rate of from seven to eight per cent.

The processes of socialist economic integration which got under way in the seventies in the CMEA system called for the establishment within the socialist currency-financial system of a special body to deal with long-term international credit. For this purpose the International Investment Bank was set up, whose members are the same ten CMEA countries. Functioning since January, 1971, the IIB grants credits for those industrial projects in the member-countries which contribute to the socialist international division of labour, to specialization and co-operation in production. Preference is given to fuel and energy, engineering, electrical engineering, chemical and other enterprises whose products promote economic co-operation within the Council's framework. The bank's assets, consisting of transferable roubles and freely convertible currency, con-

tribute to the planned construction and reconstruction of large enterprises in various parts of the socialist world.

The enterprises availing themselves of IIB credits include such world famous plants as **Umformtechnik** in the German Democratic Republic turning out forge and press equipment, the Hungarian **Ikarus** bus plant and the Czechoslovak engineering giant **Tatra**, as well as new enterprises whose trade marks are so far known only within the confines of the socialist community. A common feature of these enterprises is that they are of great importance for strengthening the economic potential of all the CMEA countries.

Here is an example of IIB investment activity to promote the economic development of a particular country: the credit granted to the Socialist Republic of Romania for restoring enterprises damaged by an earthquake.

In 1979 a large credit was issued to Viet-Nam for building a nitrogen fertilizer plant with an annual output of 200,000 tons in the province of Ha Nam Ninh. Thanks to this plant Viet-Nam will be able to increase its own production of nitrogen fertilizers and thereby to increase its single-harvest rice crop yields from 2.2 to three tons per hectare.

Credits granted by the IIB in 1980 include loans for the construction of three sugar refineries in Cuba, which will increase Cuba's sugar export possibilities. At the same time, the building of these plants is part of a comprehensive plan for the expansion of sugar production in that republic.

The granting of credits for the reconstruction of the Tang tool-making plant in Yugoslavia was a significant event in the history of the bank's operations. The point is that for the first time IIB credits were

granted to a non-member country. The council of the bank had taken into account the active production links which the Yugoslav enterprise maintains with plants in the German Democratic Republic, the USSR and Czechoslovakia.

The IIB Charter has a provision allowing such operations with countries that are not members of the bank. This provision extends to developing countries, in particular. For this purpose a special fund of one thousand million transferable roubles was set up in the bank to be used for crediting the construction of new and the reconstruction of existing enterprises in these countries. The fund has a twofold aim: on the one hand, to help to strengthen the national economies of young Asian, African and Latin American countries and, on the other hand, to promote the extension of mutually advantageous economic ties between CMEA members and the developing countries.

Incidentally, the granting of credit to an enterprise in Yugoslavia by the IIB testifies to the fact that the transferable rouble has for the first time gone beyond the bounds of the CMEA countries.

Prospects for co-operation with the developing countries are to be found in the IBEC Charter too. In particular, provision is made there for these countries to participate in the multilateral system of settlements with the use of transferable roubles. Such settlements may relate both to individual commodity transactions and to the total volume of trade with some or all of the member-countries of the bank. In such cases the IBEC has the right to open transferable rouble accounts for the banks of developing countries interested in this and to conclude agreements with them on the terms of settlements and on the granting and repayment of credits in

transferable roubles. Nor is the possibility excluded of using convertible currency in the latter case. This means, for instance, that a Western businessman who has sold his commodities to, say, Hungary, can accept payment in transferable roubles which can be used for the purchase of goods from some other CMEA country.

The finance specialists of the socialist countries are convinced that in the years ahead the transferable rouble will take among other currencies a place corresponding to the role the CMEA countries are playing in the world economy.

**MONGOLIA,
CUBA,
VIET-NAM:
FIRST
FRUITS OF
INTEGRATION**

At its 34th session in Prague in the summer of 1980 the CMEA put on record that the countries of the socialist community are actively helping the Socialist Republic of Viet-Nam, the Republic of Cuba and the Mongolian People's Republic to expand their economies, to raise their economic efficiency and hasten scientific and technological progress in their countries. This is genuinely disinterested assistance: not exploitation of the natural riches of developing countries by stronger powers, as is the case in relations between developed capitalist and young states, but a collective desire to contribute to an upsurge of national economies. Describing the socialist countries' assistance to Cuba, Mongolia and Viet-Nam, Fidel Castro stressed that behind it were neither onerous conditions nor the pursuit of raw materials or profits.

The socialist essence of the common economic policy of the CMEA countries is manifested in the achievements of Mongolia, until recently the most backward country in Asia. After accomplishing an anti-feudal revolution under the leadership of the Mongolian People's Revolutionary Party, the people of Mongolia have with Soviet assistance carried

out the transition from feudal relations to socialism, by-passing the capitalist stage of development.

An agrarian-industrial country, Mongolia is receiving many-sided assistance from the CMEA. Aided by other countries of the socialist community, it has built large cities and vital industries such as coal and ore mining, power and metal-working industries.

Since it joined the CMEA, Mongolia has almost doubled its industrial output per head of population. Its average annual rate of industrial development has been higher than the CMEA countries' average.

