

The Advantages

of

Socialist

International

Division

of

Labour

A. A. Shaporov
I. F. Motorin

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А. Шапоров, И. Моторин
ПРЕИМУЩЕСТВА МЕЖДУНАРОДНОГО
СОЦИАЛИСТИЧЕСКОГО РАЗДЕЛЕНИЯ ТРУДА

на английском языке

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Introduction

Ours is an age of dramatic changes in the destinies of nations, of sweeping socio-economic changes, stupendous scientific and technological progress and vigorous growth of industry, of world upheavals and tragedies like two world wars, US aggression in Indochina and the conflict in the Middle East.

The 20th century has witnessed the victorious October Revolution in Russia and the foundation of the Soviet Union, whose fiftieth birthday progressive mankind celebrated last year.

One more great milestone was when, after World War II, a number of countries set out on the road of socialism, the beginning of the socialist world system.

Equally remarkable is the entry of many young states of Asia, Africa and Latin America upon the path of non-capitalist development, of deep-going social and economic reforms.

The emergence of the socialist world system, the disintegration of the colonial system of imperialism and the growth of the national liberation movement and of the entire world revolutionary process are history-making events of the 20th century which have brought about fundamental changes in interstate relations, in the international division of labour. The single world market

based on the capitalist international division of labour is now a thing of the past.

The two opposing socio-economic systems—socialism and capitalism—have given rise to two types of division of labour, socialist and capitalist. Imperialism has lost for ever its dominance over a greater part of the globe.

Today as before, the capitalist international division of labour serves primarily the interests of the strongest capitalist groupings, with the resulting uneven economic and political development of countries and deepened dependence of the less developed countries on international monopolies, on monopoly capital.

An entirely different picture is to be observed in the socialist world system. A new type of interstate relations has shaped up there, based on the principles of socialist internationalism, comradesly co-operation, mutual benefit, and mutual assistance.

Constantly perfecting itself, the world of socialism is solving formidable problems of economic development. It is making rapid progress, successfully advancing towards the establishment of a new, most progressive society. Its steadily growing political unity and economic potential guarantee the complete victory of socialism and communism in the countries of the system. The socialist world is becoming a determinative of mankind's progress.

The experience of socialist construction confirms that the socialist international division of labour conduces to the genuine progress of all participating countries, irrespective of the size of their territory or population or the availability of natural resources.

The socialist international division of labour is

developing particularly intensively among the socialist countries united in the Council for Mutual Economic Assistance. In the course of the next fifteen to twenty years the central place in the division of labour among them will be occupied by the realization of the Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration, adopted by the 25th session of the CMEA in 1971.

Familiarization with the problems of the socialist international division of labour would help working people in the capitalist and former colonial and dependent countries towards a deeper understanding of the significance of the struggle of the socialist countries for peace, democracy, the national independence of the peoples, and social progress. This is particularly important today, when the ruling circles of the imperialist powers and all foes of socialism place their chief stakes on ideological subversion, seeking to misrepresent the character of economic relations between socialist countries and to embellish modern capitalism.

The authors' aim has been to provide insights, illustrated by the experience of the CMEA countries, into the essence of the socialist international division of labour, its role in promoting the economic progress of the CMEA countries, and to describe problems which are being solved in the process of deepening economic, scientific and technical co-operation among them.

I.

International Division of Labour—an Objective Economic Process

International division of labour, like external economic ties, attracts the attention of not only statesmen and public leaders, but also of the public at large. The interest is largely due to its influence on the international situation and on economic and social processes in the countries taking an active part in it.

The theoretical and economic problems of the international division of labour are studied by scientists of the United States, Britain, France, the USSR, India and many other countries. Most of the scholars agree that it is a logical development of the social division of labour and exchange. Historically, it is a complex process. International division of labour and international trade only arise when the development of social production has reached a sufficiently high level. It is an objective historical process, a part of the development of social production.

Rudiments of division of labour (by sex and age) appeared at the time of the primitive communal system. It was one of the earliest prerequisites for individual specialization of labour. As production developed and work habits improved, a social division of labour began to take shape—the setting

apart of different kinds of work within the commune. That was how the first major social division of labour—the separation of pastoral tribes—came about. The second was the separation of the crafts from agriculture. But, the division of labour at the lower stages of social development did not yet signify an international division of labour.

International division of labour arises with the political separation of nations and the appearance of states. The specialization of countries in the production of particular types of goods and services and the exchange of these goods and services within the framework of a world-wide economic system are the main prerequisites for its emergence.

This of course raised the question what causes a country to specialize in producing particular types of goods? Why does one country buy certain goods from another? Why do states exchange goods?

To begin with, countries differ appreciably from their near and distant neighbours not only in geographical position, climate and natural conditions, but also in the existence of prospected and reclaimed raw materials and power resources which make up the natural basis of production.

Quite understandably, the absence of some or the overabundance of other resources necessary for the constant renewal of production compels the country concerned to exchange resources and products with other countries. Most of the socialist countries in the CMEA group do not have their own stocks of many of the raw materials and of fuel, and so they meet their need with imports. The GDR, for instance, imports 79 per cent of her coal, 41 per cent of rolled steel and 31

per cent of pig iron. Figures can be used to show the proportion of this or that item which is exported by a particular country. Switzerland, for instance, exports 70 per cent of her engineering output, 80 per cent of her machine tools and 95 per cent of watches and clocks, pharmaceuticals and dyestuffs. These examples give some idea of the extent of the international division of labour and of the resulting foreign trade. This enables countries to solve complex problems in their production development. The exchange enables states to acquire the raw materials, power resources, machinery, equipment, etc. they are short of and others to sell their surplus of these resources and products of labour.

Experience shows that under favourable conditions of exchange, each side achieves considerable progress in the development and perfection of production and in improving the life of its population, that it is not economically sound to build a closed, self-sustained national economy and it is, of course, also rather difficult. This is particularly true of smaller states, for whom a closed economy is unthinkable not only because it will cost too much and reduce their national productivity, but also because they may simply not have the resources for it.

A small state can only run a closed economy on a very primitive technical level, dooming itself to destitution.

From this it should be clear, that differences in the natural conditions in the life of the people and the make-up of natural resources used in production are the practical basis for the priority development of a particular type of economic activity in a country.

That is one of the objective causes of the emer-

gence of international division of labour and with it of the development of interstate exchange. But it should be noted that such possibilities do not by themselves become reality if the social and economic prerequisites for their realization are not there in the given country. The geographical environment is only the natural basis of an international division of labour and it can become the main factor in interstate specialization if social and economic conditions are right.

The international division of labour is a new stage in the social division of labour. But it also reflects a new stage in the development of the productive forces, i.e. the principal elements participating in the production of goods and services. The most important element in the productive forces is people who have enough production experience and work habits. The main elements in the creation of material values are the instruments and the objects of labour.

The instruments of labour are the most dynamic part of the productive forces. In the process of production people improve their instruments of labour, design new machines, open up natural resources, enrich their knowledge, master the laws of development of society and nature. The appearance of machines at a certain stage in the development of mankind revolutionized not only production but the whole social life. The emergence of machines led to a sharp increase in production, to new needs and to a growth in the possibilities for satisfying these needs.

Marx wrote about this: "Before the invention of machinery the industry of a country was carried on principally with the raw materials that were the products of its soil; in England—wool, in Germany—flax, in France—silk and flax, in

the East Indies and the Levant—cotton, etc. Thanks to the application of machinery and of steam, the division of labour was able to assume such dimensions that large-scale industry, detached from the national soil, depends entirely on the world market, on international exchange, on an international division of labour.”¹

Large-scale machine industry makes the growth of industrial output, greater specialization, and a division of industry into separate branches both possible and necessary. This provides a basis for ever greater interdependence between branches of production in different countries, so that production and indeed the whole economic life become international.

In our time the international aspects of social production are becoming essential to the successful development of a national economy. Modern production can be effective only given the establishment of enterprises of an optimal size, whose output, as a rule, considerably exceeds the requirements of the internal market. For instance, the optimal annual capacity of a modern tractor plant is 100,000-150,000 tractors and of a motor vehicle plant, 120,000-130,000 lorries or 600,000 cars.

From this it is clear that the economic development of a small country or indeed of any country is practically impossible within its national boundaries, and that participation in the international division of labour is not only a means of raising the efficiency of the national economy but an actual economic necessity.

The international division of labour not only leads to countries specializing and to international social production, it also reflects, in its own way,

¹ K. Marx. *The Poverty of Philosophy*, M., 1935, p. 118.

the socio-economic relations, the relations of production.¹ The vital factor in these relations is the form of ownership of the means of production, i.e. the instruments and objects of labour. In the final count, the relations of ownership are the basis of any social system. There are two principal types of ownership—public and private. Under private ownership the means of production belong to capitalists and landowners, who are an insignificant minority of society. This is bound to lead to the economic enslavement of the working people (who are deprived of the means of production), to the enrichment of some people at the expense of others. Public ownership is collective ownership of the means of production by all the people, a relationship of equality to the material conditions of their productive activity and to the products of labour for all members of society.

Production (economic) relations within a state (society) have a considerable influence on its external contacts and on the international division of labour.

Under capitalism the facade of “equality and mutual benefit” in interstate economic relations conceals the interests of the ruling classes—the monopoly capitalists and large landowners and the plunder of the less developed countries by stronger powers. But alongside this, for more than a quarter of a century now the most progressive type of economic relations have existed between the states of the socialist world system. Underlying these relations is the socio-economic identity of production relations based on public ownership

¹ Production relations are the totality of the economic relations which arise between people, independent of their consciousness and will, in the process of production, exchange and consumption of material goods.

of the means of production, on a community of political interests, on the principles of comradely co-operation, equality, and mutual assistance.

The international division of labour has contradictory features because of this complex and contradictory content of interstate economic relations. From this viewpoint the present state of the international division of labour, of interstate economic contacts is transitional. The division of the world into two socio-economic systems, their peaceful co-existence and economic competition have given rise to qualitatively new phenomena in the development of international economic relations.

The emergence and consolidation of the socialist mode of production in a number of countries signifies a crisis in the capitalist mode of production and in the international division of labour characteristic of it. The established system of division of labour determines the place and functions of every social system in the world economy.

Modern production can no longer function normally within the framework of the old division of labour, set by the capitalist mode of production, for the capitalist international division of labour is no longer the only system of economic links between countries. Today there is a new system parallel to it, the socialist system of international division of labour.

The role of socialism in the world economy has increased to a point where the growth rates of socialist production are an important factor in the growth of the entire world economy. The share of the socialist countries in world industrial production rose from 20 per cent in 1950 to approximately 39 per cent in 1971.

A peculiarity of the present epoch is that although there are two world economic systems and two different types of international division of labour there is unity of the world international division of labour and from this stems an objective need for the maintenance and promotion of economic links between all countries, regardless of their social system.

Some bourgeois economists and publicists contend that the trend of economic development of the world socialist system, and especially of the CMEA community is towards isolation, towards separation from the world market and its breakup. They criticize the policy of economic consolidation of the socialist states for allegedly destroying the "unity of the world," the "unity of the world market."

It should be noted, in this connection, that the division of the world market into socialist and capitalist markets was the consequence of the natural and inevitable process of disintegration of capitalism as a global system and formation of the world socialist system. So there can be no unity of the world and of the world market in the sense of going back to the state of things that existed before the emergence of the world socialist system.

A single all-embracing capitalist international division of labour does not exist in the world any longer, nor does an all-embracing world capitalist market. But a world division of labour and a world market do exist. And in as far as there are two world economic systems, there is division of labour between them. As a consequence there exist the ways for capitalist countries to enter the world socialist market and vice versa.

Soviet co-operation with France is a case in

point. Within the short period 1965-69 trade between them more than doubled, and similar rates of its growth are envisaged by the agreement on trade and economic co-operation between the two countries for 1970-74. The provisions in this agreement for the joint construction of industrial projects both in the USSR and in France are particularly important.

All states use the world division of labour in the interests of their own economy. It should be noted, however, that the vigorous development of the economy of the socialist countries and of the socialist international division of labour has put an end to the imperialist states' economic monopoly on the world market.

The socialist international division of labour gives the socialist countries and also the developing countries considerable freedom of manoeuvre on the world market and enables them to assist each other effectively when imperialist partners try to impose undesirable forms of labour division upon them.

The new division of labour that is taking shape between the countries of the socialist and capitalist systems is making for the practical realization of the principle of mutual benefit.

It cannot be said, however, that extensive development of division of labour between socialist and capitalist countries is a smooth or easy process. It involves many economic and political problems. We shall mention only one of them. The rapid industrial and overall economic growth of the socialist countries is creating a large export market for the capitalist states. But the imperialist powers and monopolists are aware that if they make use of these possibilities, while it is conducive to extending capitalist production it also

helps to increase the strength of the world socialist system.

This is one of the causes of the inconsistency in the attitudes of the ruling circles of the imperialist countries to question of economic contacts with the socialist states. As we know, the attempts of the United States and other Western countries to resolve this contradiction by refusing to trade with the socialist countries or prohibiting export to or import from them have failed. The steps the socialist countries have taken to deal with the consequences of embargo include organizing large-scale production of the goods they needed within the framework of the socialist system and extending mutually profitable trade with those non-socialist states who refused to take part in the embargo.

As a result, the countries whose policy is embargo forfeit the opportunities which the socialist market affords them, and sooner or later have to return to positions in line with the objective conditions of the international division of labour.

