



PRACTICE,
PROBLEMS
AND
PROSPECTS
OF
SOCIALISM

CMEA
International
Significance
of
Socialist
Integration



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CMEA International Significance of Socialist Integration

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СЭВ:
МЕЖДУНАРОДНОЕ ЗНАЧЕНИЕ
СОЦИАЛИСТИЧЕСКОЙ ИНТЕГРАЦИИ

Под редакцией доктора экономических наук
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INTRODUCTION

The socialist transformation of the world, which began with the Great October Socialist Revolution and the victory of socialism in the USSR, led to the formation of the world socialist system. This process engendered a new type of international relations based on a community of fundamental class interests and aims among the socialist states, and on their solidarity.

The relations taking shape among the socialist states and peoples, which unite them, develop by dint of political and economic necessity. Defence of the revolutionary attainments and the strengthening of socialist positions in each country require their political union and concerted action internationally. The importance of extensive and multifaceted coordination of efforts among the socialist countries increases during the struggle between the old and new worlds. The interests of rapid economic improvement and raising of living standards necessitate joint efforts by those countries in production, science and technology and encourage them to take fuller advantage of the international socialist division of labour.

The fundamental interests of people living in all the socialist states are served by those countries coming closer together, uniting and cooperating. This process invariably takes place on the basis of a single type of socio-economic and political system, a common Marxist-Leninist ideology, and common aims in striving for socialism and communism. Guided by the requirements of the objective laws of social development, the communist and workers' parties of the socialist community work to promote fraternal cooperation between themselves. This new type of international relations takes shape, therefore, under the decisive influence of Marxist-Leninist policy and the organising activity of the fraternal parties.

The concept of international relations involves a whole range of social relations—political, economic and cultural—being established between individual states and, above all, between their ruling classes and corresponding political, economic and other organisations. The nature of these relations naturally depends on the classes participating in them. Relations between the people living in the socialist countries, between the state, political and economic institutions that represent the interests of national contingents of the working class and all the working people in those states, are imbued with a spirit of solidarity and differ radically from international relations within the capitalist world. As Marx and Engels once put it, 'For the peoples to be able truly to unite, they must have common interests. And in order that their interests may become common, the existing property relations must be done away with, for these property relations involve the exploi-

tation of some nations by others: the abolition of existing property relations is the concern only of the working class. It alone has also the means for doing this. The victory of the proletariat over the bourgeoisie is, at the same time, victory over the national and industrial conflicts which today range the peoples of the various countries against one another in hostility and enmity.'¹

The factor that dominates the development of relations between the socialist states and enables them to surmount the various problems and difficulties in their path is the profound community of fundamental interests among the national contingents of the working class. International relations based on the common fundamental aims of their participants—the building of a classless society, securing of full prosperity and the all-round development of every citizen, creation of a world brotherhood of peoples—constitute the historically new type of international relations of the future.

In promoting economic and political relations among themselves, the socialist states are guided by the principle of proletarian, socialist internationalism. This signifies a harmonious combination of each socialist country's and the whole socialist community's requirements in day-to-day policy, a proper accord of national and international principles, and the development of fraternal mutual assistance. Just as it is impossible to satisfy the genuine national interests of one socialist state against those of the whole community, so is it to satisfy international interests, as experience has shown, to the detriment of those of individual socialist states.

An internationalist foreign policy is typified by a desire to develop comradesly cooperation and mutual assistance with other socialist countries economically, politically and culturally, in the interests of socialism and communism, to protect revolutionary achievements from imperialist encroachment, to eliminate the historical inequality in socio-economic levels between the various states. An obligatory prerequisite for this policy is consistent account of the interests of each and every country, observance of equality and mutual benefit for all socialist countries, of their sovereignty and independence as well as non-interference in one another's internal affairs. At the same time, the content of this policy is considerably richer and deeper, in so far as it expresses the fraternal solidarity of the socialist community, the unity and concerted action of the socialist countries, and their mutual assistance as a determining facet of their interrelations.

International factors of socialist production development are used more and more widely as socialist cooperation develops. The most global and synthesising of these factors is the establishment of the socialist world economic system. The development of socialism as a world system naturally leads to the formation and improvement of a socialist type of world economy which differs fundamentally from the world capitalist economy. The appearance and development of a socialist type of world economy is an objective process that affirms socialist production on an international scale.

Socialism undertakes the mission of restructuring world economic relations on democratic and socialist principles. The concentration of pro-

duction, its socialisation and internationalisation, are accelerated in the socialist world on the basis of the new social content of international relations; a radical reconstruction takes place of the former international structures of production and exchange, and there is a continual drawing together and evening out of the economic development levels in the various countries. The world socialist economy embodies an increasingly strong community of economic affairs in the fraternal countries, and their growing multifarious interaction, which has become an invariable attribute of socialist development, one of the major factors behind its comprehensive advance.

The process of extended reproduction in the socialist countries increasingly depends on the international socialist division of labour and the world socialist market. The socialist system of world economy today embodies more than half the foreign economic relations of the Soviet Union and the bulk of the other socialist states.

The communist and workers' parties and the state agencies of the socialist countries direct the development of the socialist world economic system through an increasingly profound study of the objective laws of the international socialisation of economic and all social affairs under socialism. The mechanism has taken shape and is constantly being improved for the deliberate realisation and use of these laws in the actual planned economic control in each country, and in economic cooperation between them. The Council for Mutual Economic Assistance plays a leading part in this; it is the first ever collective inter-state organisation of socialist countries. Over the thirty years of its existence

it has made a tremendous contribution to promoting the economy of each of the participant states, to shaping the socialist system of world economy, and to consolidating the authority and attractive power of the new type of international economic relations throughout the world.