The level of economic development of Mongolia is being raised to that of the other CMEA countries on a multilateral basis, through the collective efforts of all the other countries of the socialist community. Its partners in the CMEA are giving Mongolia economic, scientific and technological assistance in virtually all the vital sectors of the national economy. This is to be seen in the new construction projects of the capital city of Ulan Bator, including Mongolia's biggest self-service food store fitted with the most up-to-date equipment. It was financed free of charge by all the other CMEA countries. Next to it stand a rug factory and a meat-packing combine, built with funds granted by the German Democratic Republic. Hungary has given help in building a clothing factory, Poland has helped to build a wood-working complex, Romania a circus and the German Democratic Republic a hospital.

There are many such new construction projects in the industrial centre of Darkhan, too. Poland has built a brick works there, Bulgaria a sheepskin coat factory, Czechoslovakia a cement factory.

Dozens of industrial enterprises built in Mongolia stand as symbols of Mongolian-Soviet co-operation.

These enterprises account for about half the republic's industrial output.

But it is not only the new industrial projects that matter. Salutory changes have taken place in the way of life of a people whose world was formerly limited to the felt tent and the steppe. A new generation of educated young people has arisen in Mongolia. A country of complete literacy today, Mongolia has its own Academy of Sciences, university and opera and ballet theatre. In other words, the process of raising the level of Mongolia's economic development is to be seen in virtually all spheres of the life of that country.

Among the various forms of assistance the CMEA countries give to Mongolia are gratuitous aid in establishing research and educational institutions, the use of a system of premium prices for Mongolia's agricultural exports and the conduct of extensive geological surveys, the results of which will determine Mongolia's future industrial plans.

The first comprehensive geological expedition was sent to Mongolia back in 1932. Since then Soviet and Mongolian specialists working side by side have located hundreds of mineral deposits. The past ten years saw the discovery of the Erdenet copper-molybdenum ore deposit and the Khubsugul phosphorite basin. When drawing up their Comprehensive Programme of socialist integration the socialist countries decided to include a special paragraph envisaging the production of yellow phosphorus at the Khubsugul deposit.

Erdenet, a veritable mountain of riches, is a magnificent example of how a scientific forecast and a geological discovery should be followed up. A huge copper-molybdenum combine has been operating there since 1978. When all its three stages are com-

pleted the combine will be mining and processing 16 million tons of copper-molybdenum ore a year. In capacity it will equal such world-famous giants as the Arthur, Magna, Morenci, Sierrita and San Manuel mines in the United States, Chuquicamata and Sewell in Chile, Brenda in Canada or Toquepala in Peru. The operation of an enterprise like that at Erdenet is speeding the day when Mongolia from being an agrarian-industrial country will become an industrial-agrarian one, the day when industry will be contributing the greater part of the country's gross national product.

Together with the Erdenet combine a new contingent of the working class and intelligentsia has emerged. The "mountain of riches" has, in fact, become a training base for skilled workers and highly-qualified technicians and engineers. The hundreds of Soviet specialists who took part in building the combine passed on their knowledge and experience to Mongolians. In accordance with a bilateral agreement, the deposit was developed and the huge ore-processing mill built jointly with the Soviet Union.

Until about 1960 surveying of the republic's mineral wealth was conducted exclusively by Soviet specialists. In the meantime, the country's own contingent of geologists was being formed and most of them were trained in the USSR. In 1963 the CMEA established its Standing Commission on Geology, consisting of the heads of the appropriate national agencies. Mongolia's Minister of Geology became the commission's head. A sign appeared on the building of the Ministry of Geology and the Mining Industry in Ulan Bator—"Offices of the Chairman of the CMEA Standing Commission on Geology".

The CMEA organized assistance to Mongolia on a large scale. The languages of many nations were

now heard under Mongolian skies. Bulgarian specialists were investigating the country's central and southern regions. Among other things, they have opened up kaolin deposits and are studying the deposits of coking coal.

In the east of the republic a Mongolian-Hungarian group sought and surveyed a tungsten deposit. The Salkhit zinc deposit is the outcome of joint efforts by German and Mongolian specialists. Difficult-of-access regions of Western Mongolia have been investigated by Polish geologists, tin placers in the North-East by geologists from Czechoslovakia.

The Mongolian people remember with gratitude the names of many geologists from socialist countries who on foot, by horse or camel, or by car covered thousands of kilometres in the mountains, steppes and deserts. In fact, the collective efforts of the countries of the socialist community have led to the establishment of an efficient geological service in Mongolia.

Since 1976 exploration of the mineral wealth of Mongolia has been conducted on a multilateral basis. In that year an international geological expedition organized by the CMEA started work. The aims of the expedition spring from the Comprehensive Programme of socialist integration, which specifically points to the need to step up geological survey work in Mongolia. The tapping of new mineral deposits in the republic is in the interests of the entire socialist community.

The international expedition's council, its highest body, consists, besides Mongolian representatives, of representatives of Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland and the Soviet Union. These countries are financing the expedition free of charge, each making equal con-

tributions. The participation of Cuba and Romania has taken the form of the dispatch of geologists and geophysicists to Mongolia.

The Hungarian and Czechoslovak field equipment for the expedition, the Bulgarian motor vehicles, the German repair equipment, the Soviet drilling machines and the Polish instruments and mechanisms have all been provided as a gift. The specialists are sent with their expenses paid by their own national ministries of geology.

The expedition was expected to conclude its work in 1980, but when the prospects of the investigated area to the East of the 110th meridian began to take clear shape the CMEA countries agreed that the international expedition should continue its work after 1980.