Life itself necessitated mutually beneficial co-operation of countries with different social systems. In his report on the occasion of the 50th anniversary of the formation of the USSR Leonid Brezhnev, General Secretary of the CPSU Central Committee, said, in particular: "The time has come, we believe, to put on the agenda the elaboration of a European programme of economic and cultural co-operation. This leads to the following question: is it possible to find a basis for some forms of businesslike relations between Europe's two interstate trade and economic organizations—the Council for Mutual Economic Assistance and the Common Market? It could probably be found, if the Common Market countries refrain

from all attempts at discrimination of the other side, and if they help to develop natural bilateral ties and all-European co-operation."

Human genius is delving deeper and deeper into the secrets of the micro- and macro-worlds. Science has mastered or is on the point of mastering processes which can revolutionize social production. The day is not far off when the artificial synthesis of protein will be solved. The exploitation of outer space has started. And all these achievements are based on the constructive labour of the peoples.

The international division of labour in this sphere creates in every country, big or small, conditions for the utilization of achievements of world science and technology, the introduction of new production techniques, mechanization and automation, larger scale of serial production, and optimal concentration and utilization of production capacities.

A trend towards promoting mutually beneficial scientific and technical international co-operation is a salient feature of our time. This can take many forms, such as exchange of information, trade in licences, purchase of manufactured samples, new seed varieties and pedigree cattle, etc. The licence trade is particularly widespread. It is a central feature of scientific and technical relations, and agreements in this field envisage long-term commitments—5-12 years, for instance. The purchase of foreign licences cuts the time taken to start new production, helps to solve many problems in modernizing branches of the economy and saves considerable expenditure on research and development.

The situation in the international division of labour in the scientific sphere has shaped the

leading role of certain countries in specific areas for many years, so that countries with relatively less developed economies usually turn to the experience, knowledge and achievements of more developed states. This state of affairs is, of course, not permanent, because the less developed countries will eventually eliminate the lag, but it cannot be disregarded.

Promotion of scientific and technical exchanges between countries is also made necessary by differences in the availability of qualified personnel in production and research, and funds for research and development. Here the degree of concentration of financial resources, and the absolute volume of means necessary for these purposes are both involved. At its present stage of development science requires heavy investments. Experience shows that the cost of a full cycle of research in many sciences has reached such dimensions that small countries and even groups of small countries cannot afford it.

Budget allocations for science in the USSR rose elevenfold between 1950 and 1970. In 1971 total cost of research reached an impressive sum of 13,000 million roubles—this out of a total of 77,000 million roubles allocated for the national economy.

There are about 940,000 scientific workers in the USSR; 17,000 of them are full and corresponding members of academies of sciences or professors. More than 16 million specialists with a higher or specialized secondary education, including 2.4 million engineers and 4.4 million technicians, are employed in the national economy. There are about 15 engineers or technicians per 100 industrial workers. This indicator is one of the

highest in the world. The number of research institutions in the USSR runs into thousands.

Over the recent years the Soviet Union has allocated 3.8 per cent of her national income for science; Czechoslovakia, 3.2 per cent (compare this to France's 2.8 per cent and Britain's 2.6 per cent); the German Democratic Republic, 2.4 per cent; Poland, 1.6 per cent; Hungary, 2.4 per cent; Bulgaria, 1.5 per cent. The complexity of problems arising in the course of the rapidly developing scientific and technological revolution naturally calls for high concentration of scientific forces.

In the field of scientific and technical co-operation it is very important that internationally coordinated research makes it possible:

first, to avoid duplication of R and D work, which saves funds, and can eliminate a lag in any particular field more rapidly;

second, it enables scientific experiments and conclusions to be re-checked against the work of foreign scientists, inventors and innovators and makes it possible to pool efforts to speed up progress;

third, new processes in science and technology can also be developed more rapidly on a domestic level.

We should like to call the readers' attention to one more aspect of scientific and technical co-operation. It helps to level up the economic development of individual countries. In the present conditions international division of labour and exchange in the scientific and technical field help to speed technological progress in less developed economies.

By hastening technological progress we mean speeding up the development and improvement of production techniques, introduction of new,

progressive methods, discoveries and inventions which boost output while reducing costs. International differences in production costs are one of the causes of the emergence and development of international division of labour. Not infrequently it is economically more profitable to import a particular article even when it can be produced at home. There can be several reasons for this: less favourable internal conditions for the extraction of raw materials, higher internal transport costs, slower returns on investments, a relatively low level of technology, and so on.

Since here the exporter country has more favourable natural and production conditions than the importer country, it is also quite likely to have labour productivity in the given line, so that it will need less time to manufacture this product.

This leads one to the conclusion that international division of labour enables countries to divide social labour more rationally to achieve greater gross volumes of production with a lower expenditure of labour. This of course contributes to raising the efficiency of social production.¹

However, this will only be true when the international division of labour is based on the principles of equitable exchange, mutual benefit, and co-operation. Under the capitalist mode of production, the aim of which is maximum profit, international division of labour is used for ruthless exploitation of less developed countries and is profitable first and foremost to the imperialist powers and their monopolies, to which it brings fabulous profits. Here is a recent example. At the 3rd

¹ Applicably to material production growth of efficiency signifies an economy of social labour or growth of its productivity and hence a reduction in production costs.

session of the United Nations Conference on Trade and Development, held in the Chilean capital in May 1972, President Salvador Allende of Chile cited clear examples of the rapacious activity of foreign monopolies in his country. In 1930, he said, foreign monopolies invested 30 million dollars in the development of Chilean copper deposits. They have raked in 4,000 million dollars in profit from this.

Only under socialism do all the countries and peoples taking part in the international division of labour achieve an economy in social labour. These questions will be dealt with in greater detail at a later point.

Now that we have examined the main factors bearing on the development of the international division of labour, let us take up the question of the form of realization of its results. As we pointed out, exchange is the external economic form of the social division of labour, including international division of labour. Exchange arises only together with the social division of labour. Without international exchange no production-technical forms of division of labour among states can exist.

Commodity production—production for exchange, for sale on the market—came into being with the separation of the crafts from agriculture and gradually outgrew the bounds of communes, tribes and states. But this alone was not an objective basis for the formation of an all-embracing world market. The development of a world market and of international trade is associated first of all with the improvement of production, and achievement of a sufficiently high level of production. The external market became particularly important

with the appearance of machine industry. Mass production demands large markets.

Progressive changes in transport and in methods of preserving products have had a tremendous influence on the development of the international division of labour. Quantitative and qualitative changes in production and transport have increased speed and safety of movement and extended the assortment and volume of produce that can be transported over large distances.

We have seen the main prerequisites for the development of the international division of labour. Now let us look into the indicators which characterize this process.

The extent to which countries take part in the international division of labour depends on many objective factors. Differences in economic development levels are indubitably a major factor, but differences in internal market capacities, the size of the population, the size of the national income, the ability to accumulate foreign exchange and to increase the volume of capital investments, historically established economic structures, the systems of national prices and finance, etc., all play their part. It should be noted here that comparatively small industrially developed countries (with small internal markets) are bound to participate in the international division of labour on a greater scale than larger countries.

As we said earlier, the main development of the international division of labour is the growth of international trade and scientific and technical exchange. So the main indicators of the development of international division of labour would be the foreign trade turnover; the export of capital, services and credit; freight and insurance; technical assistance; scientific and technical co-opera-

tion, and the ratio of export to national income. It will be remembered that these indicators give only a general idea of the development of the international division of labour. For instance, since states differ in size, population and output the extent of a country's participation in the international division of labour can only be judged approximately by the quantitative (usually *per capita*) foreign trade indicators. Comparatively small countries may export a greater part of their national product and, conversely, such countries as the Soviet Union or the United States, both with a vast GNP, will only export a small part of their national product.

One more indicator of development of the international division of labour is growth of the export of capital, growth in foreign investments. There are states which receive more from the sale of the produce of foreign enterprises in which they have invested capital, than from their total export of commodities.

In conclusion, it should be stressed once again that the international division of labour is developing under objective economic laws. It must lead to the establishment of equal, mutually beneficial interstate relations, to greater production of material values achieved through rational utilization of manpower, natural resources and production capacities, and to equalizing, on this basis, of the development levels of countries, thereby ensuring social and economic progress in all states. In the final analysis it is only on this condition that a successful development of external economic links, genuinely international production and exchange which bring the peoples of different countries and continents together is possible.

II.

Specifics of the Socialist International Division of Labour

The development of society's productive forces and the attendant extension of the international division of labour gave rise, still under capitalism, to an essentially progressive tendency towards the economic drawing together of nations and states. However, this tendency could not unfold fully because of the profound antagonistic contradictions born out of the exploitation which is the very nature of capitalism, and which is the basis of the inequality, the antagonism in relations between states, deformed specialization of countries drawn into the sphere of capitalist interstate relations, and the uncalculated spontaneity of the very process of division of labour among countries in the capitalist form of international division of labour.

Capitalist international division of labour, capitalist international economic links and capitalist production relations are being replaced by socialist international division of labour, socialist international economic links and socialist production relations.

International division of labour along socialist lines began after World War II, when a number of European and Asian countries had embarked upon building socialism. So the establishment of the socialist international division of labour and the

emergence of a socialist world economic system are two aspects of a single process. As the socialist world system develops and gains strength its members find new possibilities for economic, scientific and technical co-operation within the framework of the socialist international division of labour.

The aims, methods and organization and the social and economic consequences of socialist international division of labour differ cardinally from what happens under capitalism.

But these differences can only be understood in the light of the Marxist-Leninist theory of social development, which illuminated its objective laws. And historical experience confirms the thesis of this theory that in the process of its development capitalism gives rise to material conditions for mankind's revolutionary transition to a new, communist socio-economic formation, of which socialism is the first phase. Under capitalism production reaches a high degree of socialization. Capitalism imparts a social character to production by concentrating production of goods at vast enterprises and promoting social division of labour, and this demands planning and organization of production on a national scale. But capitalism is unable to do that by virtue of the domination of private ownership of the means of production and products of labour. This results in a conflict between the productive forces and the production relations. This antagonistic contradiction can only be resolved through a socialist revolution, by depriving the bourgeoisie of political power and of the ability to oppress and exploit the working people.

Besides the material conditions for the transition to socialism, capitalism creates a revolutionary social force, the proletariat, which, under the guid-

ance of its Marxist-Leninist party, must sooner or later overthrow the old social system by revolution and organize the building of a new system, socialism. Consequently, the transition from capitalism to socialism should be regarded as a natural historical process which takes place, not because some individuals, parties or classes wish it, but because of the contradiction between the character of the relations of production and the level of development of the productive forces. And while individuals, parties and classes do play an important role in making history, they cannot change its course against the objective laws of social development.

Socialism restores harmony between the character of production and the forms of ownership not only in individual countries but also on a world-wide scale; it abolishes private ownership of the means of production and the exploitation of man by man. The domination of public ownership of the means of production in the socialist countries enables them to base their economic relations with each other on entirely new principles which have nothing in common with those by which the imperialist states are guided. Three fundamental features of these relations are:

- 1) They are relations of equal co-operation and mutual assistance between independent sovereign states and not relations of the exploitation of one country by another, economically more developed, as under capitalism.

- 2) They are not based on competition and use of market conditions as in the capitalist world economy, but on the systematic development of various forms of economic co-operation in the interests of all socialist countries.

- 3) The socialist international division of labour

accelerates the economic progress of all countries and helps to remove the historically conditioned differences in their economic development levels.

The question now arises, why do favourable conditions for co-operation present themselves for all countries in the world socialist system irrespective of their economic development level? To answer this question, the following objective factors must be borne in mind.

An economic basis of the same type has been established in the socialist countries—public ownership of the means of production. They also have a political system of the same type: power in the hands of the people, led by the working class. They also have in common the Marxist-Leninist ideology and a common aim—to build communism. These objective prerequisites constitute the basis for a practical realization of the immutable principles of socialist internationalism, which ensure full equality of states, mutual respect for sovereignty, independence and national interests, non-interference in internal affairs, mutual benefit, and comradesly mutual assistance.

The experience of building socialism and promoting the socialist international division of labour bears out the predictions of the founders of scientific communism, Marx and Engels, who wrote in the *Manifesto of the Communist Party*: "In proportion as the exploitation of one individual by another is put an end to, the exploitation of one nation by another will also be put an end to. In proportion as the antagonism between classes within the nation vanishes, the hostility of one nation to another will come to an end."¹

¹ K. Marx and F. Engels. *Selected Works*, M., 1968, Vol. I, p. 125.

This is not to say that socialist international division of labour is invariably a smooth process. From time to time this process runs into difficulties and contradictions. But these contradictions are not conflicts. They are rooted in the heritage passed down to the socialist countries from capitalism and the capitalist division of labour, a heritage which influenced the level of economic development of some of the countries which had set out to build socialism. It will be recalled that in the formative period of the world socialist system only three countries—the USSR, the GDR and Czechoslovakia had a developed industrial economy. Most of the other countries of the socialist community had been agrarian raw material appendages to imperialist powers. For example, before World War II nearly 94 per cent of Poland's and 98.4 per cent of Romania's exports were raw materials, fuel and farm produce. The proportion of agricultural goods in Bulgaria's and Hungary's exports was 90 and 70 per cent respectively.

Most of the new socialist countries in Europe and Asia also inherited completely unbalanced economies from capitalism which impeded the development of socialist international division of labour.

Capitalist methods of promoting international division of labour are, understandably, unacceptable to the countries of the world socialist system. The most important tasks of socialist construction include elimination of the division of these countries into industrial and agrarian. This is a complicated, many-sided process which takes a great deal of time and great resources.

The new social system that has been established in the socialist countries makes it both possible

and necessary for the division of labour between them to develop systematically and to contribute to eliminating the negative consequences of the capitalist division of labour. How is this achieved?