The parties to the Declaration of the Warsaw Treaty States, signed in Moscow in November 1978 at a conference of the Political Consultative Committee, noted that there exist great potentialities and reserves for further extending and deepening mutually beneficial economic relations that rest on a solid treaty basis between the socialist states represented at the conference both bilaterally and multilaterally within the framework of the Council for Mutual Economic Assistance, in accordance with jointly approved principles and in the interests of accelerating the process of evening out their economic development levels, of encouraging the progress of each socialist state and raising their welfare.

The transformation of the historically shaped system of international relations on socialist principles is a lengthy, multifaceted and complex process. It involves a whole number of stages, requires regular theoretical elaboration and practical testing of the new principles for organising international economic affairs. Hence the even greater significance that attaches to the fact that, nowadays, the community of CMEA countries exhibits a high degree of economic consolidation; the development of their economic cooperation has entered a qualitatively new stage characterised by socialist economic integration. The greater maturity of the relations between the fraternal CMEA countries signifies

a further consolidation of world socialism and its mounting influence on the fate of world civilisation.

The volume here offered to the reader is intended to shed light on the principal features of socialist economic integration against a background of the present-day processes in world economic development, the peculiar features of the current stage and long-term prospects of this integration; it gives an analysis of the multifarious aspects of the international impact of the theory and practice of socialist integration. The book has been prepared by a group of scholars from Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland and the USSR. It is a collective publication by publishers in those countries.

CHAPTER 1

CMEA—FIRST COLLECTIVE INTER-STATE ORGANISATION OF SOCIALIST COUNTRIES

When socialism exceeded the bounds of the USSR and became a world system, it engendered, as Lenin had foreseen, 'completely different international relations'.¹ A new, socialist type of international relations took shape in the world; behind them lay a unity of fundamental national and international interests stemming from the socio-economic nature of the socialist states; a common ideology, Marxism-Leninism, which is internationalist by its very nature; common goals of building socialism and communism; common objectives in combating imperialism, in fighting for peace, democracy and social progress.

In describing relations between countries in the socialist community, Leonid Brezhnev has said at the 26th CPSU Congress, 'We are building a new, socialist world, and a type of truly just, equal, and fraternal relations between states never seen in history before.'²

The mutual cooperation of socialist countries and the furthering of their economic integration are inseparably connected with the activities of the Council for Mutual Economic Assistance—the first ever collective organisation of socialist

countries, helping to strengthen the prerequisites for improving the division of labour between them, extending their economic interaction and consolidating the position of the socialist community in the world economy.

CMEA was set up over 30 years ago, in 1949; it has become a generally recognised organiser of cooperation between sovereign socialist states, a form of collective laboratory in which specific ways and means for implementing a new type of economic relations are being elaborated and tested. At the 32nd CMEA Session in June 1978, the heads of state once again confirmed the important contribution made by mutual cooperation to the attainments of each fraternal country; they 'expressed their firm determination to continue persistently to develop and deepen cooperation of the CMEA member countries in economy, science and technology, considering it an important factor actively contributing to the successful implementation of the mapped out plans for socialist and communist construction, to the strengthening of the cohesion and inviolable friendship of the peoples of the socialist countries on the basis of principles of Marxism-Leninism and international solidarity'.³

Experience testifies to the swift growth in importance of CMEA for each member state, for each state's mounting economic potential, and the successful resolution of problems in building and further improving developed socialist society. The range of countries showing an interest in collaborating with CMEA is growing. For example, CMEA and the Socialist Federal Republic of Yugoslavia signed an agreement in September 1964 whereby Yugoslavia

would take part in CMEA agencies on issues of mutual interest. This agreement came into effect on 24 April 1965.⁴

The Socialist Republic of Vietnam's accession to CMEA in June 1978 at the 32nd CMEA Session was evidence of the organisation's growing international authority. CMEA has long exceeded the framework of a regional organisation and has become a collective organiser of cooperation between socialist states located in different parts of the world. Today, the Council embraces ten socialist countries of Europe, Asia and Latin America with an aggregate population of some 430 million.

The CMEA Session mentioned above took cognisance of the fact that, on issues of mutual interest, relevant Yugoslav organisations would take part in elaborating and implementing measures for long-term specific programmes. The Session welcomed the interest shown by the Laotian People's Democratic Republic, the People's Republic of Angola, and Socialist Ethiopia in extending multilateral and bilateral economic and scientific and technological cooperation with CMEA countries.

The formation of CMEA was a logical consequence of the emergence of a new type of relations between the Soviet Union and countries that had taken the socialist road. Even before Eastern and Central Europe had been completely liberated from the fascist tyranny, people's democratic government had been formed in several of them. The first inter-state agreements envisaging mutual aid in restoring war-ruined economies were signed in 1944 and 1945; these laid the basis for mutual relations built on the principles of proletarian internationalism.

Subsequently, after the war, the political and economic alliance of fraternal countries acquired increasingly evident contours. Economically the alliance was formed three decades ago by the creation of the Council for Mutual Economic Assistance.

From its very first steps, CMEA showed itself to be radically different from other inter-state alliances and organisations that had existed throughout the whole history of international relations. The principles of economic relations between CMEA countries were formulated in CMEA collective documents on the basis of common accumulated experience: the CMEA Charter (1959) and the Basic Principles of the International Socialist Division of Labour (1962), as well as in documents drawn up at international meetings of communist and workers' parties.

The Basic Principles, for example, lay down that 'by contrast to the international capitalist division of labour, expressing relations of exploitation of the weak by the strong, taking shape arbitrarily, in the course of the acute competitive struggle and expansion of capitalist monopolies, exacerbating inequality between economic development levels and leading to the formation of distorted, one-sided economic structures in underdeveloped countries, the international socialist division of labour occurs in a conscious and planned way, according to the vital interests and objectives of harmonious and all-round development for all socialist countries, and leads to the strengthening of their unity'.⁵

As many years of practice have shown, these principles are utterly realistic and specific. For example, full equality and sovereignty for all parties emanate from the very essence of

socialist methods of organising international economic affairs. The equality of capitalist states formally declared by international law is denied in the sphere of politics, in essence, both by the continual interference by the biggest imperialist powers in the internal affairs of other countries, and by their *de facto* economic inequality. This is most marked in the relations between imperialist powers and the developing countries, in the activity of the transnational corporations which implant sectors of their subsidiary economy in many countries. Cooperation between socialist countries cannot be of this nature for the very obvious reason that the parties to trade are states possessing complete sovereignty in resolving both political and economic issues.