"The results of the expedition's work cannot be fully assessed until all the data are processed," says Zhambyn Byamba, the head of the expedition. "But we already know that further studies should be made of deposits of fluor, tungsten, molybdenum, copper and tin. This means that in the near future our industry will start to receive valuable new raw materials. Fluor is widely used in metallurgy and chemistry, tungsten goes into the making of heat-resistant alloys; tin is a basic material for the production of tin-plate, brass and bearings."

The industrial enterprises built with the assistance of Mongolia's CMEA partners have appreciably changed the structure of Mongolian exports, in which there has been a considerable increase in the proportion of extractive, light and food industry products. Ulan Bator carpets and Darkhan sheepskin articles are also in great demand on the world market.

Stock raising is a traditional sector of Mongolia's national economy, accounting for three-quarters of the country's agricultural output. But land cultivation is being developed on a growing scale, too. The republic links developments in this field with the implementation of the CMEA's target-oriented programme for agriculture and the food industry. Among other things the programme envisages the establishment of agricultural enterprises in the northern part of the Gobi Desert and the ploughing up of virgin lands in the Khalkhin Gol area.

Till the late fifties it was thought that crop farming had no future in Mongolia, that there was no soil suitable for growing crops, while the steppelands were too arid. This opinion was refuted by the results of expeditions in which Mongolian and Soviet specialists took part. They studied Mongolia's forest-steppe and steppe zones and proved that vast tracts of land could be used for crop cultivation.

In the eighties the cultivation of virgin lands is being conducted on an international basis. A decision has been taken on the joint development of crop farming and a fodder base in the area of the Khalkhin Gol River, where good crops of wheat, fodder, vegetables and fruit can be grown.

The CMEA countries will help Mongolia to introduce industrial methods of meat, milk and wool production, improve veterinary services and extend the fodder base and water supplies.

Lying in different climatic zones, from Ulan Bator to Havana the CMEA countries have good opportunities to complement one another in the international socialist market. Cuba, for instance, is a major producer of subtropical fruit. Cuba wants to raise the production of citrus fruit to 2,400,000 tons

by 1990. In this endeavour it will receive all-round assistance from the European CMEA countries.

Another important field of Cuban co-operation with other countries of the socialist community is sugar cane growing. An economic analysis has shown that Cuban sugar deliveries will enable CMEA countries to use areas now sown to sugar beet for growing other crops, with greater economic effect. Moreover, the socialist community as a whole will, thanks to this, save 650,000 tons of oil per year, because the Cuban sugar refining industry uses the residue of sugar cane (bagasse) as fuel.

Countries of the socialist community are taking an active part in developing Cuba's sugar industry. The Soviet Union and the German Democratic Republic are reconstructing sugar industry enterprises. Poland and Czechoslovakia are supplying up-to-date pumps, fans, pulverizers, centrifuges and other modern equipment.

The leading role in aiding the Cuban economy is played by the Soviet Union. With Soviet assistance 170 industrial enterprises have been built or reconstructed in Cuba. These account for about 15 per cent of the country's gross national product, including all its rolled metal, 95 per cent of its steel, 50 per cent of its fertilizers and 32 per cent of its electricity.

Early last century the first railway line in Latin America was built in Cuba. In 1837 the first section of it linked Havana with the settlement of Bejucal. In the early 20th century the capital was already linked to Santiago de Cuba, the largest city in the East of the country, by an almost 1,000-kilometre railway line. At the time of the victory of the people's revolution the line was in decline and the situation was further worsened when the economic

blockade imposed by the United States made it impossible to purchase spare parts for the locomotives and rolling stock. A plan was drawn up for the renovation of the central mainline. With the help of Soviet specialists the plan was implemented in record time.

The **Punta Gorda** plant is yet another example of mutually beneficial co-operation. Until recently this plant, to produce 30,000 tons of nickel per year, was being built on a bilateral basis. Now the two partners have been joined by a third one, Czechoslovakia, which is supplying equipment.

The **Las Camariocas** mining and metallurgical combine, which will produce 30,000 tons of nickel annually, is being built by eight CMEA countries: Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania and the Soviet Union. The European CMEA countries will be supplied with nickel in repayment of their investments.

These new high-capacity enterprises will enable Cuba in the near future to be producing a quarter of the world's nickel.

As has been pointed out by Carlos Rafael Rodriguez, member of the Political Bureau of the Central Committee of the Communist Party of Cuba and Cuba's permanent representative in the CMEA, the participation of developed socialist countries in joint construction projects in Cuba has nothing in common with the economic expansion of the monopolistic Western powers. It is known that the young Asian, African and Latin American states which resort to the services of the transnationals and allow the latter to make direct capital investments, often have to accept unfavourable financial terms and to put up with ruthless depletion of their natural resources.

The Cuban press emphasizes that **Punta Gorda** and **Las Camariocas** are only a beginning, Cuba's first experience in tapping its own natural resources by joint efforts. In the years ahead Cuba will not be content just to supply primary products. It will want its nickel, iron and other ores to be processed on the spot into finished products. It will also organize the manufacture of complete sets of equipment.

In the eighties the CMEA will on a multilateral basis help Cuba to step up geological surveying. The appropriate general agreement concluded within the CMEA framework provides for the survey of promising deposits of copper, molybdenum, bauxites, phosphorites and asbestos over an area of 30-40,000 square kilometres.