Before we answer this question we should like to make one very important point.

Modern economy is a complicated organism made up of many different branches and hundreds of thousands of enterprises. No enterprise can function normally without selling its produce and buying the produce of other enterprises, such as machine tools, raw materials, fuel, etc. Economic links between branches and enterprises are constantly growing in size and complexity in step with the growth of production. So modern production requires conscious guidance to maintain the complex network of links between its component parts.

But under capitalism private ownership of the means of production makes conscious management of production on a nation-wide scale impossible.

Under socialism every enterprise operates to satisfy the requirements of the members of society, not to fill the pockets of one or several capitalists. This makes planned guidance of the national economy possible and necessary and this, in turn, requires centralized regulation of socialist (communist) production on a nation-wide scale. Only a socialist state can cope with this formidable task, because it has, as we have seen, public ownership of the means of production and centralized state management of the economy.

The socialist state consciously regulates the process of social reproduction, distributes manpower, materials, and financial resources among the va-

rious spheres of activity and branches of the national economy on a nation-wide scale to satisfy the material and cultural requirements of society. This assures a correlation between different types of economic activity that is optimal for society.

To make economic development proportionate the socialist state co-ordinates all sectors of social reproduction not only in space, establishing correct inter-branch proportions at any given moment, promoting balanced development of production all over the country for the given stage of development, etc., but also in time, securing a correct ratio between production and subsequent distribution and exchange, between accumulation and subsequent extension of production, between interconnected branches of the economy, between economic regions, etc. This balance cannot be achieved unless the state elaborates an economic development programme for the country over a considerable period of time—that is, without a long-term national economic plan. Planned economy rules out any possibility of crises of overproduction, unemployment or other dissipation or destruction of the productive forces, these regular concomitants of the capitalist system. It secures to all working people full employment, improvement of the standard of living, and national equality. This is one of the principal advantages of the socialist (communist) mode of production, a testimony to the great beneficial effect of planned economic management on the rates and proportions of economic development in order to ensure the full satisfaction of the requirements of the members of socialist society.

The sphere of planning widens in step with the consolidation of the socialist system and the deepening of economic, scientific and technical co-ope-

ration among socialist states, extending to the international division of labour.

The planned development and deepening of the socialist international division of labour relieves the socialist countries of the need for each to establish all branches of production. It helps them to concentrate resources on the manufacture of specific products at well-equipped enterprises while it prevents the formation of single-product economies, since one of its basic principles is to promote the establishment of a maximally rational economic structure in every country. In other words, the socialist international division of labour is aimed at creating a sectoral structure of the economy in the countries of the community which optimally combines industry and agriculture, extractive and manufacturing branches, producer and consumer goods.

The establishment of a national economic complex in every country in the community on the basis of the socialist international division of labour presupposes: development of industry through maximally rational utilization of the country's own resources; development of agriculture to ensure the fullest possible satisfaction of internal requirements in foodstuffs and agricultural raw materials; development of modern transport and communication facilities; full employment of the able-bodied population; priority rates of industrialization for underdeveloped regions and branches; full utilization of the advantages of international specialization and co-operation in production and of the opportunities for extending foreign trade.

This enumeration shows that the importance of the socialist international division of labour far transcends the bounds of the purely economic,

commercial benefits of production co-operation.

Division of labour among the socialist countries enables them to carry out an extensive programme of introducing the latest scientific and technological developments and the most progressive ways of organizing production. The latter presupposes progressive changes in the range of output, the introduction of sophisticated highly efficient equipment and the new lines of production. It should be noted here that the development of the socialist international division of labour is greatly influenced by scientific and technical contacts between socialist countries, but these will be discussed later.

All this goes to show that economic co-operation among socialist countries based on the socialist international division of labour makes for eliminating differences in their economic development levels. The need to level the economic development of all the states of the community flows from the very nature of socialism; the objective prerequisites of it are the dominance of socialist relations of production in each of them, and economic co-operation.

The task of achieving ever greater harmony between the level of development of the productive forces and the socialist production relations within each country and on the scale of the entire socialist world system is vital.

The socialist system has already achieved signal successes in levelling the economic development of its members. Thus, the gradual removal of differences in the degree of maturity of production relations in the socialist countries has already led to a more or less simultaneous elimination of the plurality of their economies, with socialism becoming the dominant economic formation in every

CMEA member state. The socialist sector's share of gross industrial output is at present 99.6 per cent in Bulgaria, 99 per cent in Hungary, 99.7 per cent in Poland, 99.9 per cent in Romania, and 100 per cent in Mongolia, Czechoslovakia and the USSR.

Almost all the socialist states have largely completed the process of doing away with the multi-sectoral character of their economies. The main task at the present stage of levelling economic development is to eliminate differences in the development of their productive forces. This process is seen most strikingly in the higher growth rates of industrial production in the economically less developed countries. Here are a few figures: between 1950 and 1970 industrial output multiplied by about 6.9 in the USSR, 5.2 in the GDR and Hungary and 4.9 in Czechoslovakia, but by 7.6 in Poland, 11 in Romania, and 12 in Bulgaria. This tendency is being maintained in 1971-75. The planned increases in industrial production are 42-46 per cent for the USSR, 32-34 per cent for Hungary, 34-36 per cent for the GDR and Czechoslovakia, 48-50 per cent for Poland, 55-60 per cent for Bulgaria, 53-56 per cent for Mongolia, and 68-78 per cent for Romania.

Clearly, these rates are indicative of a growing harmony between the economic development levels of the socialist countries. Moreover, this correlation is achieved while maintaining optimally high development rates in all socialist states and not by inhibiting growth in the more developed countries.

The division of countries into industrial and agrarian is gradually disappearing in the world socialist system. With support from the highly-developed members of the community and especially

all-round assistance on the part of the USSR, the formerly less developed countries are managing to overcome the consequences of the excessively narrow "specialization" in agricultural and industrial raw materials which reflected their position of tributaries in the world capitalist economy and determined a low level of development of their national economy as a whole.

Experience has shown that all socialist countries have favourable conditions for the establishment of a powerful industry. In the formerly backward countries industry gets priority, and its role in the economy rapidly increases, and they grow from agrarian into industrial-agrarian countries.

The levelling up of the development of the productive forces is also demonstrated by such general indicators as gross industrial output, national income, accumulation and consumption funds, the volume of capital investments, etc., per head of population.

Per Capita Levels of Industrial Output
in European CMEA Countries (USSR=1.0)

	1950	1970
Bulgaria	0.4	0.8
Hungary	0.8	0.8
GDR	1.5	1.5
Poland	0.7	0.8
Romania	0.3	0.6
Czechoslovakia	1.5	1.3

But this process is neither easy nor fast. Despite the impressive achievements of the socialist states there are still considerable differences in their economic levels, because of the very low level of development that some of the countries started

with when they embarked on the socialist road. Hence the need for constant attention to this matter.

The levelling up does not mean achieving identical indicators in the development of the socialist countries. On the contrary, it presupposes that certain differences in their economic structure and in some other indicators must be preserved. This is due to many factors (see Chapter I), including natural resources, climate and national differences in the mode of living and the structure of consumption.

Gaps between development levels must first be filled by organizing the most rational utilization of internal resources and potentials in the less developed countries on the basis of specialization within the framework of the world socialist system, and with all-round assistance from the other members of the community.

Combining the efforts of every socialist country to promote its economic advancement with the joint efforts of all states to further the development of the world socialist economy is a fundamental distinguishing feature of the socialist international division of labour, and the main aim is to achieve maximum results with a minimum input of labour and material resources in the interests of each country and of the world socialist system as a whole. The way to this goal lies through the establishment of an economic structure in each country in which priority is given to branches of production for which the conditions are optimal.

This does not and cannot result in a deformed, lopsided economy, in a division into economically developed and undeveloped countries. On the contrary, the gradually deepening socialist interna-

tional division of labour makes for a comprehensive development of the economy of each country and of the whole world socialist system. In other words, the so-called general division of labour (division of countries into agrarian and raw-material producing, and industrial) ceases to exist in the world socialist economy. This is one of the features which distinguishes the socialist international division of labour from the capitalist one.

Under capitalism, the chief drive behind the international division of labour is the capitalists' desire for maximum profit—always the principal aim of capitalist production. The capitalist entrepreneur who falls behind his competitors is ruined.

In that situation the division of labour between countries cannot but be spontaneous.

The capitalist international division of labour divided countries into agrarian and industrial, with a small group of countries monopolizing all industrial production and a greater part of agricultural production and all the others left to produce only certain types of mineral and agricultural raw materials and foodstuffs.

This was due not to natural, demographic or other such factors, but to the action of the economic laws of capitalism in the world arena, to imperialist exploitation of the colonies, semi-colonies and dependencies.

Because of the capitalists' chase after high profits in conditions of spontaneous production and competition the development of the international division of labour, of the world market has a deeply contradictory, antagonistic character, assuming particularly ugly and violent forms in the epoch of imperialism, the highest and last phase of capitalism.

Here are a few examples. Nature has richly endowed many South American, African and Asian countries with minerals. But by virtue of the capitalist international division of labour they suffer from a lopsided development, completely subordinated to the interests of the imperialist powers. These countries have simply been turned into sources of cheap raw materials to supply capitalist industries abroad. For instance, 80 per cent of Bolivia's exports are tin, while Venezuelan economy depends completely on two minerals—oil and iron ore. This state of affairs provides the monopolies with additional possibilities for appropriating the national income of the developing countries.

Striking contrasts can also be seen in the foreign trade of the capitalist world. In 1970 the developed capitalist states' share of the exports in the capitalist world was more than 80 per cent, while the former colonies and semi-colonies, the Latin American, Asian and African countries with two-thirds of the capitalist world's population, accounted for less than 20 per cent.

The rapacious exploitation and plunder of the national resources of the developing states by the imperialists is now meeting with better organized and increasingly mass-scale resistance from the progressive forces in these countries. For example the Organization of Petroleum Exporting Countries' victorious clash with the international oil monopolies won an increase in their share in profits—they made the granting of concessions to these monopolies dependent on the provision of a 20 per cent share for the producer country.

The anti-imperialist struggle for national liberation has produced real results in recent years. Fearing the nationalization of their enterprises,

international monopoly capitalists are compelled to make concessions, to share an increasing part of their profits with the governments of developing countries, to accept the existence of national enterprises and economic co-operation between developing and socialist countries. At the same time, contacts are growing between developing countries themselves and this is helping them to proceed to joint anti-imperialist actions. Thus, the OPEC countries supported the Iraqi government's nationalization of the Iraq Petroleum Company, and there is every sign that the imperialist predators are in for many more surprises.

Specialization in the production of certain raw materials shipped primarily to developed capitalist states, and the remaining great dependence on industrial imports make the developing countries experience all the negative consequences of industrial backwardness, including the unfavourable, to them, change of prices on the world capitalist market. For this reason the deepening of the capitalist international division of labour inevitably takes violent, antagonistic forms.

The economies of all countries which are now socialist—Bulgaria, Hungary, Romania and others—were subjected to the action of basic factors inherent in the capitalist international division of labour.

For instance, before the victory of the socialist revolution Romania had a fairly well developed oil-extracting industry but no oil refineries, and her manufacturing industries were embryonic. Romania was a typical country of raw-material specialization. An entirely different economic structure has taken shape there under socialism. At present Romania has a developed oil-processing industry and exports mainly oil products, not crude oil. Be-

sides, a fairly advanced point of development has been attained there by petrochemistry, mechanical engineering, metallurgy and many other industries. Mention should be made of some peculiarities of mechanical engineering, one of the leading branches of industry in that country. It mainly produces oil equipment and agricultural machines, which enables Romania not only to supply its own needs but to export large amounts of this equipment to other countries. It is also noteworthy that it is meeting considerable part of the demand of its engineering and other industries for metal through domestic production.

Prewar Hungary had a typically agrarian specialization of production and export. Today Hungary participates in the socialist international division of labour as an exporter of agricultural machines, aluminium raw materials and intermediate products, light and heavy electrical equipment, communications equipment, machine tools and buses. The socialist international division of labour has benefited the other countries equally, as can be seen from the ramified network of their external economic contacts: Bulgaria trades with 111 countries, Hungary, with 82, the GDR and the Soviet Union, with more than 100, Romania, with 109, Czechoslovakia, with almost 130.

This is added proof of the comprehensive economic development of all the countries of the world socialist system. It also shows that all these countries, taken together, have adequate power and raw material capacities and a sufficiently developed technological arsenal.

Each socialist country promotes branches of mechanical engineering which fit its overall economic structure. Conditions are being created for a raw material extracted in a country to go through

all stages of processing up to the finished goods, without leaving the country. This is an important feature of economic development on the basis of the socialist international division of labour.

We can thus say that the socialist international division of labour is distinguished by its high economic effectiveness, the raising of which is directly associated with the specialization of the national economies of the members of the socialist community.

If development in each of the countries were geared to ensuring self-sufficiency, countries would either have to develop all branches of production to manufacture all the goods they need, or to allow themselves to be drawn into the system of the capitalist international division of labour.

They could not achieve the first because they would of course be unable to provide the resources for all the branches and this would cause a slow-down and interruption of the process of accumulation and extended reproduction as a whole, a lowering of economic development rates, and an irrational use of social labour.

In the latter instance these countries would find themselves dependent on the capitalist division of labour, the capitalist world market, with all ensuing consequences. In the long run this would inevitably affect the standard of living.

This confirms once again that the socialist international division of labour, specialization and co-operation in production are economically profitable to all the countries of the socialist community.

It should be pointed out that the principle of eliminating historically established differences in the development levels of the socialist countries goes far beyond the bounds of economics.