It has naturally taken time consistently to realise the potential of this new type of international relations.

In the specific post-war circumstances, the choice of a particular concept of economic development for most countries taking the socialist road was dictated by objective factors. These concepts reflected, on the one hand, the general laws of emergence of socialism and the formation of its material and technical basis; on the other, they also reflected the specific post-war requirements associated with restoring normal economic conditions and preparing prerequisites for industrialising the economically less developed countries.

The main forms of interaction between the CMEA European states in the early post-war years therefore applied to most of them (excluding the USSR) as external economic conditions for building a socialist economy. Hence the main

orientation on tackling tasks connected with the restoration and development of the economy of each country separately. It was this that evidently explains why the proposals in the late 1940s to set up a customs union among a few socialist states was regarded as premature. The establishment of the Council for Mutual Economic Assistance was associated with 'tasks of exchanging economic experience, providing each other with technical aid, mutual help with raw materials, foodstuffs and equipment'.⁶

It is perfectly understandable that the new social system in each fraternal country should have to rely on a corresponding material and technical basis. Such a basis could, however, only be formed provided the specific production potential of the CMEA countries was utilised. The newly formed production apparatus, particularly in those countries that lacked a developed industry, inevitably reproduced certain major aspects then prevalent in the production apparatus of the fraternal states. One side-effect of this was a certain universalisation of production structures, owing to the existence of a number of general shortages in important products.

This was bound to have an effect both on qualitative and quantitative features of the development of the international division of labour over at least the first two post-war decades. What is more, it also took time to set up an effective mechanism of economic cooperation that was suited to the new type of international division of labour. As practice showed, this turned out to be no easy matter and, in many essential aspects, it has retained its urgency up to the present.

Objective restrictions hampering the full use of the advantages of the international socialist division of labour have included primarily the low starting economic level of some countries building socialism. Moreover, the industrially developed socialist states, including the Soviet Union, had also been faced with difficult economic problems in post-war reconstruction and development. All this gave rise to an acute shortage of resources, including investment commodities, which objectively reduced the opportunities for collective manoeuvre, hampered the formation of production structures aimed at satisfying the requirements of other countries as well as of internal economies. The transfer across national frontiers of goods and services in those circumstances (especially in the immediate post-war years) was to a large extent a material expression of international mutual assistance, and not a clear-cut planned division of labour, based strictly on economic efficiency criteria.

The historical situation and the cold war policy pursued by imperialist states made it necessary quickly to reorientate the geographical directions of external economic ties of many socialist countries so as to pool efforts in lifting the economy. This restructuring forced several countries to speed up the creation of production lines to satisfy national economic requirements that had previously been met by imports from third countries.

The tackling of such problems demanded active use of the potential associated with CMEA and its agencies. The first CMEA sessions had, in fact, worked out specific proposals for solving the urgent problems of the 'starting' period.

Thus, the 2nd CMEA Session in August 1949 deemed it expedient to promote mutual trade between member countries on the basis of long-term agreements; it drew up principles for scientific and technological cooperation and exchange of technical experience; it reviewed the question of ball-bearing production in the CMEA countries which, in effect, was the first venture in developing international specialisation and production cooperation.

Subsequent sessions of CMEA had considerable importance for setting up the mechanism of systematic production cooperation. The 7th Session in 1956 discussed issues of coordinating development plans for the major economic sectors of CMEA countries for the 1956-60 period, covering the engineering, coal, gas and oil, chemical and timber, ferrous and non-ferrous metal industries and agriculture. The greater scale of cooperation enabled this session to adopt a decision on establishing CMEA standing committees on economic and scientific and technological cooperation, intended to coordinate the development of economic ties between the CMEA states and to organise multilateral economic and scientific and technological cooperation in the most important sectors of the economy.

The subsequent growing complexity of the production structures of the CMEA states and the further extension of the economic relations between them produced a need to improve the forms and methods of regulating cooperation. It became necessary to move to new, more effective forms and methods of regulating the international socialist division of labour, above all to strengthening planning principles in its development.

By the middle of the 1950s, when all CMEA countries had consolidated the principles of a planned socialist economy, it became possible to switch to coordinating five-year national economic plans. At the same time, important steps were taken to rationalise the prevailing systems of mutual relations by working out recommendations for international specialisation and cooperation of production in certain kinds of industrial output.

The recommendations then adopted by CMEA helped to promote bilateral and multilateral cooperation and to coordinate the first five-year economic plans of the CMEA members. The practical implementation of these recommendations enabled member states successfully to fulfil their economic plans, to attain high economic growth rates and to carry through radical socio-economic changes in states dealing with the tasks of the transitional period from capitalism to socialism.

The Meeting of Representatives of Communist and Workers' Parties of the CMEA Member States that took place in May 1958 was of major importance for resolving the new and paramount tasks of cooperation. The Meeting mapped out a concrete programme of action for the immediate future. Relying on accumulated experience of cooperation, the Meeting indicated the need to coordinate national economic plans for 1961-65, focusing the efforts of the CMEA countries and agencies on all possible development of raw material economic sectors and of energy, on further boosting new technology, on intensifying specialisation and cooperation of production in engineering.

In the years that followed, decisions were

taken aimed at further improving the ways and means of organising mutual economic cooperation. Thus, the Meeting of Representatives of Communist and Workers' Parties of the CMEA Member States, which took place in June 1962, recognised the coordination of national economic plans as the basic method of CMEA activity and the major means of planned and balanced development and extension of the international socialist division of labour. This conclusion came out of the objective need to put mutual division of labour at the service of optimising the development of economic complexes in the fraternal countries, ensuring a good balance of the community as a whole. The Meeting approved the Basic Principles of the International Socialist Division of Labour drawn up at the 15th CMEA Session. These principles were the theoretical and methodological foundation for implementing practical measures aimed at intensifying the international socialist division of labour; they helped to resolve several new problems that had arisen with the greater scale and complexity of the cooperation structure.