In connection with starting to build its first atomic power station Cuba is expanding its participation in the CMEA Standing Commission on the Utilization of Atomic Energy for Peaceful Purposes. Cuban scientists have become members of the research team the CMEA has organized at Budapest's Central Institute of Physical Research and they have joined in the work of the Joint Nuclear Research Institute, the international atomic physics centre in Dubna, near Moscow.

With CMEA assistance Cuba has opened an international school to give advanced training to specialists in nuclear medicine. The school is being attended by students from other Latin American countries in addition to Cubans.

The space flight in the autumn of 1980 of the Soviet-Cuban crew of Yuri Romanenko and Arnaldo Tamayo Méndez, conducted within the framework of the **Interkosmos** programme, opened a new era in the development of Cuban science. The experience gained during the flight will enable Cuban scien-

tists to conduct more complex research and to enhance the creative role of science.

More than 50 research institutes and enterprises and about 500 workers and technicians from the Cuban side took part in preparing the Soviet-Cuban space flight. They prepared parts of the equipment, certain devices and the technical documentation of experiments conducted aboard the orbital station.

One of these experiments, called "Sugar", was devoted to a study of the processes of melting and crystallization of this product, one vital to the Cuban economy. The aim was to improve the technology of sugar production and for this it is essential to know how sugar crystals grow in conditions of zero-gravity. Once this is understood it will be possible to improve and cut the cost of production technology on the earth where, in conditions of permanent gravity, such experiments cannot be conducted.

Another assignment the crew carried out was also linked with sugar or, more specifically, with determining the optimal time for harvesting. The point is that the special service which issues recommendations on when sugar harvesting should be started in various places operates by a "rule of thumb" method. Scientists aided by special multichannel photographic cameras developed by Soviet specialists along with colleagues from the German Democratic Republic are conducting research whose aim is the objective determination of the degree of ripeness of cereals. A group of Soviet and Cuban scientists are simultaneously working out methods of determining the degree of ripeness of sugar cane from outer space. It was these methods that the international crew tested.

Yet another integration undertaking involving Cuba is the implementation of a plan to accelerate the

development of science and technology in that republic. When fulfilled, this plan will mark considerable progress by Cuban science, especially in applying the findings of scientific research to the needs of environmental protection. The appropriate agreement has been signed, under the terms of which the CMEA countries will dispatch scientists and specialists to Cuba and provide the funds.

"Joining the CMEA," Fidel Castro has pointed out, "we intended to become the connecting link between the possibilities discovered by socialism in Europe in the process of its integration and the requirements of a Latin America which is trying to free itself from the conditions imposed upon it by dependence on an imperialist metropolitan country and the evils of the world capitalist market. Cuba is a part of the socialist community and it is also a part of the community of the peoples of Latin America. Together with the progressive governments of these peoples it is prepared to do everything it can in the field of co-operation and economic, cultural, scientific and technical exchanges."

In 1978 socialist Viet-Nam became the tenth member of the CMEA. Explaining the reasons of their entry into the CMEA, Vietnamese leaders noted that participation in the socialist international division of labour would help the Vietnamese people rapidly to heal the wounds inflicted by the thirty years of war against imperialist invaders and by the aggression unleashed by the Chinese rulers.

China is known unilaterally to have annulled its pledges to give technical assistance in constructing several projects in Viet-Nam. It stopped the delivery of equipment and plant and recalled its technical personnel and specialists.

The difficulties that had arisen in the Vietnamese economy were discussed in the CMEA's working bodies and the delegations of the member-countries decided to continue construction of the projects from which China had withdrawn its technical assistance. At the same time they outlined measures for rehabilitating the national economy, building top-priority projects and laying the material and technical foundations of socialism in Viet-Nam.

The results of the joint efforts of the socialist countries are to be seen in many sectors of the economy. They are particularly evident in the restoration of the trans-Viet-Nam Unity railway line which links Hanoi to Ho Chi Minh City, the North to the South of the republic. The Soviet Union supplied the line with 300 kilometres of rail, 5,000 tons of chemicals for impregnating sleepers and thousands of tons of metallic structures for bridges. Hungary contributed 700 tons of various equipment, Bulgaria concrete mixers, the German Democratic Republic presses and crane trucks, Poland rails and diesel electric generators.

Viet-Nam had been receiving fraternal assistance from the countries of the socialist community in the past as well. Now that the republic has become a full-fledged member of the CMEA, this assistance has a new significance and is on a multilateral basis. CMEA bodies are drafting projects for rendering technical and economic assistance to Viet-Nam in forms characteristic of socialist economic integration.

In turn the Vietnamese people are prepared to contribute to strengthening the economic potential of the socialist community, to developing the international socialist division of labour. Above all, this relates to such spheres of co-operation as agriculture

and the food, light, engineering, non-ferrous metals and iron-and-steel industries.

In the course of co-ordinating national economic plans for 1981-85 Viet-Nam's partners in the CMEA took into consideration the requirements of Viet-Nam for lathes, machinery, agricultural machinery and a wide range of foodstuffs and manufactured consumer goods. At the same time the foundations are being laid for the construction in Viet-Nam of big specialized enterprises for quantity production of goods for itself and other countries of the socialist community.