The steady rise in the material well-being of the fraternal peoples, the economic progress of their countries, the laying of the material and technical foundations of socialism and communism make it possible to level up cultural development, which continues and supplements a similar process in the economy. There are differences between these processes, despite the existence of common features (a socialized material basis, collectivism, internationalism, systematic development), which are due to the relative autonomy of the cultural sphere.

The attainment of a more or less equal level of economic development does not signify an automatic levelling up in their cultural development. On the other hand the fact that one country lags behind another in the economic respect is not an insuperable obstacle to a drawing together of their cultural levels, for cultural development can outpace economic progress.

It should also be taken into consideration that national peculiarities and historical traditions are more enduring in the cultural than in the economic sphere. So the fraternal countries act on the Marxist-Leninist thesis that evening up cultural development should not proceed through the abolition or levelling out of national differences, but by providing working people of all nationalities with educational opportunities and possibilities for developing their culture and art, national in form and socialist in content.

The drawing together of socialist cultures is characterized not only by doing away with the lag of some countries, but also by a trend towards the spiritual consolidation of the peoples who make up the world socialist system, a tendency which stems from the social, moral and political

unity of the working people of the socialist countries and which manifests itself in their adherence to a progressive, scientific world view, in their fraternal co-operation and mutual assistance.

Bridging the gaps in the economic and cultural development of the countries of the world socialist system makes for their more or less simultaneous transition to communism (within the limits of one historical epoch).

A general conclusion that can be drawn from what has been said in this chapter is that socialism turns everything of value produced by the international division of labour from a monopoly of the ruling class into a common possession of the working people.

III.

Forms and Methods

The socialist countries co-operate among themselves on a bilateral and multilateral basis. The organizing centre of multilateral co-operation is the Council for Mutual Economic Assistance, founded in 1949.

CMEA's aim is to promote, by unifying and co-ordinating the efforts of the member states, systematic development of their economies, an acceleration of economic, scientific and technological progress, a steady growth in labour productivity and a better standard of living for the peoples of all the member countries. CMEA has put the new principles of international economic relations into practice. What distinguishes the system of economic relations between socialist countries from relations between capitalist states also determines the main principles of the activities of their collective organ: socialist solidarity, fraternal co-operation and mutual assistance to further the consolidation and progress of each socialist country and of the community as a whole.

Not all socialist countries are at present CMEA members. The members are Bulgaria, Hungary, the GDR, Cuba, Mongolia, Poland, Romania, the Soviet Union and Czechoslovakia.

However, CMEA is not a closed organization. The successes achieved in the course of the econo-

mic drawing together of the CMEA countries enable all socialist states to embark upon the road of collective, multilateral co-operation. A recent case in point is Cuba, which was unanimously admitted to CMEA in 1972. Now CMEA unites states on three continents.

With the formation of the world socialist system the socialist countries were confronted with a new task of promoting systematic development of economic, scientific and technical contacts within the system in order to make full use of the advantages of the socialist international division of labour.

The experience of economic co-operation within the CMEA system showed that *co-ordination of national economic plans* is the most convenient way of pooling the efforts of the countries of the community and that it accords with their vital interests. Co-ordination of the five-year economic development plans of the CMEA countries is an entirely new, heretofore unknown form of international economic relations. It could only come into being as a result of the formation of the world socialist system comprising states with planned economies.

The leading role of plan co-ordination in the system of measures to deepen the co-operation of the fraternal states is easily explained. It stems from the position of the state plan in these countries as the sole method of operating the national economy. In a planned economy major changes in the branch structure of production or in the distribution of produce, aimed at deepening the international division of labour, only become possible when they have been included in the state plans of the countries concerned. Therefore development of division of labour among socialist

countries is unthinkable without co-ordination of plans.

Co-ordination of plans is also necessitated by the growing influence of external economic factors on the development of a national economy. For as long as planning only extends to the rates and proportions of development of the national economy, leaving aside the sphere of external economic links, an element of spontaneity is bound to exist in the international socialist market. But by co-ordinating their national economic plans the socialist countries cut out the need to adjust their economies to the vicissitudes of the world market, and also provide stable conditions for the fulfilment of their national plans. The ultimate result is faster economic development of every country and hence faster growth of the material and cultural standards of the peoples of all the states of the community.

The national plans of the CMEA countries are co-ordinated on the principles of complete equality, respect for sovereignty and national interests, mutual benefit, and comradesly mutual assistance. No country, big or small, can dispose of the material, financial or manpower resources of another country or have any advantages over it.

Co-ordination of the national economic plans of the CMEA countries as a method of socialist international division of labour differs fundamentally from the methods of capitalist international division of labour.

As has been noted already, the capitalist international division of labour takes shape spontaneously in the course of fierce competitive struggle between imperialist powers, and in some instances results in a lopsided and uneven development of the national economy, especially in indus-

trially less developed countries, which, as a rule, turn into raw-material bases for the monopolies of the imperialist powers.

Co-ordination of plans makes for systematic development of the division of labour among the CMEA countries and is a guarantee of quick growth of the productive forces and of the efficiency of social production, improvement of its structure, acceleration of scientific and technological progress, establishment and rational utilization of highly efficient production capacities, and a gradual evening up of the economic and cultural levels of the partners.

Co-ordination of plans makes it possible to operate the world socialist economy in a just and rational way. The planning and economic organs of socialist states study the demand and offers of their partners and determine, on this basis, what export goods, and in what quantities they require. Then programmes for the production of export goods are drawn up in all countries.

This method of joint planning in CMEA is employed in the basic branches of production and transport, and takes the prospects for the development of science and technology into account. Co-ordination is bilateral as well as multilateral. All interested states can familiarize themselves with the prospects for the economic development of other countries in good time, co-ordinate with them major capital investments, and determine the volumes of reciprocal deliveries.

The foes of socialism see in this an infringement upon national sovereignty. But all questions pertaining to plan co-ordination are decided on a voluntary basis, and every country decides for itself the extent of its participation in any joint undertaking. Secondly, co-ordination extends only

to those areas of the economy, science and technology in which the states are mutually interested. As for matters like the rates of growth of national income, accumulation policies, the branch structure of the national economy, indicators of growth of the standard of living, etc., these are decided by every country in the course of elaborating its national economic plan.

One more feature of co-ordination of plans is that the CMEA countries take into account not only the desired economic effect but also the influence of the co-ordinated problem on the socio-economic situation in one or another country, on the improvement of the material well-being of the people, on the consolidation of friendship among the fraternal peoples.

Co-ordination of plans did not come into being in its present form. It has passed through several stages of development, and its appearance was prepared by certain political and economic developments.

The need for plan co-ordination arose back in the early years of the world socialist system, but internal conditions were such at that time as to render it impossible. At first it was necessary to lay the foundations of the socialist sector, to consolidate the principle of economic planning, and get rid of the legacy of the capitalist international division of labour—the lopsided economic development profitable to the imperialist powers.

At that stage the main form of co-operation among the socialist countries was trade, regulated by short- and long-term bilateral agreements.

Favourable conditions for initiating plan co-ordination presented themselves in the latter half of the 1950s, when the socialist sector had by and large won in the economies of the CMEA coun-

tries, and experience in planning as the principal method of running a socialist economy had been accumulated.

The CMEA countries' transition to co-ordinating their economic development plans was the beginning of a qualitatively new stage in their economic, scientific and technical co-operation, characterized by broader ties in the spheres of production, science and technology in conditions of the development of a new type of international economic relations based on the principles of proletarian internationalism.

The reader might be interested to know the history of development of the joint planning activity of the CMEA countries and the results they have achieved.

The first decision to co-ordinate five-year plans was taken by CMEA in 1954, at its 4th session, which discussed the organizational principles of plan co-ordination and adopted recommendations in keeping with which the CMEA states co-ordinated their plans for 1956-60. This co-ordination extended to developing the production of, and meeting requirements in, basic industrial and agricultural products, and ensuring the supply of raw materials and fuel to the iron and steel industry in a number of countries. It promoted broader economic, scientific and technical co-operation of the CMEA countries and higher rates of economic growth. In that period the national income of the CMEA countries rose by 50 per cent, industrial output, by more than 60 per cent and reciprocal trade, by more than 70 per cent.

When working out their plans for 1961-65 they already set themselves the task of raising the effectiveness of social production by a wide application of scientific and technological developments

and improving the well-being of the people. A number of important problems of economic co-operation were solved as a result of plan co-ordination. In the first place, the growing fuel, power and raw-material requirements of the European CMEA countries were largely met through reciprocal deliveries. This speeded up the development of progressive branches like power production, mechanical engineering, chemicals, electrical engineering, radio engineering, electronics and petrochemistry.

The plans for 1961-65 were fulfilled, and the national incomes of the CMEA countries went up by 34 per cent and industrial output, by almost 50 per cent.

Co-ordination of plans, the principal method of systematically putting into effect socialist international division of labour is being constantly improved. For example, whereas the plans for 1956-60 and 1961-65 were co-ordinated during the final stages of national planning, the co-ordination of plans for 1966-70 was done as the national plans were made. This improved both the national plans and the co-ordination, which became closer and more effective.

Co-ordinating their 1966-70 plans enabled the CMEA countries to increase the volume of reciprocal deliveries considerably. During that period they reached nearly 127,000 million roubles, almost 55 per cent more than in the previous five years (82,000 million roubles). Their national income went up by more than 40 per cent, industrial output by 50 per cent, and agricultural produce, by 20 per cent. Their economic and scientific potential grew. The CMEA countries only account for ten per cent of the world's population but nearly 33 per cent of world industrial output. They have

brought their *per capita* industrial production to more than three times the world average.

The fourth co-ordination of plans for 1971-75 was completed in 1970. In the course of it the CMEA countries adopted a new approach to harmonize their efforts and raise the effectiveness of the increasing division of labour. The first stage of plan co-ordination had started long before draft national plans were drawn up. The states were thus able to take the results of the work on co-ordinating co-operation more fully into account at various stages of drafting their economic development plans.

The order of plan co-ordination also changed appreciably. For the first time it was conducted in the early stage by national branch ministries and other economic organizations of the CMEA states. There is good reason for the direct participation of these institutions in plan co-ordination. The plans for 1971-75 were co-ordinated in the context of large-scale reforms aimed at improving economic management and planning in the CMEA countries. These reforms envisage, among other things, an extension of the operational independence of enterprises, associations of enterprises and ministries, the introduction of complete profit-and-loss accounting, and the shifting of the centre of gravity in planning the actual list of articles to the ministries or production associations, which now retain a considerable part of the profits designated for capital investment. The participation of ministries and departments in plan co-ordination makes for quicker settlement of problems pertaining to intra-branch co-operation. All this called better methods of co-ordinating plans.

In the course of the co-ordination of plans for 1971-75 the CMEA countries did a tremendous

amount of work to strengthen economic co-operation, which made it possible considerably to increase reciprocal trade. In the five years, goods deliveries will total more than 200,000 million roubles, with a particularly rapid growth in engineering products. The Soviet Union's trade with its CMEA partners will be somewhere in the order of 77,000 million roubles. The structure of machine and plant deliveries is improving, and the proportion of technically advanced equipment is increasing, especially of automation and mechanization means, computers, complete production lines, etc.

Along with important positive aspects, however, the co-ordination of plans for 1971-75 had some negative ones. It tended to be bilateral. Central problems were resolved directly between interested countries rather than in CMEA agencies. And yet the Council played an important part in organizing and implementing plan co-ordination. Considerable organizational and methodological work was done on a multilateral basis. The time limits and the order of implementing the plans for co-ordination were determined and a system of indicators for preliminary familiarization with the main economic development trends of individual CMEA countries in 1971-75 was agreed upon.

The co-ordination of plans for 1976-80 is under way at present. Its tasks, determined by the 26th session of the CMEA in 1972, include greater co-operation directly in the sphere of production, in research and development, and in capital construction. The whole work of co-ordination is aimed at making economic, scientific and technical co-operation a single process, enlarging the role of science in determining development prospects, and reducing the time needed to master the latest scientific and technical developments on the scale

of the entire community to a minimum.

We have endeavoured to give a brief description of co-ordination of national economic plans, the CMEA countries' principal method of joint planning. Inevitably, the question will arise: To what spheres does this co-ordination extend? What problems is it designed to solve? These are, in the first place, problems of *international specialization and co-operation in production*, especially in branches vital to technological progress.

The CMEA countries are interested in the development of international specialization and co-operation in production. They enable them to set up enterprises of an optimal size, to carry on production in larger batches and at lower costs.

International specialization in production exists also in the capitalist world. But there this progressive form of international division of labour is employed by national and international monopolies as an instrument to maximize profits. This results in sharper competition between monopoly blocs, intensified exploitation of the working people and, in the final count, aggravation of the contradiction between labour and capital. Co-operation in production is also often used by monopolies for establishing branches in other countries to assemble machines from prefabricated parts, in order to get round customs barriers.

In the socialist world economy, specialization and co-operation in production become, in fact, new international economic relations thanks to which the socialist countries achieve a considerable economy of social labour.

On the one hand, specialization makes it possible to organize mass production of industrial and agricultural goods in the countries where it is economically most profitable, where manpower

and material resources can be utilized with maximum effect. On the other hand, it helps to remove unnecessary duplication in the production of goods, which is also an important labour-saving factor in the world socialist economic system.

Specialization and co-operation in production on the scale of the world socialist system owe their tremendous effect partly to the fact that they do not result in one-sided economic development of participating states but proceed parallel to the establishment of economic complexes in all the countries, comprising many vital branches of industry and agriculture.