The 1960s were therefore noted for a considerable intensification of mutual cooperation and an expansion of the international market of the CMEA countries. The movement of a growing number of commodities between the CMEA members occurred in this period not so much under the impact of a temporary need or of relative 'surpluses' as, increasingly, through the planned and profound long-term division of labour. This was greatly helped by coordination of many important indicators of economic plans for the 1961-65 and 1966-70 periods, the col-

lectively drawn-up recommendations on CMEA international specialisation for producing some 4,500 types of plant and machinery and over 2,300 chemical items. No less important was the conclusion of bilateral agreements envisaging the cooperation of production of units and parts, joint research and design, and the joint financing of production development and raw material exports.

Bearing in mind the importance of scientific and technical cooperation, the CMEA Executive Committee ratified in February 1964 the integrated plan for coordinating the major research and development efforts of the CMEA member countries for 1964-65. The plan embraced 154 themes in the elaboration of which participated some 700 research institutions of the community. Subsequently, similar plans were drawn up for each successive five-year period. They played a considerable part in combining scientific forces through a division of labour among countries for resolving major research problems of an applied nature and of fundamental theoretical problems, in strengthening the research base and training new research personnel.

The growing internationalisation of CMEA national economies was apparent in that period in the joint development of means of international transport, in unification of power systems, in the creation and encouragement of the activity of international economic and scientific and technical institutions. In particular, several new international organisations from the CMEA states came into being; they included Intermetall, the Central Dispatching Board for the Unified Power Systems, the Common Wagon Pool, the CMEA Institute on Standardisation, and

the International Bank for Economic Cooperation.

As CMEA activities develop, its role as a new type of international organisation becomes increasingly manifest, it being seen as genuinely democratic in structure, decision-making and the principles of its operation. Problems invariably crop up as the socialist countries move comprehensively closer; sometimes these are exceedingly complex. But they are resolved by the concerted efforts of communist and workers' parties and of the fraternal peoples. The resolution of them on the principles of genuine internationalism and equality helps to promote socialist cohesion in the spirit of the tested principles of Marxism-Leninism, socialist internationalism, equality and comradely cooperation.

At all stages of socialist construction, the CMEA countries have rendered and continue to render one another far-reaching economic and technical assistance. As Leonid Brezhnev has underlined, CMEA has given the world 'a unique experience of equal cooperation of a large group of countries, of the harmonious blending of their national and international interests, and of the practical implementation of the principles of socialist internationalism'.⁷ And at the 9th Congress of the Socialist Unity Party of Germany it was stressed that 'socialist economic integration among member states of the Council for Mutual Economic Assistance is in full accord with the common responsibility of CMEA member states for the development of socialism. It is an important means of planned unification of the economic and scientific potential of the socialist states and a guarantee of their pro-

portional development. It helps them promote a world socialist economy and bolsters the positions of socialism in economic competition with capitalism'.⁸

Economic ties between CMEA members over the three decades have encouraged the formation among them of up-to-date economic complexes based on the heavy engineering industry, of a powerful scientific and technological base, a ramified network of research and design institutions, experimental production units, etc. The cooperation and mutual assistance of CMEA countries have effectively helped them to resolve such a salient socio-economic problem as overcoming the substantial differences they have inherited in economic development levels.

The 11th Congress of the Hungarian Socialist Workers' Party also stated that the 'opportunities presented by socialist economic integration are exceptionally great. Strengthening economic cooperation with the socialist countries is a major condition of balanced development of our economy'.⁹

As a result, the contribution made by each CMEA member to the common economic and scientific and technological potential of the socialist community has increased immeasurably. At the present stage, the socialist states are able to set and resolve complex and far-reaching tasks, including those of building and further promoting a mature socialist society, consistently combining the advantages of socialism with the scientific and technological revolution, and further reinforcing the economic foundations of the economic complexes in all the fraternal countries.

The new type of system of economic relations

that has taken shape as a result of mutual cooperation among the CMEA states is exerting an increasingly active influence on the worldwide division of labour as a whole, encouraging a reconstruction of its socio-economic structure, a democratisation of economic interrelationships between various groups of countries, and a consolidation of all progressive trends in the development of world economic relations. The growth in this influence is an exterior aspect of the international socialist division of labour, one of its most general development trends.

All this vividly demonstrates the advantages of the system of economic cooperation built on the principles inherent in socialism over all systems utilised by the capitalist states and their economic-political groupings.

The parties to the Treaty of Rome signed in 1957, proclaiming the creation of the European Economic Community, naturally took the trouble to include formulations designed to give a propagandist effect, to neutralise opposition from the general public in Western Europe to the setting up of this economic and trade bloc.

Practice has shown, however, that the promises were only a verbal cover for the real designs of imperialist integration. The promises included higher employment and prosperity, a more rational allocation of productive forces with special account for the interests of the industrially less developed regions, and elimination of interstate competition. Yet the real designs have been to pool the efforts of 'national' state-monopoly capital in the face of the intensification of the general crisis of capitalism, the exacerbation of its irreconcilable contradictions, the increasing

scale of the struggle against exploitation and monopoly domination, the mounting campaign for democracy and socialism, and for a deep restructuring of the entire system of international relations.

Assessing the development of the CMEA countries over recent decades, primary emphasis must be laid on their dynamism, unequalled in any other organisation of states. The average annual national income increment and growth in industrial output was 7.4 per cent and 9.0 per cent for the CMEA countries over the period 1951-79, while the respective figures were 4.2 per cent and 4.8 per cent in the developed capitalist countries. This high dynamic economic growth among the fraternal countries was largely founded on the development of their cooperation and mutual assistance, and on utilisation of the advantages of international socialist division of labour. Suffice it to note that the turnover in their mutual trade grew over those years to 91,000 million roubles—i.e., approximately 17.5 times.