Such enterprises would, for instance, produce electrical machinery, including equipment for atomic power stations, and radio and TV sets, and would handle timber. Viet-Nam also intends to take part in producing manufactured goods on a compensation basis (textiles, working clothes, leather and wooden articles, sewing machines and electric appliances), and to increase its exports of foodstuffs in high demand. Viet-Nam is a major producer of tropical crops such as bananas, pineapples, tea, coffee, citrus fruit and tobacco. Measures for increasing the export of Vietnamese agricultural produce to the countries of the socialist community have been planned within the CMEA framework.

Possessing large stocks of minerals, Viet-Nam will be stepping up the rate of extraction of copper and tin, bauxites, coal, and oil and for this it is receiving assistance from its CMEA partners. The working of mineral deposits is an important aspect of Viet-Nam's multilateral co-operation with the other countries of the socialist community on the basis of specialization and co-operation in production.

With this aim in view the republic has joined actively in the work of the CMEA committees for co-

operation in planning and scientific and technological co-operation and it takes part in sessions of the Council's standing commissions. Viet-Nam is a member of several international credit-financial, economic, scientific and technical organizations and associations of the CMEA countries.

In 1978 Viet-Nam joined the *Interkosmos* multilateral space programme of the socialist countries and already in the summer of 1980 one of its citizens, Pham Tuan, after completing a course of training at the Yuri Gagarin cosmonauts' training centre, worked aboard the orbital research complex *Salyut-6-Soyuz*. Together with Soviet cosmonauts he conducted a series of scientific experiments devised by Vietnamese scientists.

One of the experiments conducted by the Soviet-Vietnamese crew was called *Azolla*. *Azolla*, an aquatic fern widespread in Viet-Nam, is famous for the microscopic alga *Anabena* which lives and propagates on its roots and which absorbs nitrogen directly from the atmosphere. Where *Azolla* grows no fertilizers are needed. That is why this fern is grown on rice paddies.

The fern from Viet-Nam became an object of space research because it propagates so rapidly that plants of a new generation can be grown during a comparatively short flight. Scientists had not previously succeeded in sustaining the life of plants for a long time in outer space. One cannot exclude the possibility that thanks to its properties *Azolla* will become a component of a closed ecological system. Such biological life-support systems are necessary for the long space voyages of the future. A study of the results of the Soviet-Vietnamese biological experiment will show whether the hopes scientists have pinned on the Vietnamese fern are warranted.

In this age of scientific and technological revolution specialists must have high qualifications. In this respect, too, CMEA partners are giving appreciable help. More than 60,000 Vietnamese specialists and skilled workers have been trained in the Soviet Union alone. Thousands of engineers, technicians and workers have received training in other European socialist countries. Today these specialists are at work in Viet-Nam's 46 higher education establishments and its National Scientific Research Centre and they hold key posts at vital enterprises and in large projects Viet-Nam is implementing together with other CMEA countries.

About 200 economic projects have been built in Viet-Nam and another 70 enterprises are being built or reconstructed with the Soviet Union's participation. These include South-East Asia's biggest integrated power development scheme on the Black River with eight 208,000-kw generating units, the Phalai thermal power station with a capacity of 640,000 kw, a coal mine with an annual output of 2,400,000 tons, a cement plant with an annual capacity of 1,200,000 tons, an apatite mining and dressing combine which produces 1,600,000 tons of concentrate a year, a nitrogen fertilizer plant producing 600 tons of ammonia a day, a caustic soda plant, viscose fibre mill and many other factories and mills.

Enterprises built with Soviet assistance are producing 100 per cent of the country's tin, apatite ore, superphosphate and cutting tools and more than half its machine-tools and coal.

Extensive aid is also being given to Viet-Nam by other CMEA countries. Bulgaria, for instance, is assisting the development of the power and iron-and-steel industries and helping to organize the production of fork-lift trucks. Hungary is taking part in

building enterprises to manufacture electrical engineering goods, tools, furniture and medicines, as well as in geological surveys. The German Democratic Republic has helped Viet-Nam to build about 30 industrial projects and another six are being under construction. The latter include a household appliances repair plant and iron-and-steel shops. Poland is building plants for the repair of railway rolling stock and the manufacture of ferroconcrete structures, as well as a ship repair yard. It is also helping Viet-Nam to raise its coal output and develop transport. Czechoslovakia is participating in the development of the power, engineering, radiotechnical and light industries. There are Cuban specialists too in Viet-Nam. They are engaged in establishing sugar cane plantations and developing meat and dairy stock raising.

The achievements and the might of the socialist community, Pham Van Dong, Prime Minister of the Socialist Republic of Viet-Nam, has noted, are bound up with the role of the Council for Mutual Economic Assistance, the organization for the international economic co-operation of socialist countries. Acting in keeping with the objective laws of history, the CMEA, which has been steadily gaining strength since its foundation and admitting new members from all parts of the world, has become the world's mightiest and most dynamic economic force.