International specialization in production is particularly important in mechanical engineering, the bedrock for the development of the entire national economy. In many cases every individual member state of CMEA can only develop its economy effectively by participation in mutually profitable international co-operation in production. For instance, production of electronic equipment is only efficient on a really large scale. None of the CMEA countries, except the Soviet Union, are capable of manufacturing the full range of this equipment. This is where co-operation and specialization come in.

As for the directions of international specialization in production, work in this sphere is concentrated first and foremost on the most important types of machines, equipment and instruments ensuring the introduction of progressive production processes; on comprehensive mechanization and automation of production based on the use of the latest achievements of science and technology; on types of machines, equipment and instruments which are in short supply and which are scheduled

for production in CMEA countries.

It would be wrong to believe, however, that specialization in mechanical engineering in the CMEA system is limited to some articles or certain types and sizes. The main lines of specialization are determined according to the stage specialization has reached. Main attention is paid to specialization in principal groups and types of engineering produce as well as to the manufacture of complete sets of equipment and whole production lines. This facilitates concentration of production, introduction of modern production techniques, better organization of production and standardization and ensures a high technical level of output. Experience shows that specialization in parts and units manufacture is a very promising and profitable trend which provides wide opportunities for all interested countries and makes it possible to meet the demands of modern scientific and technological progress. In the case of countries with limited internal markets it facilitates the development of a diversified economy, improves its structure and makes for the highest productivity of labour. It is mutually beneficial. It brings the Soviet Union an improvement in the structure of export: division of labour increases the share of manufactured goods in trade with CMEA countries.

Specialization in the production of units and parts of machines and parts of sets of equipment whose manufacture is only beginning to develop is also very promising and its great advantage is that it enables every participant to have a branch of engineering with an optimal structure. In addition, it is conducive to a rapid introduction of complex progressive manufactures, based on co-ordinated reciprocal deliveries. This production is

usually carried out at specialized enterprises.

Consequently, the establishment of profitable enterprises with optimal capacities, which operate on the principles of international co-operation and specialization, and joint research are beneficial to all the member countries of the CMEA.

An example of the high economic effect of international specialization in production is furnished by the co-operation of CMEA countries in the manufacture of anti-friction bearings. The bearings industry is a sub-branch of mechanical engineering, and anti-friction bearings are a most universal engineering product. Hence their exceedingly wide range, running into thousands of specifications. Organizing their production to meet internal demand only is very costly and economically ineffective. For instance, according to estimates made by Polish economists, the cost of mastering the manufacture of a single type of roller bearing averages at 85,000 zlotys.

The way out is to promote rational international specialization and co-operation. Estimates show that in the manufacture of a batch of 70,000 80-mm bearings the expenditure of man-hours on the production of 1,000 pieces is 50 per cent lower than for a batch of 17,000.

There are similar examples in other industries. Let us take chemicals. Here small countries are liable to have two problems: first, economically profitable enterprises will usually have capacities well in excess of domestic demand. Secondly, the concentration of large capital investments on the construction of big plants puts an excessive strain on a small country's economy.

So how can a small country develop its chemical industry more efficiently? Again, international division of labour is necessary. For instance, vast

prospects for the development of the Hungarian chemical industry are opened up by the Hungarian-Soviet agreement on co-operation in the field of the chemistry of olefins.

Under this agreement a plant with an annual capacity of 250,000 tons of ethylene is to be built in Hungary. Over the next ten years 130,000 tons of ethylene and 80,000 tons of propylene a year from this plant will be shipped to the Soviet Union, and Hungary will receive synthetic and organic chemistry products in exchange which she could otherwise only buy on the capitalist market. This co-operation will save her about 5,000 million forints in capital investments and 1,000 million forints in running costs. The Soviet Union will save about the same amount.

International specialization in production can also be multilateral and CMEA organs are doing valuable work in this field. For instance, they have worked out recommendations and proposals for specialization and co-operation in the production of 70 groups of machines, equipment and instruments embracing about 3,000 items; anti-friction bearings of over 2,300 specifications; approximately 3,000 chemical products; a number of products of the iron-and-steel, non-ferrous metals, radio-electronic and other industries.

The CMEA agencies' recommendations are taken into account by countries when they draw up their national economic plans. So bilateral and multilateral specialization is not exclusive but complementary.

An example of bilateral collaboration is provided by the light industries of the USSR and the GDR, which have joined hands over the mechanization and automation of enterprises. During the first stage four enterprises from each side—a spin-

ning mill, a clothing factory, a knit-wear factory and a shoe factory—took part. They established direct contacts and co-operated in improving the organization of labour and production technique. At the next stage they were joined by machine builders, and special work groups laid down guidelines for co-operation in the manufacture of light-industry equipment.

Since then on, the number of enterprises, amalgamations and research institutions in the GDR and the USSR which have direct contacts has grown considerably.

At first the main aim was to modernize equipment. Later on the sights were set on developing automated machine systems, and at present they are aiming to establish fully automated spinning mills.

Multilateral specialization in production can be illustrated with the example of the co-operation of the motor vehicle industries of CMEA countries with the Volzhski car factory in Togliatti (USSR). In 1971-75 Hungarian enterprises will deliver to Togliatti a million and a half dashboards, radio sets, ignition distributors, windscreen wipers with motors and other items, eighteen in all. Poland supplies shock absorbers; Bulgaria, batteries and dynamos; Czechoslovakia, headlamps, while the Soviet Union sends them complete *Zhiguli* cars.

International specialization and co-operation in production go hand in hand with the comprehensive development of the economies of the CMEA countries. They take each other's experience and traditions into account.

For example, the GDR, which has a long tradition in the mechanical engineering, chemical and light industries, is helping to improve the supply of some goods to the Soviet market with its de-

liveries. At the same time, in the past decade it has increased the import of machines and industrial plant from the USSR ten-fold. This indicates growing specialization and co-operation in mechanical engineering. Long-term agreements on specialization have been made between branches turning out ships, rolling stock, chemical equipment, machine tools, computers and some other articles.

International specialization and co-operation in production is of great importance for formerly backward countries. International specialization in the CMEA system has enabled Bulgaria, which did not have a well developed manufacturing industry before, to become Europe's largest producer of battery-driven and engine-driven industrial trucks and second largest (after the USSR) producer of electric telfhers. In 1970, 92 per cent of industrial trucks built in Bulgaria were designed for export (nearly 90 per cent of these to CMEA countries) and specialized mechanical engineering produce accounts for 37 per cent of Bulgaria's machinery and equipment exports.

At present Bulgaria specializes in mining equipment, metal-cutting machine tools, building machinery, material handling equipment, machines for the textile and food industries and agriculture, tractors, railway equipment, ships, marine engines and equipment, radio equipment, electronic gauges, medical and experimental mechanical instruments, etc.

The Soviet Union is interested in extensive and close international co-operation, in utilizing the advantages of the international division of labour, the achievements and experience of the socialist countries. Today the aggregate industrial output of the European socialist states stands at about two-

fifths of Soviet industrial output. They supply the Soviet Union with a wide range of goods and the vast Soviet market is a reliable guarantee of the dynamic development of their economies.

In this connection, it is hard to overestimate the role of the Soviet Union in the specialization of CMEA countries. Large Soviet orders enable them to develop their industry, effectively creating favourable conditions for specialization and co-operation in production. For instance the Polish and GDR shipyards build ships primarily for the Soviet Union. Ships, railway cars, diesel engines, chemical plant, communications equipment and other items delivered in large batches make up about 70 per cent of the Poland's exports of industrial goods to the USSR. A similar proportion of Bulgarian industrial exports to the USSR is represented by electric motors, industrial trucks, electric telfers, lift trucks, pumps, farm machinery and ships. Hungary delivers one half of the buses and diesel trains it manufactures to the USSR, and the GDR and Czechoslovakia, one half of their metal rolling equipment.

In turn, the Soviet Union exports large-capacity electric power generating, road-building and drilling equipment, metal-cutting and agricultural machines, motor vehicles, etc. to CMEA countries.

International specialization in production is well developed both between the USSR and the other CMEA countries and among the latter countries themselves. For instance, the GDR and Poland jointly manufacture parts and assemblies for transfer machines and transfer lines; Bulgaria and Poland, units and parts of textile machinery; Hungary and Poland, buses and lorries; Romania and the GDR, optical goods, machine tools and other items; Hungary and the GDR, food indus-

try equipment; Bulgaria and Hungary, agricultural machines and materials handling equipment.

These data show that the CMEA countries have made impressive headway in promoting specialization and co-operation in production. But they see this as only a beginning. The present level of development of specialization and co-operation in production among most of these states still has great reserves.

According to some estimates, the level of intra-branch specialization in the production of finished goods among CMEA states is much lower than among Common Market countries. From this it does not follow, of course, that state-monopoly capitalism allows greater scope for interstate co-operation in production. The CMEA countries' lag in the field of international specialization compared with the Common Market countries is in large measure explained by the difference in the starting levels of postwar development. After World War II all the states now constituting the Common Market already had well developed economic structures and had already attained an appreciable degree of international specialization. But the majority of what now are CMEA countries had no developed industries in the early postwar years, and intra-branch specialization was practically nonexistent.

Because of the differences in economic development levels the CMEA states are not equally ready for deepening international specialization in production and differ in their approach to the forms, methods and trends of development. This too should be taken into consideration when comparing the levels of international specialization and co-operation in production in the CMEA and Common Market systems.

Over the recent years the CMEA countries have worked out a number of measures to speed up the utilization of the great potential of international specialization in production to extend economic ties between participants and promote their economic development on the basis of optimal decisions producing a vast economic effect. But here we anticipate the next chapter.

One of the main prerequisites for high and stable rates of economic growth is the availability of oil, gas, coal, iron and other ores and other raw material and power resources. Therefore satisfaction of the CMEA countries' requirements in *raw materials and fuel* is one of the central tasks of plan co-ordination.

This problem dates back to the 19th century, when intensive development of machine industry, a big consumer of oil, ore, metals and other types of raw materials and fuel began.

As capitalism entered its imperialist stage this problem grew more acute; a fierce struggle began between monopolies for sources of raw materials and especially for oil. The history of the rivalry of the American and British oil monopolies is well known. Today French, Italian, Japanese and West German state-monopoly capitalism has actively joined in the fray. Possession of sources of oil, non-ferrous and rare metals, rubber and certain other raw materials and fuels has assumed strategic military importance.

Capitalism has devised its own, typically capitalist method of solving the problem of fuel and raw materials, characterized by the concentration of capital in fuel and raw material producing branches and regions which are maximally favourable from the point of view of extraction of profit. This process, based on the growing exploi-

tation of the peoples of the economically undeveloped, colonial and dependent countries, is accompanied by the establishment of international monopolies, which share out raw material sources and export markets, agree on prices and concession terms, etc., and by intense competition between raw material producers and consumers, between raw material monopolies, between the monopolies and the national enterprises of the developing countries. The leaders of capitalism show ever greater concern for acquiring fuel and raw material resources for capitalist production, and ever new improvements are being made in the mechanism of this process, now already on a state-monopoly basis.

State-monopoly capitalism somewhat modifies the capitalist methods of solving the problem of resources. These modifications boil down to the emergence and development of forms of indirect and direct state intervention, to the nationalization of primary products enterprises and branches. Capitalist countries have begun to conclude bilateral and multilateral agreements regulating, with customs, financial and other levers, the production of, and foreign trade in, particular fuels and raw materials.

Today not only the chase after maximum profit, but also more profound political and economic considerations connected with the preservation of the very foundations of the moribund capitalist mode of production become a motive force for solving the primary products problem.

These resources are now regarded by the ruling circles of the imperialist powers not only as the basis of the future development of production, but also as a vital element of the military-economic potential and a powerful instrument for exerting

political pressure on other countries, particularly the socialist ones.

The fact that a number of countries are taking the road of socialist and communist construction does not remove the problem of resources. The socialist mode of production eliminates only the main social and political obstacles to the growth of social production, but there remain certain organizational, material and production obstacles, and difficulties connected with a shortage of fuel and raw materials are among them.

Rapidly growing production in the socialist countries demands ever increasing amounts of primary products. Hence the heightened attention to this problem, which now stands before the majority of CMEA countries.

Being aware of the international character of this problem, of the impossibility of solving it within the bounds of individual countries, the governments of interested CMEA states co-ordinate their efforts on an ever growing scale to put an end to the shortage of fuel and raw materials.

Natural resources are distributed extremely unevenly in the CMEA system. Most of them are to be found in the eastern regions of the Soviet Union, while all the other CMEA countries are, in greater or lesser degree, short of many types of fuel and raw materials, although they do have stocks of some minerals. For example, Hungary is rich in bauxites; Poland has coal, sulphur and copper; the GDR, potash; Bulgaria, a number of non-ferrous metals; Romania, oil, etc.

Taken together the CMEA countries have large stocks of nearly all types of raw materials and fuel, enabling them to meet most of their requirements through reciprocal deliveries. At present they obtain 97 per cent of their coal, oil and oil

products imports, 82 per cent of their iron ore and 81 per cent of pig iron and rolled stock imports by reciprocal delivery.

The fuel and raw material base of the CMEA countries has been considerably strengthened in recent years, owing to which their share of the world output of primary products has grown. The Soviet Union plays an important part in solving the fuel and raw material problem of these countries. It delivers large amounts of basic fuels and raw materials to them, ensuring the uninterrupted supplies for the mechanical engineering, metal manufacturing, chemical and other branches of industry. In 1966-70 the Soviet Union delivered to the CMEA countries 138 million tons of oil, 8,000 million cubic metres of natural gas, 14,000 million kilowatt-hours of electricity, and 72 million tons of iron ore. In 1971-75 these deliveries will grow to 243 million tons of oil (an increase of 76 per cent), 33,000 million cubic metres of natural gas (a more than four-fold growth), 42,000 million kwh of electricity (three times more), and 94 million tons of iron ore (30 per cent more). The Soviet Union meets practically all of the CMEA countries' needs in vital raw materials and fuel. For instance, Soviet deliveries account for nearly all Czechoslovakia's oil imports, 83 per cent of iron ore, 53 per cent of non-ferrous metals, and 91 per cent of wheat.