During the 1960s, the socialist countries felt the need for a model of economic interaction that would enable them to set up an integral system of economic interrelations taking account of long-term trends in scientific and technological progress, the long-term objectives of socio-economic growth in the socialist community, and consistent implementation of the potential inherent in the mutual division of labour.

The degree of socio-economic homogeneity the CMEA states had attained by this time paved the way for strengthening their interaction. Furthermore, the higher level of development of the socialist social system incessantly re-

quired maximum use of all the opportunities for mutual cooperation in order to resolve such key issues as increasing production efficiency, accelerating technological progress and raising living standards.

The urgent requirements for boosting material production and its intensification necessitated a substantial restructuring of the system of economic interrelationships that had formed by the late 1960s, and turning it into an instrument of harmonious and mutually-related development of national economies of CMEA states, as a condition for utilising the advantages of large-scale socialist production on the scale of the world socialist community.

The 23rd CMEA Session, held in Moscow in April 1969 with the participation of heads of communist and workers' parties and heads of government of member states, was a historic landmark in the development of economic cooperation among CMEA countries, and in the comprehensive improvement in its ways and means of operation. The particular importance of the Session consisted in its substantiation of transition to a qualitatively new and higher stage of cooperation—international socialist integration. As Leonid Brezhnev said in his report to the 24th Congress of the Communist Party of the Soviet Union, 'practice has led us up to this common conclusion: it is necessary to deepen specialisation and cooperation 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'.¹⁰

The 23rd CMEA Session defined the guidelines for elaborating a comprehensive long-term programme for the development of economic in-

terrelations among the CMEA members. This programme, approved by the 25th CMEA Session in July 1971, envisaged specific objectives for cooperation and the most important joint measures in major branches of industry, agriculture, construction and transport. Its importance consists mainly in that it is aimed at closer concerted efforts by the CMEA member states towards resolving the key issues of material production and accelerating technological progress, at a higher technical level and quality of mutual deliveries, at satisfaction of the demand for raw materials and plant in short supply, and at the production of new lines. It is also aimed at pooling efforts to surmount the objective difficulties encountered in intensifying the economic cooperation among the socialist countries. At the same time, the programme indicates the necessary organisational, economic and legal means for intensifying cooperation; it sets out effective ways and means for controlling the process by which the national economies are brought closer together.

In the Resolution on the Results of the 23rd CMEA Session, the Political Bureau of the CPSU Central Committee and the USSR Council of Ministers made the point that the unanimously approved decisions, aimed at further extending and intensifying all-round economic relations among the CMEA states, were very important in strengthening the power of each country and of the whole socialist community and the positions of the socialist countries in the world economy. The Resolution further stressed the great political importance of the decisions taken at the Session for strengthening the unity of the socialist community. It instructed the rel-

evant Soviet organisations to carry out specific measures to implement the Session decisions affecting the USSR.

The documents of the International Meeting of Communist and Workers' Parties that took place in June 1969 noted that 'the socialist world has now entered a stage of its development when the possibility arises of utilising on a scale far greater than ever before the tremendous potentialities inherent in the new system. This is furthered by evolving and applying better economic and political forms corresponding to the requirements of mature socialist society, which already rests on the new social structure'.¹¹

In concert with other fraternal parties, the CPSU has made its own contribution to a theoretical elaboration of the problems of socialist integration; it has, in particular, put forward a number of principled propositions for improving ways and means of joint planning activity, of the economic mechanism of cooperation and of its organisational and legal principles.

The 24th CPSU Congress, the congresses and plenary meetings of the central committees of communist and workers' parties of other CMEA countries, have all defined the transition to integration not only as a long-term strategic policy, but as a specific directive for all state and economic agencies participating in the development of mutual economic relations.¹²

The long-term programme of socialist economic integration adopted by CMEA countries in 1971, as Leonid Brezhnev noted at the 25th CPSU Congress, 'raises cooperation among socialist countries to a much higher level than ordinary promotion of trade. For example, it means joint development of natural resources

for common benefit, joint construction of large industrial complexes to meet the needs of all the partners, and cooperation between our countries' enterprises and whole industries planned for many years ahead. Implementation of this Comprehensive Programme has already significantly deepened our economic interaction, and made our economies mutually complementary to a greater extent to the considerable advantage of all concerned.¹³

The Bulgarian Communist Party noted at its 11th Congress that 'in recent years cooperation between member states of the Council for Mutual Economic Assistance has acquired new features, being filled with a richer content and steadily embracing more and more spheres of social life. *The Comprehensive Programme of socialist economic integration has laid the basis for a qualitatively new stage of cooperation.* The first concerted plan for multilateral integration of measures has also been drawn up and adopted for the period 1976-80. In future, there will be increasingly common resolution of problems concerning raw materials, energy, fuel, specialisation and cooperation of production, the provision to the population of more varied and better quality foodstuffs and industrial goods.'¹⁴

This qualitatively new stage required an improvement in the economic mechanism of cooperation between CMEA countries. The complex nature of objective new problems that arise in cooperation has resulted in a comprehensive approach to their resolution with the use of new forms and methods for controlling external economic relations.

The Comprehensive Programme furthers and focuses on principles of interrelationships be-

tween socialist states; it contains, in essence, a general plan for joint economic and scientific and technological activities among the CMEA countries for several five-year periods ahead. By deepening and enriching the fundamental principles of cooperation, the Comprehensive Programme defines at the same time a wide variety of interconnected specific measures (including some 200 different measures intended for research and development and implementation), it establishes the terms and organisational-legal mechanism for their realisation through the concerted efforts of fraternal countries. Adoption by CMEA countries of the Comprehensive Programme has paved the way for a systems approach to the attainment of collectively set targets in all areas of cooperation.