HELP FROM A FRIEND AND ALLY

Of great importance in the struggle for strengthening the sovereignty and independence of the developing countries and for their economic liberation from imperialism is their co-operation with the CMEA countries. Ties with countries of the socialist community accord with the striving of the young Asian, African and Latin American countries to strengthen their national economies and help to consolidate the socialist tendencies. The form these ties take were described by the representatives of Angola, Afghanistan, South Yemen, Laos, Mozambique and Ethiopia who attended the 34th session of the CMEA in Prague in 1980 as observers. The head of the delegation of the People's Republic of Angola, Minister of External Trade Lopo do Nasimento, said how very fruitful both bilateral and multilateral co-operation was. He highly commended the fraternal assistance of the CMEA countries which had taken part in Angola's nationwide campaign to vaccinate large horned cattle. In the course of three months about 80 specialists from the Soviet Union and other states of the socialist community worked in Angola's farming provinces. About one million head of cattle, one-third of the country's total, were vaccinated. Such vaccination will help not only to preserve the head of cattle but also to detect and remove the sources of disease and

in the final count to improve the sanitary-veterinary situation in Angola's stock-raising provinces.

In the eighties the CMEA and Angola plan to implement several more multilateral co-operation projects. One of them is the production of fertilizers on the basis of the country's phosphate deposits. This project, drawn up with the help of Bulgarian specialists, will do a great deal to further the progress of Angola's agriculture. Thanks to such projects, the Angolan Minister of External Trade stressed, co-operation with the CMEA countries will go beyond the bounds of traditional trading operations and gain a new dimension.

The April Revolution in Afghanistan opened up good prospects for the establishment of qualitatively new relations with the countries of the socialist community, Afghanistan's Deputy Prime Minister and Minister of Planning, Sultan Ali Keshtmand, declared at the Prague session of the CMEA. Afghanistan, a country with extensive potentialities and still undiscovered raw material resources, needs assistance from the socialist states and from the CMEA. Participation in multilateral co-operation, he said, would make it possible to establish a solid basis for extending fraternal relations between Afghanistan and the countries of the socialist community.

The CMEA has become an important factor in assisting Asian, African and Latin American countries, the Minister of Planning of the People's Democratic Republic of Yemen, Faraj bin Ghanem, who headed the Yemeni delegation, told the Prague session. This assistance was meeting a considerable part of the requirements of Democratic Yemen. Helping to implement the second five-year plan of the PDRY (1976-1980), the CMEA countries were contributing 60 per cent of all the investments from abroad. In 1979 De-

mocratic Yemen's trade with the CMEA countries quadrupled compared with the previous year. For a republic whose economy is developing in conditions of a blockade imposed by the imperialist states, relations with the countries of the socialist community are the basis for building up the national economy and consolidating socialist transformations. Democratic Yemen is striving to attain the same high level of economic and social development as has been achieved by the CMEA countries. The experience of Mongolia, Viet-Nam and Cuba, said the Minister, has proved that this is possible.

The year 1980 saw the fifth anniversary of the proclamation of the Lao People's Democratic Republic. Having completed its five-year plan for restoration and development of the national economy, the republic has embarked upon its first five-year plan for social and economic development. Its aim is to create the material and technical basis for building socialism in Laos. The plan has been drawn up with regard for the all-round assistance the young republic is receiving from the CMEA countries. "The question of extending many-sided co-operation with the Soviet Union and the other countries of the socialist community," said Khambu Sumisay, Chairman of the State Committee for Labour and the head of the LPDR delegation, "is of very great importance because we can build socialism only by firmly relying on the world socialist system."

"The presence of delegations of the People's Republic of Mozambique and other countries that have freed themselves from colonial dependence is an important token of the growth of this organization and of the role which it can play," said Marcelino Dos Santos, Secretary of the Central Committee of the Mozambique Liberation Front (FRELIMO) for Eco-

conomic Policy, who headed the delegation from Mozambique. "This fact is proof of the development of the socialist community. It testifies also to the possibilities of establishing just relations of co-operation between developed and developing countries. Relying on its energy potential and resources of mineral raw materials, Mozambique is building a basis for heavy industry. For this purpose the republic has concluded agreements and treaties on co-operation with a number of socialist countries. Mozambique is convinced that the deepening of these ties is an objective necessity for laying the material foundations of socialism in the country."

Many-sided assistance is being rendered by the CMEA countries to Ethiopia. It includes financial grants, making machinery and plant available free of charge, long-term loans at a low rate of interest, economic and technical assistance in the realization of large projects, the dispatch of specialists to Ethiopia, the training of national personnel and the supply of technical equipment which is not manufactured in the republic. In both wartime and peacetime the socialist countries, guided by the principles of proletarian internationalism, are giving material and moral support to the Ethiopian people. When drawing up its ten-year plan, in which provisions are made for vitally important branches of the economy and the main problems of the country's development are indicated, Ethiopia asked the Secretariat of the CMEA and its member-countries for economic and technical assistance in implementing this plan. The request was granted. The Council appointed the Soviet Union, Bulgaria, Hungary and the German Democratic Republic as co-ordinators of co-operation, instructing them to work out special measures in this field and to determine Ethiopia's long-term requirements. "So-

cialist Ethiopia is ready to continue strengthening co-operation with the CMEA and its member-countries," declared Tekola Dehene, Deputy General Secretary of the Supreme Council for the Nationwide Revolutionary Campaign of Development and Central Planning, who headed the Ethiopian delegation.

The CMEA countries are giving assistance on a bilateral and multilateral basis not only to the socialist-oriented states, but also to other developing countries. Founded on the principles of proletarian internationalism, the socialist community has an interest in hastening technological progress in all the developing states and in strengthening their political and economic independence.