At the same time it should be noted that some types of raw materials and fuel still remain in short supply. This is also to some extent true of the Soviet Union, which fraternally shares its resources with the other socialist countries.

This under-supply is due to both natural (geographic) and economic difficulties. Organization of the extraction of raw materials and fuel calls for

heavy capital investments, which also take a long time to start paying back. Moreover, considerable allocations have to be made for geological survey and prospecting. Ten and more years is not an excessive time between the beginning of aerogeophysical and geological survey and the development of deposits of many minerals.

The CMEA countries place great hopes on coordinated measures to eliminate the discrepancy between the growing need for basic types of raw materials and fuel and the limited natural and economic possibilities for satisfying it.

Of late new trends have appeared in the approach to the problem. Agreements are concluded for longer periods: not five years as before, but ten and fifteen years, with fixed-purpose credits advanced by interested countries to expand the production of raw materials and fuel. This is playing an increasingly important role and becoming an effective way of establishing direct production links between CMEA countries. For instance, in September 1966 a Soviet-Czechoslovak agreement was concluded envisaging Czechoslovakia's participation, with credits, in the development of the Soviet oil industry and the delivery of oil to Czechoslovakia over a period ending in 1984. Czechoslovakia has granted to the Soviet Union an interest-bearing fixed-purpose credit of 500 million transferable roubles, a considerable part of which pays for the delivery of its machines, pipes, oil extracting equipment, lorries and consumer goods. Since 1971 the Soviet Union has been repaying the credit with deliveries of oil. In 1971-84 these deliveries will exceed the targets of the long-term agreement by 60 million tons. In 1968 an agreement was signed on the delivery of Soviet natural gas to Czechoslovakia and on the latter's

participation in the construction of gas pipeline on Soviet territory. This will make it possible to increase the delivery of gas to Czechoslovakia from 1,000 million cubic metres in 1970 to 3,000 million cubic metres in 1975. A similar agreement has been concluded with the GDR.

Some experience has been accumulated in establishing joint enterprises or companies. The Polish-Hungarian enterprise Haldex, set up in 1959 to process tailings left after the dressing of Polish coal is a case in point. It uses Hungarian equipment and the process was worked out by Hungarian specialists. The countries' shares in the capital investments are equal. The profits and the recovered coal are also shared on a 50-50 basis. The enterprise is now being expanded. By 1976 this will make it possible to bring the processing of coal-mine waste to 45 million tons per year, extracting 5 million tons of coal.

The solution of the problem of fuel and raw materials is also facilitated by the co-operation of CMEA countries with other states, and above all developing countries, to which they deliver, within the framework of equal and mutually beneficial relations, ever increasing quantities of machines and plant and grant easy-term long credits, thereby contributing to the industrialization and economic liberation of the developing countries. In addition to everything else, this enables many of the young states to increase the export of raw materials and fuel to socialist countries.

Other examples of joint efforts to solve the problem of resources are the *Friendship* oil pipeline, the international power grid *Peace* and the *Intermetal* and *Interkhim* organizations.

The increasing deliveries of oil from the Soviet Union to European CMEA countries necessitated

the construction of a unique, 4,648-km long trunk pipeline by the interested countries. The project was prepared with the technical supervision of the Soviet Union, which also provided building machines. The GDR supplied pumps; Czechoslovakia, fittings; Hungary, automatic equipment and means of communication; Poland, pipes for the northern section of the pipeline passing through Soviet territory. So the builders of the pipeline had good reason to call it *Friendship*.

Transporting oil along the *Friendship* pipeline is five times cheaper than by rail and twice as cheap as by water. Between 1964, when the pipeline was commissioned, and 1970, more than 100 million tons of Soviet oil were delivered along it to Hungary, the GDR, Poland and Czechoslovakia. The pipeline is still growing. In 1975 alone it will carry about 50 million tons.

The power system *Peace* links up the national power systems of European CMEA countries and the western regions of the Soviet Union. The aggregate installed capacity of the linked power stations is more than 44.3 million kilowatts, and the carrying capacity of its transmission lines is more than 3.5 million kilowatt-hours. The system facilitates the handling of peak loads, helps to reduce emergency reserves and shorten transmission distances and makes it possible to exchange temporarily free capacities and cope with the guaranteed electric power deliveries envisaged in long-term agreements.

Intermetal, an international organization founded in 1964 by Bulgaria, Hungary, the GDR, Poland, the USSR and Czechoslovakia, helps to organize co-operation in the production of rolled stock, steel pipes and other iron and steel products.

The CMEA countries produce a wide range

(about 5,000 items) of synthetic dyes and chemicals for the textile industry, pesticides and other small-production-volume chemicals. In many instances a country's specialized enterprises can produce much more such products than it needs. To handle this problem, six states (Bulgaria, Hungary, the GDR, Poland, the USSR and Czechoslovakia) set up in 1969, *Interkhim*, an international organization to organize co-operation in the production of small-production-volume chemicals. Its principal tasks are to promote specialization and co-operation in production, co-ordination of plans, assistance in rational development and utilization of production capacities, and improvement in the technical and economic characteristics of products.

The experience of recent years shows that international co-operation facilitates the solution of the complex problem of fuel and raw materials.

Increasing international production specialization, large-scale co-operation in extending the fuel and raw material base are unthinkable without the comprehensive development of *scientific and technical co-operation*. In our time economic plans cannot be drawn up without reference to the prospects of the scientific and technological revolution. World science and technology are advancing so fast that any delay in this field may have far-reaching consequences. Features of the current scientific and technological revolution include a rapid growth of expenditure on science and technology, the use of large numbers of highly qualified specialists, high capital intensity, and fast development rates.

Scientific and technical co-operation as a form of socialist international division of labour is necessitated by the objective development of the world socialist system and the trends of the scien-

tific and technological revolution. The level of development achieved by science and technology in the socialist countries makes fruitful co-operation in this field possible, concentrating effort and means on the most important problems.

A country which tries to solve all problems of the scientific and technological revolution completely on its own, without co-ordinating them with other countries, is bound to run into serious difficulties in the development of its science and technology, which will, in the final count, damage the development of its national economy.

Science is becoming a direct productive force in our time and it is natural for the socialist countries to promote scientific and technical co-operation, which has become an important factor in speeding progress of the whole world socialist economy. The national achievements and experience of individual countries in the field of science and technology become the property of all the other members of the socialist community.

The victory of socialism and communism in the competition with capitalism is predicated on a high level of development of the productive forces, achieved on the basis of the latest advances in science and technology. Scientific and technical co-operation is a precondition for the realization of this task.

Scientific and technical co-operation among socialist countries is a qualitatively new phenomenon in international relations. It rests on the principles of voluntary participation and full equality, respect for sovereignty and national interests, mutual benefit, and comradely mutual assistance. Let us examine these principles in greater detail.

The principle of voluntary participation, which finds expression in most diverse forms of scienti-

fic and technical co-operation, means that every country chooses those forms of co-operation which suit it best.

The equality and sovereignty of every CMEA country are fully respected, and its national interests and peculiarities are taken into account. Temporary divergences of interests with regard to some areas of scientific and technical co-operation are removed through improving its forms and bringing together the development levels of countries, on the basis of mutual understanding and consideration for each other's interests.

The forms of scientific and technical co-operation among socialist countries, bilateral as well as multilateral, include technical assistance in the construction of enterprises, exchange of technical documentation, mutual assistance in the training of personnel, co-ordination of research, establishment of joint research institutes, international scientific and technical specialization, etc.

A better idea of the importance of different forms of scientific and technical co-operation, of its role in building socialism will be gained if we consider, even if briefly, some concrete examples.

The CMEA countries engage in a free exchange of scientific and technical documentation, which makes it possible to introduce the latest achievements into production quickly and to accelerate economic development. In twenty-three years the Soviet Union has turned over about 78,000 sets of technical documentation and samples of products to fraternal countries, played host to more than 60,000 scientists and specialists, received more than 24,000 sets of documentation and dispatched more than 34,000 Soviet specialists to familiarize themselves with the other CMEA countries' scientific and

production experience. Some estimates based on world prices place the value of the technical documentation the Soviet Union has supplied to the fraternal countries at more than 12,000 million dollars and that of the documentation it has received from them, at about 2,000 million dollars.

The history of capitalism knows no precedent of scientific and technological achievements valued at thousands of millions of dollars being gratuitously turned over to other states to speed up their social and economic progress. This is a vivid instance of the principle of fraternal mutual assistance, of socialist internationalism at work.

This form of co-operation has helped to create in socialist countries new branches of industry, build large modern enterprises, master the manufacture of many new products, and organize rational utilization of scientific and technical personnel within the minimum time and with a minimal expenditure of effort and means. It has facilitated socialist transformations and sped industrialization. As a result, the states which in the past were less developed than their partners are now becoming active participants in scientific and technical co-operation.

Another form of Soviet scientific and technical co-operation with the fraternal states is assistance in the construction of projects. Before 1971 the Soviet Union had helped them in building about 1,700 projects; of these, 1,172 had been completed and put into operation. They included 106 projects in Bulgaria, 47 in Hungary, 16 in the GDR, 167 in Mongolia, 95 in Poland, 95 in Romania and 16 in Czechoslovakia. About 400 industrial projects are to be built in CMEA countries with Soviet technical assistance in 1971-75.

The capacities set up in the socialist countries

with the assistance of the Soviet Union are characterized by the following data: generation of electricity—about 90,000 million kwh per year; coal extraction and dressing—35.2 million tons; oil processing—17 million tons; the production of pig iron—15.2 million tons, steel—15.8 million tons, rolled stock—17.4 million tons, nitrogen and phosphorus fertilizers—1.6 million tons, synthetic rubber—101,000 tons, tractors—57,000, metallurgical, forge-and-press, mining and handling equipment—80,000 tons.

The enterprises, shops and other installations the Soviet Union has helped to build in Bulgaria play the decisive role in its industry contributing 95 per cent of the output of iron and steel, 85 per cent of non-ferrous metals, 60 per cent of electric power, 55 per cent of chemical products and 80 per cent of oil processing and petrochemical products. A modern engineering industry, the main vehicle of technical progress, has been established in Bulgaria with Soviet help. The Soviet Union has handed over more than 6,000 sets of technical documentation and information, blueprints, process charts and samples of products to Bulgaria. The utilization of this documentation has produced a tremendous economic effect.

In Poland enterprises built with Soviet assistance produce 56 per cent of the pig iron, 37 per cent of steel, 33 per cent of rolled stock, 62 per cent of copper, 26 per cent of electricity, 95 per cent of cars and lorries, 70 per cent of tractors, and 92 per cent of synthetic rubber. More than 60 per cent of the achievements of foreign science and technology received and utilized by Poland came from the Soviet Union, which has, in the past twenty-five years, handed over 7,500 sets of technical documentation to Poland. More than

12,000 Polish specialists have received practical training in the USSR.

Thanks to Soviet technical assistance an advanced stage of development has been reached in the CMEA countries by the electronic, power, chemical, oil-processing, aircraft, motor-vehicle and ship-building, iron-and-steel, non-ferrous metals, building materials and other vital industries.

The forms and methods of scientific and technical co-operation are being improved continually, and are increasingly acquiring the character of direct ties between ministries and their research establishments. For instance, scientific and technical co-operation between Poland and the Soviet Union is carried out at present by 18 Polish and 33 Soviet ministries and departments and about 130 Polish and 180 Soviet research institutes.

Other forms of scientific and technical co-operation include division of labour in research and development work and joint elaboration of many important problems; this speeds up research considerably, cuts the costs and makes for a quicker introduction of results into production. Long-term problems of scientific and technological progress will also be elaborated with the use of contractual forms. Provision is made for division of labour in development work and production with the simultaneous decision of matters of specialization and co-operation in production and reciprocal deliveries of specialized produce.

Co-ordination in the scientific and technical fields is one of the principal forms of building up the scientific potential of the socialist countries enabling them to concentrate on the most important comprehensive problems of scientific and technological development. The CMEA countries draw up joint long-term plans for the co-ordination of

scientific and technical research incorporating the proposals of all partners. The first such plan, for 1964-65, covered 46 comprehensive, inter-sectoral and important sectoral problems, and included more than 150 subjects. Seven hundred research institutes took part. The first long-term plan for the co-ordination of scientific and technical research (1966-70) comprised 150 subjects relating to 50 problems.

Consideration of the possibilities of scientific and technological progress helps to find solutions for long-term problems, for which there is no solution in sight at present. For example, the scantiness of energy sources of many European CMEA countries can be compensated for with the development of atomic power production. The technical and economic performance indicators of atomic power stations are now approximately the same as for large thermal stations operating on mineral fuel. Therefore after 1980 atomic energy will play an increasingly important role in the socialist countries' power budget. Estimates conducted in Bulgaria, Hungary and the GDR confirm that the atomic power stations being built there with Soviet assistance will operate very economically.

One more promising form of concentrating the scientific forces and resources of the CMEA countries is the establishment of international research centres. Very successful work is being done by a large international team of scientists at the Joint Institute for Nuclear Research. Set up at Dubna in 1956, the Institute has first-class Soviet-made research equipment.