The fulfilment of one vital task envisaged in the Comprehensive Programme—that of forming highly effective economic structures in each socialist state—is marked down as a result of the CMEA states achieving the highest possible scientific and technical level of production that will secure higher labour productivity; optimising the structure of their economy, thereby enabling them comprehensively to use natural resources; deepening international specialisation and cooperation of production; developing and mastering up-to-date technology; introducing advanced forms of production and labour organisation.

The Comprehensive Programme also attaches considerable importance to bringing economic development levels closer together and evening them out. Attainment of this objective is tied up with the implementation of far-reaching economic and political measures, in particular

with the joint construction and exploitation of industrial and other projects, the provision of credit on favourable terms, and the realisation of large-scale scientific and technological projects.

Among measures to promote cooperation in science and technology, the Comprehensive Programme outlines those which embrace the joint elaboration of a strategy for further promoting science and technology. This strategy involves the regular holding of consultations on major issues of scientific and technological policy, the working out of scientific and technological forecasts, joint planning by interested parties in major scientific and technological problems.

As the Comprehensive Programme notes, cooperation in planning is the main method for organising cooperation; a particular feature of this at the present integration stage is the transition from coordinating mutual trade to coordinating the economic activity of CMEA countries directly in the fields of production, science and technology, and capital construction.

This can only be done by improved forms of joint planning activity, notably through the Coordinated Plan for Multilateral Integration Measures adopted at the 29th CMEA Session in 1975, and the inclusion in national economic plans of clauses for economic cooperation within CMEA framework. An important part in working out measures to enhance the degree of planning in economic cooperation belongs to the CMEA Committee on Cooperation in Planning, set up at the 25th CMEA Session.

As a result, a comprehensive system of cooperation in the field of planning among the socialist states is taking shape within the framework of

CMEA; it enables them to tackle successfully the most far-reaching economic tasks in industry, transport, agriculture and capital construction, to implement large-scale projects for developing raw material and energy resources, and to protect the environment.

The working out of long-term specific programmes for cooperation (LTSPC) of the CMEA countries is to constitute a further improvement of planning principles in resolving important problems facing countries in the socialist community. Speaking at the 25th CPSU Congress, Leonid Brezhnev said: 'On the basis of what has been achieved we can now take the next step. The present priority is to work out and fulfil special long-term programmes. Their purpose is to meet by common effort the rapidly growing needs in energy, fuel and basic primary materials, and to satisfy more fully the demand in food products and manufactured consumer goods, to raise the level of engineering, and expedite development of transport. Those are our immediate common objectives.'¹⁵

Work by the countries and agencies of CMEA in this area has already paid off. The 32nd Session of the Council approved long-term specific programmes for cooperation in the field of energy, fuel and raw materials, agriculture and the food industry, and in engineering. These programmes were drawn up in accordance with the decisions of communist and workers' parties of the CMEA member states concerning the development and extension of economic, scientific and technological cooperation among them, and they reflect agreement among their leaders. Cooperation programmes are now being hammered out in the field of production of industrial

commodities for public consumption and transport.

The long-term specific programmes for co-operation define a coordinated strategy of co-operation of CMEA countries over the long term in appropriate fields of material production; they specify and develop the Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by the CMEA Member Countries. The main aim of measures included in the LTSPCs is to secure economically justified requirements for energy, fuel and raw materials, food products, means of production and techniques at an advanced technological level. Elaboration and implementation of these programmes are a new step in promoting multi-lateral cooperation among the CMEA countries. They open up fresh opportunities for even better use of the advantages of socialism for the benefit of all the peoples within the CMEA countries.

When the programmes are implemented they will help to resolve the socio-economic objectives set by CMEA states in socialist and communist construction, to secure unswerving progress for their economies and a further rise in general living standards, the drawing together and evening out of the economic development levels of the fraternal countries, extensive participation by the industrially less developed among them in specialisation and cooperation of production, mastering of the latest achievements in science and technology and an increase on that basis of the export of manufactured products and, particularly, a boost to the economic efficiency of the Republic of Cuba and the Mongolian People's Republic.

In connection with the adoption of LTSPCs on the basis of the specific interest of countries, their competent agencies will ensure the implementation of the measures outlined.

At its 32nd Session the Council devoted considerable attention to discussion of the economic and organisational questions that had arisen in conjunction with the extension and development of socialist integration. As mentioned in the Communiqué issued on the 32nd CMEA Session, an extension of scales and a deepening of the content of cooperation among the CMEA member states require a further improvement of the mechanism, forms and methods of CMEA activities. Guided by the principles of the parties and governments of the fraternal states, the Session approved a set of measures in this area. The work of all CMEA agencies was to be oriented on the priority fulfilment of cooperation tasks in material production, above all those connected with LTSPC realisation, and on further strengthening of planning principles in CMEA work, on raising the effectiveness, operativeness and coordination in the activities of all the agencies of the Council and the international organisations of the CMEA member states.

The 26th CPSU Congress noted that life is setting the task of supplementing coordination of our plans with coordination of economic policy as a whole. Also being put on the order of the day are such issues as aligning the structures of economic mechanisms, further extending direct ties between ministries, associations and enterprises participating in cooperation, and establishing joint firms.

The deepening of the interrelations between the CMEA states in the process of their economic

integration by no means hinders the development of their economic relations with third countries. Thus, after the Comprehensive Programme had been adopted, the CMEA members' ties with other countries and international organisations actually increased. Notably, at the 27th CMEA Session in 1973 member countries were recommended actively to encourage the development of wide-ranging cooperation with all interested countries and international organisations on environmental problems. The CMEA Committee on Scientific and Technological Cooperation was instructed, while working out and implementing measures for cooperation in protecting and improving the environment, to see that they fitted in with measures being carried out throughout Europe. It was recommended to take steps to extend and deepen cooperation in improving technological processes in industrial sectors whose enterprises were the biggest source of pollution of the air, water and soil.