In the late seventies and early eighties the CMEA countries gave economic, scientific and technical assistance to 90 developing countries. They participated in the construction of about 4,500 industrial enterprises in Asia, Africa and Latin America. In 1979 alone countries of the socialist community concluded more than a hundred long-term agreements on economic and technical co-operation with 39 developing countries.

The economic ties of the CMEA countries with young states are of a stable nature, being based, as a rule, on long-term inter-government agreements. Immune to crisis phenomena, the economy of the CMEA countries facilitates industrialization, the establishment of a stable domestic market and consolidation of the elements of planning and the public sector in developing countries. Co-operation with the socialist countries helps to develop the public sector, to increase export resources and to draw developing countries into the international division of labour as equal partners.

The factories and plants built with the assistance of CMEA countries have become industrial centres round which the public sector of the economy is being formed. The effective and profitable operation of these enterprises provides funds for capital formation and makes it possible to pay promptly for the complete sets of equipment delivered.

Of great importance among the projects built with the help of CMEA countries are power stations. For example, the large hydrotechnical project built with Soviet assistance on the Euphrates River in Syria, with a design capacity of 800,000 kilowatts, more than doubles the area of irrigated fields. The electricity it produces costs only one-fifteenth of the cost of that generated by other Syrian power stations.

Trade and economic ties are rapidly developing between the countries of the socialist community and Algeria. They have helped to build one of Africa's biggest and most modern iron-and-steel plants there, as well as a large textile mill and other industrial projects.

Several CMEA countries pooled their efforts to build cement plants in Mali and Syria. In the plants in Syria assembly work was done by Bulgaria, while the equipment was delivered by Hungary, the German Democratic Republic and the Soviet Union. The cement Mali and Syria produce not only satisfies their own requirements but is also exported.

The iron-and-steel plant in Bhilai is a symbol of co-operation between the Soviet Union and India. The biggest and most advanced enterprise in the Indian iron-and-steel industry, this plant has already fully justified the cost of its construction and is bringing in considerable profits. Its high quality steel and rolled metal are in great demand at home and abroad. After its extension and reconstruction its annual

output will reach four million tons. The Bokaro plant, also being built with Soviet assistance, will have the same capacity. The Soviet Union will co-operate with India in building yet another iron-and-steel plant in Vizagapatnam with an annual output capacity of three million tons of steel.

Compensation deals are more and more widely being practised in CMEA co-operation with the developing world. This form of co-operation is particularly beneficial to countries with limited financial resources. On the one hand, compensation deals strengthen the economic potential of the young states and increase their export resources. On the other hand, they enable them to repay their partner with deliveries of the product of the enterprises built with his assistance, without having to spend hard currency. It is on this basis, for instance, that the *Kindia* bauxite deposit is being developed in Guinea with a part of Guinea's deliveries of bauxite to the USSR being paid for within the framework of current trade turnover and the other used to repay the Soviet credit for construction of the bauxite mine.

The principle of equality and respect for the commercial interests of the other partner is strictly abided by in economic relations between the CMEA countries and the developing countries. For this reason the deliveries of the products of co-operation projects are made at agreed prices and not at imposed prices based on those in the world market. In 1979 alone the *Kindia* deposit in Guinea, for instance, received about 20 million dollars in net profits thanks to the difference between production cost and the price received for the bauxite exported to the USSR.

In the period from 1971 to 1979 the projects of Soviet-Indian co-operation already operating earned

a net profit of nearly 6,000 million rupees, contributing 15 per cent of state budget revenues.

The high effectiveness of the assistance given by the countries of the socialist community and the profitable operation of the enterprises built with their assistance are very important not only from the economic, but also from the social and political point of view. Set up, as a rule, in the public sector, they constitute a convincing argument in favour of extending public ownership of the means of production strengthening the position of those supporting an independent path of development for newly-free states. The activities of the public sector in these countries, activities which serve the general national interests, provide a basis in the struggle to restrict the influence of transnational corporations.

The future of the public sector is the subject of a sharp political struggle in developing countries. The capitalist states make their "contribution" to this struggle by paying special attention to hastening the growth of private enterprise at the expense of the public sector. Pressure on the public sector is also exerted by the International Monetary Fund and the International Bank for Reconstruction and Development.

The socialist states counter the practice of dictation, inequality, exploitation and monopoly with the principles of equality, mutual benefit and non-interference in the internal affairs of the developing countries. Unlike the transnationals, the production associations and individual enterprises in the CMEA countries establish equal relations with independent partners in the developing states, support the public sector and do not take the profits out of these states. The enterprises built with the CMEA countries' economic and technical assistance become property

owned 100 per cent by the young states. The CMEA countries assist in geological surveys and in building national mining and manufacturing enterprises without laying down any economic conditions.

The economic relations of a new type between the socialist and the developing countries proved their great effectiveness during the economic upheavals on the world market in the seventies. The planned socialist economies ensured a growth in the demand for goods imported from the developing countries and this enabled the latter considerably to ease the negative consequences of those upheavals.

The policy of the socialist states in foreign trade relations is aimed at restructuring world economic relations on just and democratic principles. Soviet Russia, the world's first socialist state, was the first to call for such a restructuring. It spoke out in favour of giving the socialist system of ownership equal status in the world economy and it pointed to the need for de-colonialization, for curbing the arbitrary rule of the monopolies. This struggle runs like a red thread through the more than thirty years' history of the Council for Mutual Economic Assistance.