Scientists and specialists from Bulgaria, Hungary, the GDR, Poland, Romania, the USSR, Czechoslovakia and Cuba co-operate in research conducted with the help of *Intercosmos* satellites.

The CMEA Institute for Standardization, with headquarters in Moscow, conducts research connected with the solution of scientific and technical problems in the field of standardization and works out proposals for the unification of existing and the establishment of new standards.

Comprehensive elaboration of economic problems pertaining to the deepening and improvement of the co-operation of the CMEA countries is conducted by the International Institute for Economic Problems of the World Socialist System.

A CMEA co-ordinating centre for the study of seas and oceans with the aim of improving the utilization of their mineral wealth has been established at the All-Union Research Institute of Marine Geology and Geophysics in Riga. The heads of the geological services of several socialist countries have concluded an agreement on widening co-operation in this field.

One of the key scientific and technical problems which require joint solution is the development, production and application of modern computers, whose introduction is necessitated by technological progress. Computers of different capacities and serving different purposes are needed in the national economy. It is not always expedient for one country to design and produce the whole range of such machines. The CMEA countries have pooled their efforts in this field and worked out a programme for the introduction of a unified system of electronic computers. Joint design work and standardization of units make it possible to combine assemblies, mechanisms and machines. An inter-government commission directs the work of the joint council of head designers from the CMEA countries and the specialists' councils.

The establishment of a unified system of electro-

nic computers is a task of tremendous scope and complexity, but by pooling their scientific, technical and material forces and means the socialist countries will cope with it.

Socialism also gives new content to old forms of economic ties between countries, such as *foreign trade*. Trade between socialist countries is first of all trade between absolutely equal partners. Its features are stable export markets and supply sources, steady growth, and fair prices.

As we know, the "scissors" between the prices of raw materials and manufactured goods is constantly growing on the capitalist world market, with the result that the countries exporting raw materials have to pay ever higher prices for their imports.

A situation like this cannot arise on the socialist market, where trade is carried on at stable prices agreed upon in advance. This circumstance has played, and continues to play, an important part in furthering the economic progress of the developing states.

Foreign trade within the CMEA system is making good headway. Between 1950 and 1970 it increased almost seven-fold, and the CMEA countries' share of world trade, from 6.5 per cent to 9.8 per cent. A 58 per cent increase in reciprocal trade is envisaged in the long-term agreements for 1971-75. Socialist partners account for three-quarters of the CMEA countries' foreign trade.

The development of different forms and methods in the socialist international division of labour shows that the co-operation between the fraternal countries has become an important factor in promoting the intensification of their national economies and raising their efficiency, in consolidating the strength of the world socialist system.

IV.

Prospects of Development of the Socialist International Division of Labour in Conditions of Economic Integration

The previous chapters have given a general idea of international division of labour as an objective process, and shown its typical features under socialism and capitalism, and described forms and methods of the socialist international division of labour. But the picture of the advantages of the socialist international division of labour would be incomplete without a consideration of the prospects for the future.

These prospects depend on many internal and external factors. These are, first of all, the high growth rates of the economies of the fraternal countries; the scale of production, which grows from year to year; the technical level and the branch structure of the economy; the political and economic consolidation of the countries of the socialist community.

Ample scope for accelerating this process is opened up by the Comprehensive Programme for the Further Extension and Improvement of Co-operation and Development of Socialist Economic Integration by the CMEA Countries adopted by the 25th session of the CMEA in 1971. It is noted in this document that the extension and improvement of economic, scientific and technical co-operation and the development of socialist economic integra-

tion is "a process that is consciously and systematically regulated by the Communist and Workers' Parties and the Governments of the CMEA member-countries. It is a *process of international socialist division of labour, the drawing together of their economies and the formation of modern, highly effective national economic structures, of a gradual drawing closer and levelling up of their economic development...*"¹

The Comprehensive Programme envisages stage-by-stage realization of extensive measures in three to four five-year periods. One feature of the Programme is co-ordination of economic and organizational activities to improve co-operation in all fields—production, science and technology, planning, foreign trade as well as monetary, financial and credit relations. This approach, and the long period covered by the Programme, create a sound basis for the further development of the socialist international division of labour.

This process involves many problems connected with all elements of expanded social reproduction. These are, first of all, the problems involved in ensuring the supply of the national economies of the whole community with fuel and mineral raw materials over a long period (15 to 20 years), problems of international specialization and co-operation in production, scientific and technical co-operation in different fields, and many others.

It should be stressed that every state exercises complete sovereignty over matters pertaining to expanded socialist reproduction, the provision of raw materials, fuel and power, and over the whole

¹ *Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by the CMEA Member-Countries*, M., 1971, p. 14 (Italics added).

of its economic development. While relying in the process of extended reproduction on its internal resources in the first place, every socialist state uses also external resources. Quite obviously, the constant renewal of the process of production on an ever greater scale in every country of the socialist community results in a continual growth in the demand for raw materials, fuel, power, etc. The long-range need for them increases to such an extent that the problem can no longer be solved through reciprocal deliveries alone. It owes its complexity not only to the geographical factors of the location of deposits of minerals and fuel, but also to the fact that the development of the primary products branches demands large capital investments. The way out, under socialism, is to pool the means and efforts of interested countries. There are many forms of collaboration. The important thing is to observe the principle of mutual interest, and to choose a form that will ensure optimal satisfaction of this interest. It is bearing this in mind that the countries concentrate their efforts on large-scale geological prospecting (especially for basic non-ferrous metals), the study of the mineral resources of off-shore areas, the Carpathian-Balkan and Caucasian zones, the territory of the Mongolian People's Republic and other promising regions in the CMEA countries. So provisions are made for research and consultation on individual geological problems, the economic evaluation of territories and deposits, and periodical estimates of the forecasts of stocks of mineral raw materials. The same principles underlie the proposals, now being prepared by governmental and economic bodies of the CMEA countries, for the joint construction of a number of large metal-making, chemical, pulp-and-paper and other en-

terprises in the Soviet Union and some other countries. The projects include a giant iron and steel plant to work on the ore of the Kursk Magnetic Anomaly, a large pulp mill at Ust-Ilim, and a number of oil and gas enterprises. Enterprises for the production of coking coal, copper, zinc and sulphur are to be built in Poland. Similar projects are to be built in Mongolia and some other countries.

Work has started on determining the main trends for the most effective long-term utilization of coal in the CMEA countries, and a comparative analysis of the output and utilization of different kinds of fuel.

In 1972-73 work will be completed on establishing the long-term development trends in the power industry. In particular, measures will be taken to create, by the joint efforts of the interested countries, scientific, technical, production and organizational conditions for accelerating the development of atomic power production and for its effective introduction into the national economy on an industrial scale. In this context the 26th session of the CMEA Council adopted recommendations on the extension of the parallel work of united power systems, the construction by interested countries of a high-capacity electric transmission line, and the construction of atomic power stations in Bulgaria, Hungary, the GDR, Romania and Czechoslovakia with Soviet technical assistance.

The CMEA countries intend to widen co-operation and specialization in manufacturing branches. They will unite their efforts to conduct scientific research, work out designs and techniques and build new capacities practically in all branches of industry and in building, agriculture and transport.

International co-operation and specialization in mechanical engineering will take a big step forward. In 1971-75 specialized production will be organized of main and auxiliary electric-power equipment, including installations for atomic power stations, as well as mining, oil-extracting, prospecting and drilling equipment. In 1972 Bulgaria, Hungary, the GDR, Poland, Romania, the Soviet Union and Czechoslovakia concluded a multilateral agreement on co-operation in the production of certain types of programme-controlled metal-cutting machine tools. Work is to be conducted on the basis of specialization and co-operation in production to improve colour TV equipment and start large-batch production of colour kinescopes. Agreements have already been concluded on specialization in the manufacture of equipment for making glass and ceramic articles and to extend the specialized production of lorries, tractors, agricultural machines, sea-and-river craft, and other machines and instruments. Quite understandably, this will be accompanied by growth in reciprocal deliveries. There will also be a considerable increase in reciprocal deliveries in the chemical industry.

Much has been accomplished in organizing the specialized production of a number of rolled steel shapes and pipes of different profiles. *Intermetal's* recommendations on specialization in 53 types of rolled stock have been carried out. Provision is made for the co-ordinated production of 69 types of rolled steel by 30 rolling mills in the countries participating in *Intermetal*. In 1970 total production under a co-ordinated programme amounted to approximately two million tons, and in the future it will reach 10 to 15 million tons.

The pooling of resources to build and enlarge

production capacities will be facilitated by the International Investment Bank, which has already granted credit for these purposes to a number of countries. For instance, IIB credits will cover about 40 per cent of the cost of modernizing and expanding the precision engineering plant in Blonnie, Poland, in whose manufactures Bulgaria, Hungary, the GDR, the Soviet Union and Czechoslovakia are interested. By the end of 1975 the plant's exports to these countries will have reached 56 million roubles. Its modernization and expansion will enable Poland to cut imports from capitalist countries by more than 8 million dollars.

An IIB ten-year credit of 20.5 million transferable roubles has been granted to Hungary for the electrification and reconstruction of several sections of railway lines and the purchase of diesel locomotives, which will increase the volume of both internal and transit traffic, which is in the interests of many countries of the socialist community.

The IIB has extended credits to Czechoslovakia for modernization and capacity build-up of the *Tatra* works. Automobiles manufactured there will be exported to many CMEA countries. The GDR and Romania have been granted credits to modernize and expand a number of mechanical engineering and chemical plants in whose products all or nearly all the CMEA states are interested.

The great importance of transport (railway, marine, inland waterway, motor, air and pipeline) for the socialist international division of labour is generally known. Without it economic exchange between countries is impossible. The increased capacity and speed of all types of transport open up good prospects in this field. In 1971-75 the CMEA countries will make detailed forecasts (for

a period of 10-20 years) of the volume of international traffic, the main trends in the technical development of transport facilities and the expansion of the network of major international lines of communication.

There are plans for an increase of the CMEA railway waggon pool, the transition of the rolling stock to standardized automatic coupling, more extensive introduction of equipment to mechanize the handling of freight, and a large-scale use of containers and other methods of preparing freight for mechanized handling. An agreement has already been signed on the introduction of a single container transport system. Under this agreement, ten international lines for transporting large-capacity containers (10, 20 and 30 tons), with more than sixty container handling stations, will be put into operation in 1972-74.

Important measures are to be implemented to increase the mobility of sea and river transport, inaugurate new shipping lines and improve the organization of freightage. In road haulage more effective forms of co-operation are planned, including joint road haulage enterprises, dispatcher systems and adequate servicing and repair facilities on international routes, and, of course, more and better roads.

Much is being done to expand and modernize air service networks. The fleet of planes and helicopters will grow considerably. New specialized repair facilities are being provided and centres for the training of flight crews, mechanics and ground-control personnel are being set up.

By the end of 1974 details will have been worked out for the further extension of oil and gas pipeline transport and for pipeline transportation of petrochemical, chemical and mining products.

The Comprehensive Programme envisages division of labour along similar lines in many other branches, as, for instance, in the production of a wide range of iron and steel and non-ferrous metals, phosphorus, pulp, plastics, rubber and building materials, in agriculture, in the light and food industries, etc.

Even this sketchy outline shows that the Comprehensive Programme opens up enormous opportunities for the further development and deepening of the socialist international division of labour.

In this context we would like to draw the readers' attention to one more aspect of the problem. Some bourgeois ideologists contend that what the CMEA countries are doing is essentially a repetition of what has been or is being done in the capitalist world in the process of development of the capitalist division of labour. Indeed, at first glance some problems may appear to be solved by the same methods. For instance, even in its pre-monopoly stage, capitalism learned to set up "joint" enterprises (joint-stock companies), to direct its capital to regions where it could be applied with maximum effect, to build enterprises abroad.

But on closer examination it will be seen that the socialist countries are solving problems of international division of labour in an entirely new way.

In form, two processes may appear similar, even if they take place under different social and economic systems, but their content may differ fundamentally.

Two examples will help to illustrate the differences. According to Japan's International Trade Promotion Association, the number of Japanese-owned industrial establishments in Asian countries has already reached 500. Whence this growing

urge of the Japanese monopolies to operate abroad? The explanation is very simple. In Singapore, for instance, workers are paid one-sixth of what Japanese worker gets. So it is not surprising that spokesmen of Japanese capitalism declare: "However industrious the Japanese may be, they cannot, unfortunately, do the work of six people each."

Isn't it clear, from this, that in setting up foreign enterprises monopoly capital is driven exclusively by the search for super-profits?

And now an example from the practice of the socialist countries. As already noted, a mammoth iron and steel plant is to be built in the Soviet Union by the joint efforts of interested countries. What induces these countries to build it? Craving for profit? No, the only inducement to building this unique plant and other such enterprises is the countries' need for their products which they cannot meet fully from their own resources.

This is not to say that in deciding such questions the socialist countries disregard economic effectiveness indicators, but the requirements of the national economy and above all those of the people are invariably given priority. It is in their aims that socialist enterprises differ most from capitalist concerns.

The Comprehensive Programme was received in the fraternal socialist countries with great satisfaction. The capitalist press did not pass this document over in silence either. For instance, calling it a grand programme for CMEA development, the Swedish newspaper *Dagens Nyheter* observed: "The aim of the programme is clear: it is to consolidate the position of the CMEA countries in the world economy, and to bring about the final victory in the competition with capitalism." Similar

opinions were expressed in other Western periodicals.