The elaboration and implementation of long-term specific programmes for cooperation that encourage the growth of economic potential and intensification of mutual relations of CMEA members at the same time create more favourable conditions for the extensive and effective involvement of the community of these countries in the worldwide division of labour.

CHAPTER 2

SOCIALIST ECONOMIC INTEGRATION: A NATURAL STEP IN THE DEVELOPMENT OF THE WORLD SOCIALIST ECONOMY

Internationalisation of Economic Affairs Under Socialism

The Marxist-Leninist theory of the growing socialisation of labour and production provides an initial methodological foundation for analysing the socialist system of world economy. The internationalisation of economic affairs on socialist principles constitutes the very deep-going process that ultimately determines the direction and nature of all specific manifestations of economic cooperation and interdependence between the socialist countries.

Lenin frequently underlined the importance of this process, pointing out its universal and all-embracing character. He wrote that 'all economic, political and spiritual life is becoming more and more international. Socialism will make it completely international.'¹ The growth and improvement of the productive forces, particularly the progress in science, technology and techniques, act primarily as the motive force behind this process. At a certain stage of concentration and specialisation of production its further expansion becomes ineffective on an internal basis alone. For normal maintenance and constant renewal of national production interaction with other countries is now required, as is development of an international division

of labour and exchange. There arises an interdependence and mutually complementary relationship in the economic affairs of different countries; they are internationalised.

The socialisation of labour and production, including their internationalisation, constitutes one of the important historical results of the capitalist mode of production. The relations of private property and capitalist exploitation, however, throw up insurmountable barriers to a constant extension of this process under the impact of objective requirements of contemporary scientific and technological and social progress. These barriers fall away when socialist public ownership of the means of production takes over. Socialism acts as a powerful accelerator of the process of production socialisation on national and international scales. Under the world socialist system, the internationalisation of production and exchange is accompanied by the development of a new type of international economic relations—those of collectivism, cooperation and mutual assistance, which determine all aspects of the given process. This enables us to talk of the socialist type of internationalisation of economic affairs as a special process that differs radically from capitalist internationalisation.

The development and improvement of socialist production is linked most directly to an intensification of the social nature of labour; its mounting socialisation, including internationalisation. As a result of this steadily increasing socialisation of labour, economic relations between socialist countries are filled with a new content and enriched with new forms.

Intensification of the social nature of labour

under socialism, as a result of its internationalisation, finds a multifarious manifestation in the deepening of the international socialist division of labour, specialisation and cooperation of production, in expansion of joint planning activity of the socialist countries, coordination of their economic policy, in joint construction and exploitation of economic projects, and so on.

The international-social character of the work of production collectives receives recognition not only indirectly, through the formation of international value, but also directly, in the form of international programmes and projects, the emergence of international coordinating and economic organisations, the coordination of national economic plans, and so on.

The founders of Marxism-Leninism looked upon socialisation and internationalisation as a single process occurring above all in the sphere of production and exchange, simultaneously in productive forces and relations of production, and also embracing all other spheres of society.

With the internationalisation of labour and production, productive forces and relations of production, existing in dialectical unity, experience the mounting influence of this process. Productive forces are used more and more within the framework of both national and international economic complexes. That is a direct consequence of the concentration and division of social labour, a natural result of its combination and cooperation. Intensification of the social nature of productive forces is manifest in the fact that the means of production function through the activity of large groups of people and even the combined efforts of workers in different countries. The socialist system of world economy takes

shape and develops, so do international socialist relations of production—i.e., those that are manifest in the mutual relationships between the socialist countries: the sum total of relations that form between state, planning and economic agencies of the socialist countries for the purpose of production, exchange, distribution, appropriation and consumption of output. These are relations arising out of joint planning, international specialisation and cooperation of production, joint construction and exploitation of economic projects, exchange of commodities and scientific and technological information, the pooling of financial resources and creation of international banks and international transfers.

New elements constantly arise in the sphere of production relations; they reflect the intensified international character of productive forces, expressing new, more complex, varied and deep-going economic interdependence between countries. Thus, the coordination of the economic plans of the socialist countries, being the result of productive forces spilling over their national boundaries, serves simultaneously as an expression of the process of internationalisation of socialist relations of production relating to economic planning. In studying the socialist system of world economy, it is therefore important to examine especially those features and signs within the relations of production between socialist countries which reflect the mounting internationalisation of their economies and which will, in future, take the form of freshly developed forms of these very relations.

The constant enrichment of the content, structure and forms of international relations of production is but a manifestation of the growing

internationalisation of economic affairs. What is more, the most substantive and fundamental element of this process is the development of socialist property relations.

An analysis of the property relations in the sovereign socialist states becomes the starting point for elucidating the specifics both of external economic activity of individual national economies, and of their interaction. The socialist state, which has a monopoly on the implementation of all forms of foreign economic relations, acts in this sphere as the only subject of property relations. The essence of national-state socialist ownership does not alter according to the rights abrogated by various economic departments, organisations, enterprises or associations of them in external economic activities. This stems mainly from the fact that the major economic organisations—state enterprises and associations—are not, in socialist conditions, owners of the means of production and output sold both on the internal and external markets. Relying on the levers of economic management at its disposal, the state can exercise effective control over the activities of individual economic organisations both within the country and in interstate mutual relationships; it can guide these activities so that they do not conflict with overall national economic interests. National-state ownership, viewed from the angle of the development of the socialist system of world economy, not only serves as an important factor of comprehensive economic utilisation of resources within each individual country. At the same time, it acts as a factor ensuring the necessary conditions for increasingly successful foreign economic activities.