"The assistance which the socialist states are giving to the developing countries is neither compensation for damage nor atonement for old sins; it is the assistance of a friend and ally in the struggle against a common enemy—imperialism, colonialism and neo-colonialism," the Soviet government declared in its Statement on Restructuring International Economic Relations.

From all this stems the natural connection between the just demands of the socialist and of the developing countries, and their common approach to key questions of economic relations.

At the Third General Conference of the United Nations Industrial Development Organization held in Delhi in early 1980 the countries of the socialist community again called for a comprehensive solution of problems of reconstruction and of ensuring high rates of development in all sectors of the economy of the newly-independent states. They called for ending the food shortage, for increasing employment, for abolishing the exploitation of the working people of these states by foreign capital and for raising the living standards of the peoples of Asia, Africa and Latin America. In a joint statement the socialist countries stated their principled stand as regards the strategy of the developing countries in the sphere of industrialization.

The Western powers raised objections to nearly 60 of the 116 articles of a declaration drafted in Delhi by the developing countries.

The socialist countries joined the developing states in voting for the final document of the conference—a declaration and a plan of action—and again reaffirmed their readiness to extend economic co-operation with young independent states, taking into account the latter's requirements in their national economic plans and joint integration measures. In their speeches in Delhi delegates of the CMEA countries pointed out that socialist economic integration has nothing in common with a policy of collective autarchy, with the establishment of a closed economic grouping. Interested non-member-countries can participate fully or in part in the realization of the Comprehensive Programme, if they find this beneficial to them.

Training their own national personnel with the skill to manage industry and agriculture is a task of exceptional importance for the attainment of the economic independence of the young states. **The socialist coun-**

tries are helping them to solve it. In the 1970s their higher and specialized secondary education establishments trained more than 40,000 specialists from the developing countries. Worldwide fame has been won by the Patrice Lumumba Peoples' Friendship University, which was opened in Moscow in 1960.

More than 250 educational establishments have been or are at the present time being built in young states with the help of the CMEA countries. These include polytechnical institutes in Guinea and Ethiopia, a higher administrative school in Mali, a national technical institute in Tunisia and an oil and gas institute in Algeria. The industrial projects being built in co-operation with the CMEA countries have become veritable advanced training schools for the engineers and workers of the countries concerned. More than 400,000 people have become skilled workers on these projects.

Taking into account the growing need of the developing countries for specialists with a higher education, in 1974 the CMEA set up a stipend fund to help train at higher schools in the CMEA countries specialists in fields especially important for the economic, scientific and technological development of the newly-free states. Stipends from this fund are received by some 2,500 students from 47 developing countries studying at institutes and universities of Berlin, Warsaw, Prague, Bucharest, Sofia, Moscow and other cities of the socialist world.

Economic and cultural ties between the CMEA countries and the developing countries and the new division of labour shaping up between these two groups of countries are becoming a factor in restructuring economic relations on a global scale. Equal and mutually beneficial co-operation between the socialist and the developing countries strengthens the

positions of the latter in the world economy. The very fact that the developing countries have the possibility of receiving aid from the socialist states compels the capitalist world to manoeuvre and to make certain concessions to the young states.

* * *

Relations between groups of countries and between states with different social systems can be promoted only in conditions of peace. That is why the CMEA countries strive for the establishment of economic, trade and cultural contacts with states in all the regions of the world and work for the relaxation of international tension.

The deepening and materialization of détente will create favourable conditions for the restructuring of international economic relations and will generally be a great boon to mankind. The curbing of the arms race, for instance, and cuts in military budgets would make the state finances of many countries healthier and reduce inflation. Part of the means thus saved could be used for extending programmes of assistance to the developing countries.

Deliverance from the burden of the arms race or even partial conversion of war industries to civilian production would bring about an increase in consumer demand, including a demand for goods from the developing countries. At the same time it would become possible to come to grips with global problems facing the whole of mankind. That is the view of détente taken in the collective programme documents of the socialist countries.

The co-ordinated plans for the economic progress of the CMEA countries, which are partners in integration, serve the goal of peace toward which socialism strives.

* * *

Within the years of socialist construction the fraternal countries have accumulated a vast experience in the organization of production, economic management and the solution of important economic problems. Among the problems is the implementation of the Comprehensive Programme of socialist economic integration and a whole series of long-term target-oriented programmes, which provide for the extension and deepening of the contacts among socialist nations and which outline the prospects of their development for the late 20th early 21st centuries.

A clear answer to the question what directions will this development take and what has to be done to further improve the international economic organization of the socialist countries is given in the Report of the Central Committee of the CPSU to the 26th Congress, which was held in February-March, 1981:

"The CPSU and the other fraternal parties are setting their course on making the coming two five-year periods a time of intensive co-operation among the socialist countries in production, science and technology.

"Life is setting us the task of supplementing co-ordination of our plans with co-ordination of economic policy as a whole. Also being put on the order of the day are such issues as aligning the structures of economic mechanisms, further extending direct ties between ministries, amalgamations, and enterprises participating in co-operation, and establishing joint firms. Other ways of combining our efforts and resources are also possible."

Yuri SINYAKOV
Partnership of Equals

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