CMEA is not a close autarkic grouping as the ideologists of imperialism claim. Facts show that since it was founded in 1949 the Council for Mutual Economic Assistance has become an authoritative and efficient international organization of socialist countries which actively contributes to the elaboration of problems pertaining to the deepening and extension of international division of labour, a kind of international laboratory where forms and methods of economic co-operation are worked out and tested. The CMEA experience is of great importance, and not only to the socialist countries: it has vast international significance. CMEA personifies a new type of socialist international division of labour.

It is noted in the Comprehensive Programme that "the further extension and improvement of co-operation and development of socialist economic integration help to enhance the might of the socialist world system, strengthen the economy of every country, and are important factors in consolidating the socialist world system's unity and superiority over capitalism in all spheres of social life, and for ensuring its victory in the competition between socialism and capitalism."¹

Transition to the socialist economic integration of the CMEA countries is a new stage in the socialist international division of labour. The fraternal countries want to increase the benefits which the socialist international division of labour brings to each of them and to the community as a whole. And this necessitates important changes in the

¹ *Comprehensive Programme*... p. 14.

established practice of economic co-operation among them.

Priority will now be given to forms and methods of division of labour which are directly linked with technological progress and which enable all socialist countries to raise the technical level of production and make their produce competitive on world markets.

Along with the established forms and methods of development of the socialist international division of labour, provisions are made for active exchange of know-how information, elaboration of economic, scientific and technical forecasts, joint planning for branches and lines of production, and co-ordination of activity over long periods.

One of the central tasks before all the CMEA countries is to develop progressive branches of production and this calls for the provision of up-to-date equipment for industry. This task cannot be carried out without taking account of the scientific and technological revolution, without the co-ordinated elaboration of economic and technical policies based on joint long-term economic, scientific and technical forecasts.

The countries of the socialist community intend to concentrate in this field first of all on problems whose successful solution is best promoted through utilizing the advantages of the socialist international division of labour, such as the development of the fuel and power industry; the raw material base for iron-and-steel and non-ferrous metal manufacture and the chemical, pulp-and-paper and light industries; key lines of production in iron-and-steel and non-ferrous metal manufacture; petro-chemistry and the principal related lines of production; integrated systems of machines and instruments, etc.

New forms of joint planning such as co-ordination of long-term plans and joint planning for individual branches of industry and lines of production will play an enormous part in promoting socialist international division of labour.

Previously practised plan co-ordination for five-year periods affords considerable advantages, but it has limitations. It covers a space of time too short for international co-operation in a broad sense and consists primarily in co-ordination of trade. The important task today is to work out forecasts and co-ordinate plans for strategic sectors of the economy, science and technology for longer periods (15 to 20 years). It stands to reason that the co-ordination of long-term plans, just as of five-year plans, will not take the form of some supranational economic development programme. This work has but one aim: to solve problems connected with the consolidation of economic links which come into being during the elaboration of each socialist country's own long-term economic plan.

Joint planning for key branches of industry and lines of production will of course be of special importance for the prospects of development of the socialist international division of labour. This applies particularly to co-operation in the production of computers based on a system unified on the scale of the whole of CMEA. Experience in this field has already demonstrated the great possibilities and high effectiveness of the establishment of enterprises which are linked by co-operative ties from the very beginning.

As has been noted, joint planning for individual branches of industry or lines of production makes for pooling the efforts of interested countries to speed up the industrial application of scientific and technical achievements which improve the quality

and reduce the cost of products and thereby raise their competitiveness. Joint planning also helps to take measures to meet more fully social requirements (production and personal) in good time. What is in question, then, is comprehensive elaboration of problems in those sectors of production in which socialist countries are mutually interested. In practical terms this means that in the long run the socialist division of labour will include co-ordinated solution of problems pertaining to survey and design work, capital investments and capital construction, and the distribution of future production programmes and all economic conditions for the exchange of products.

As for the economic effect of such co-operation, here is an example, one of many. The joint plans for the manufacture of metal-cutting machines with numerical programmed control provide for a division of labour in research and development and in the production of such machines and for a five-fold increase in reciprocal deliveries in 1971-75. As a result, the period of R and D work will be shortened by three to five years and about seven million skilled working hours will be saved.

Ample possibilities for the development of the socialist international division of labour are opened up in science and technology. Here the agreements on the joint elaboration of major scientific problems arising in the process of acceleration of the scientific and technological revolution are of great interest. The fraternal countries have signed a multilateral agreement on co-ordinating research in the following fields: biophysics, breeding high-yielding strains and hybrid plants for agriculture, the development of new pesticides and measures for environmental protection and of anti-corrosive agents. These purposes will be served by the

establishment, in the long term, of thirty-four co-ordinating centres, three international research teams, three jointly operated laboratories, seven co-ordinating scientific and technical councils and two research and production associations. Co-ordinating centres are a particularly widespread new form of co-operation in science. More than 500 research and design organizations in CMEA countries already take part in their work. CMEA agencies are working out proposals for organizing systematic consultations on basic aspects of economic, scientific and technical policies and on the improvement of co-operation in planning, forecasting and long-term plan co-ordination.

A vivid example of bilateral scientific and technical co-operation on the basis of deepening the division of labour is furnished by the agreements the Soviet Union concluded with the other CMEA countries for the 1971-75 period.

The agreements envisage:

with Bulgaria, the development of chemical fibres with improved properties and new machines and equipment for the comprehensive mechanization of handling freight; production of new ultra-pure substances, chemical reagents and preparations; development and application of non-woven textiles;

with Hungary, elaboration of scientific principles of the design and manufacture of highly-efficient automated equipment for the chemical and oil-processing industries using mathematical modelling methods; working out more efficient methods of soil cultivation for agriculture; creating new materials for the light industry out of chemical raw materials;

with the GDR, elaboration of technological pro-

cesses and development of equipment for the production of polyethylene, synthetic rubber and other vital chemical products; improving and developing electrothermal equipment; elaboration and mastering of techniques for the production of sheet steel with various protective coatings; development of systems for automation of designing and of the technical preparation of production; joint undertakings in diesel engine building, radio-electronics and transport;

with Poland, development of means of comprehensive mechanization and automation of mining operations, methods of protecting gas pipelines against underground corrosion, and ship refrigerating equipment;

with Romania, developing new methods of obtaining high-grade lubricants and greases; elaboration and introduction of automated systems for the collection, preparation and transportation of oil and natural gas;

with Czechoslovakia, development and application of alloys for swaging and cold stamping with advanced forge-and-press equipment; improving the methods of producing various types of chemical fibres.

Even this, far from complete list, shows the wide front on which joint research and development work will be conducted by the Soviet Union and other socialist countries in 1971-75.

Such concrete undertakings presuppose improvement of forms and methods of co-operation in the fields of foreign trade and standardization, the establishment of new and further development of existing international organizations, and improvement of the legal and organizational basis of co-operation. Measures to improve commodity-money

relations seem to us to be of special interest.

The use of money in international socialist co-operation is above all concerned with ensuring an equal exchange of goods and services on a bilateral and multilateral basis. But that is not the only function of monetary relations.

The system of multilateral settlements in a collective currency (the transferable rouble), effective since 1964, is a vital part of this mechanism. For almost a decade now this system has successfully serviced economic links between countries of the community. In its economic essence the "transferable rouble" as a collective currency differs fundamentally from the national currencies. No CMEA country can obtain transferable roubles without selling its goods to another country. This means that all CMEA member states equally participate in the formation and use of the collective currency. Thus, the real purchasing power of the transferable rouble is ensured by its intrinsic ties to planned trade, the stability of prices within the CMEA system. Hence the mutual interest of the member states in equitable exchange.

The advantages of the system of multilateral settlements in transferable roubles stand out most vividly against the background of the present crisis of the capitalist monetary system. Military gambles, militarization of the economy, the knocking together of aggressive blocks, economic expansion abroad have all brought about a chronic deficit in the United States' state budget and balance of payments, resulting in a crisis of the principal capitalist currency, the US dollar, and of the mechanism of international settlements based on it.

The system of settlements in a collective currency enables the CMEA countries to settle mutual

accounts without using dollars or other capitalist currencies. This makes circulation of money on the socialist international market independent of the crisis-ridden capitalist currency system.

The deepening and extension of the socialist international division of labour, the growth of trade between the CMEA countries and the improvement of the currency mechanism provide a firm basis for the all-round development of credit relations within the CMEA system, which is not only important for improving the system of settlements. With its help it is possible to obtain a considerable economic effect by drawing additional commodity stocks into the commodity exchange and co-ordinating the utilization of monetary and financial resources to promote the development of the socialist international division of labour. Special attention is paid to intensifying the influence of credit and interest on the growth of the foreign trade in the CMEA countries and the fulfilment of reciprocal obligations. At the same time steps are being taken further to develop the system of long-term crediting, first of all with the help of the International Investment Bank, mentioned earlier.

All economic initiatives and innovations bear witness to the striving of the Communist and Workers' Parties of the fraternal countries not only to make full use of the advantages of the socialist international division of labour, but also to find such forms and methods of it which will speed up the economic progress of each country and of the socialist community as a whole. It is important that the deepening of the division of labour among the CMEA countries is accompanied by their political and economic consolidation. It will be noted that the search for new ways of deepening of the socialist division of labour does

not signify a revision of its basic principles. What is involved is fuller consideration of the objective laws governing the development of the world socialist economy. And this is quite natural, for there is always the question: in what measure does economic policy take into account objective economic laws? The answer is given by practice, the criterion of truth. We know from experience that in real life policy does not always and fully reflect objective laws. And it comes into contradiction with them to the extent to which it fails to reflect them. Obviously, a failure to resolve this contradiction in time, to revise outdated forms and methods of exchange of productive activity between socialist countries can slow down their economic progress for some time.

L. I. Brezhnev, General Secretary of the CPSU Central Committee, declared at the 24th Congress of the Party: "...like other members of CMEA, we believe that the possibilities of the socialist division of labour are not yet being fully used. Practice has led us to this common conclusion: it is necessary to deepen specialization and co-operation of production, and to tie in our national economic plans more closely, that is, to advance along the way of the socialist countries' economic integration."¹

The long-range guidelines for the development of this process have been laid taking into account, first of all, objective internal and external factors, i.e., the changes that have taken place in production relations, in the level of development and utilization of the productive forces, on the one hand, and in the level of development of the international division of labour, in foreign trade and

¹ *24th Congress of the CPSU, M., 1971, p. 13.*

mutual commitments connected with international economic, scientific and technical co-operation, on the other.

Consideration of these objective factors in the development of the socialist international division of labour will enable the CMEA countries to outline the concrete forms of exchange of economic activity which will accord in greater measure with their present economic development levels. For instance, specialization and co-operation in production among them will in the future be so organized as to help eliminate any parallelism and duplication in production that still exist along with any excessive dependence on imports from capitalist states.

Modern production is outgrowing the bounds of individual national economies. In other words, at the present stage the socialist international division of labour and external economic ties have come to play a much more important and in some instances the determining role in the economic development of the countries of the community.

The striving of the socialist countries to derive greater benefits from the socialist division of labour for each and for the community as a whole is an important factor that influences the prospects for the development of co-operation. Obviously, this task induces them to make substantial changes in the established practice of the economic relations between one another. The Comprehensive Programme states: "The CMEA member countries shall extend and improve economic, scientific and technological co-operation and develop socialist economic integration in order to promote:

"— the more rapid development of the productive forces in all CMEA member countries, the achievement of the highest scientific and techno-

logical level and the maximum increase in the economic effectiveness of social production, and also a maximum growth of the productivity of social labour;

"— the improvement of the structure and the growth of the scale of production, attended by a steady rise in the technical equipment of branches and the introduction of progressive technology in accordance with the requirements of the scientific and technological revolution;

"— the satisfaction in the long run of the national economic requirements of countries for fuel, power and raw materials, modern equipment, agricultural products, foodstuffs and other consumer goods mainly through the production and rational utilization of the resources of the CMEA member countries;

"— the rise in the material and cultural level of the peoples of the CMEA member countries;

"— the gradual drawing closer together and evening out of the economic development levels of the CMEA member countries;

"— the growth of the capacity and stability of the socialist world market;

"— the strengthening of the positions of the CMEA member countries in the world economy and ultimate victory in the economic competition with capitalism;

"— the strengthening of the defensive capacity of the CMEA member countries."¹

These provisions in the Comprehensive Programme testify to the great importance the Communist and Workers' Parties of the countries of the community attach to the socialist international division of labour as an instrument for speeding up

¹ *Comprehensive Programme. . .*, p. 16.

the growth of the power of the world socialist system.

Today we can already see the general outlines of the stupendous programme for the development of this community of socialist nations with its population of 382 million. In 1975 its industrial output will be roughly 50 per cent greater than in 1970. It will turn out about 1,400,000 million kwh of electricity, 500 million tons of oil, 340,000 million cubic metres of natural gas and almost 200 million tons of steel. These are impressive figures indeed.

In 1971-75 it is expected that oil, mineral fertilizer, steel and a number of other products will be added to the industrial products in whose output the Soviet Union already ranks first in the world (coal, iron ore, diesel and electric locomotives, cement, woolen textiles, butter, etc.).

The fulfilment of plans for the decade ahead should almost double the economic potential of the CMEA countries, and promote their rapid scientific and technological progress. These successes are made possible by the level of economic, scientific and technical co-operation they have attained and by their unity and cohesion. Everything shows that objective conditions have been created in these countries for the formation of still deeper and more stable links in the basic branches of the economy, science and technology, for a further extension of the socialist international division of labour, this powerful accelerator of growth of the productive forces of the fraternal countries. At the new stage in the development of this division of labour joint actions based on the pooled effort and means, in line with the interests and requirements of individual CMEA countries, will play a role of increasing importance.