In essence, the interaction of national-state systems of property expresses the internationalisation of relations of socialist property. The national-state owners of the means of production collectively, through planned cooperation and concerted action, use an ever growing share of their means of production. This is, of course, not yet the emergence of relations of international socialist property, but it is no longer only the national-state utilisation of means of production. What is taking shape is relations of joint management, of concerted, cooperative, combined use of the productive resources owned by various states. The formation of this international socialist property is a protracted process which will only be completed in the distant future. It cannot, therefore, be carried out without using certain transitional, intermediate forms. The multiplicity of these forms makes it necessary to choose a clear-cut methodological basis, permitting the main directions in the internationalisation of relations of socialist property to be singled out. These are, first and foremost, extension of the cooperation between socialist economic complexes. Development of planning relations in the CMEA community represents the principal condition for raising the level of the international socialisation of production and of the concerted, joint use of a certain part of national resources. Under socialist conditions, planning acts as a form in which the directly social character of labour develops, both within state-national bounds and internationally.

Internationalisation of labour through intensified cooperation of national economic complexes encourages the formation and consolidation of

an increasingly extensive totality of common economic interests in the socialist community. Development of joint planning makes it possible to form the long-term economic growth trends of the socialist community deliberately; to outline the future shape of the economy and, even when requirements are just emerging—the foundation of newly arising economic interests of individual countries—to foresee the ways and means for merging and combining them into the common international interest of the community. In other words, the higher the degree of coordination in the economic development of the sovereign socialist countries, the more their national resources begin to be used for their common international objectives, as well as for resolving purely national issues.

Alongside this process, the very material basis for forming and consolidating common (international) economic interests changes intensively. The joint implementation of large-scale projects and the growing unification of production plants through specialisation and cooperation signify that national interests are more and more frequently beginning to be manifest in international unity—as a collective concern for the success of the specific common cause. Finally, there is a gradual expansion of the activities of the various international organisations taking responsibility, on behalf of and on instructions from member states, for direct control over the collective resources put at their command. A number of them are engaged in transferring from indirect use of national resources for the common benefit of member states to direct collective international utilisation.

The process of internationalisation of econ-

omic life of the socialist states and of the development of international socialist relations of production is leading to a situation where national economic systems are increasingly beginning to supplement one another. There arises a certain community of economic affairs of the socialist countries, which is typified particularly by the presence of certain common economic proportions, common economic and production organisations and institutions, and their own international market. The emergence of this community is a sign of the formation of a socialist system of world economy.

Lenin foresaw the general trend of socialist development: socialism, he said, 'creates new and superior forms of human society, in which the legitimate needs and progressive aspirations of the working masses of *each* nationality will, for the first time, be met through international unity, provided existing national partitions are removed'.² He foresaw the emergence of a world cooperative of nations and wrote 'that there is a tendency towards the creation of a single world economy, regulated by the proletariat of all nations as an integral whole and according to a common plan. This tendency has already revealed itself quite clearly under capitalism and is bound to be further developed and consummated under socialism.'³

Lenin therefore connected the formation of a socialist type of world economy with the attainment of a certain international unity of the economies of countries, with a close and regulated cooperation among nations in satisfying their requirements and interests. The extent of the development of economic unity and cooperation among the countries differs substantially,

however, at the various stages in the development of world socialism.

Yet, already today, a qualitatively higher type of international organisation of production and exchange than that of capitalism, i.e., the socialist system of world economy, has entered the stage; it is functioning on the principles of collectivism, socialist solidarity, joint, planned regulation of the internationalisation of economic affairs. The formation of the socialist system of world economy may see a combination of extensive trends involving new countries that take the socialist path in the system of the international socialist division of labour and exchange, as well as of intensive ones, distinguished by a deepening and growing complexity of the economic interaction between the socialist countries.

This gives a new boost to each of its structural elements which, together, form a certain unity. Some of these elements are as follows:

(1) the international socialist division of labour as a special form of territorial division of social labour; international production complexes; an international production infrastructure;

(2) a system of international relations of production and economic laws expressing their essence; various forms of international socialist ownership of the instruments and means of production;

(3) a system of trade and transfers among the socialist states, a world socialist market;

(4) an internal state organisational and institutional mechanism for the development of cooperation between socialist states and utilisation of the economic laws of socialism; an international mechanism of such cooperation.

Naturally, individual structural elements of the socialist system of world economy develop at different times. The economic cooperation of countries, which characterises the unity of its economic life, is established and consolidated gradually, over several decades, passing through various phases. The world socialist market as a special, socialist system of international trade and transfers takes shape much earlier than the international production complexes operating in a common technological regime or than the first elements of international socialist property come into being.

The foundations of the new system of international cooperation appeared at the same time as socialist transformations and the beginning of the building of socialism in countries that split off from the capitalist system. Important landmarks in this process were the creation of the Council for Mutual Economic Assistance in 1949 and the first coordination of five-year national economic plans among socialist countries for 1956-60. It was in this period that the main contours of the new system of division of labour between CMEA countries came into evidence.

The Soviet Union began to acquire importance as a major supplier of oil and oil products, raw materials for the ferrous metal industry and plant for heavy industry. New branches of export specialisation appeared and old ones were extended in other CMEA countries under the impact largely of Soviet contracts. The system of division of labour that was taking shape corresponded primarily to the tasks of forming new sectoral proportions in several CMEA states and covering acute shortages in various lines of production. At the same time as the new trends

and proportions in labour distribution appeared, new principles and forms of relations were drawn up and passed their first practical test: the free transfer of technical documentation, favourable terms for international credit, stable prices in mutual trade, a special system of international transfers. The accumulated experience of these relations enabled the CMEA countries in the early 1960s to agree on the basic principles of international socialist division of labour as a theoretical and, at the same time, a practical platform for further coordinated development of the economy and of economic collaboration.

By that time, the CMEA states had more or less fulfilled the immediate tasks of socialist industrialisation and the technical modernisation of the economy. Growth in concentration of production and changes in the macrostructure of the national economy had required considerable improvement also to the microstructure of industry, the development of new types and subtypes of production, the creation of 'higher echelons' of the treatment and processing of primary raw materials, and the development of specialised types of production. Substantial shifts in the system of cooperation among the socialist countries took place in the mid-1960s. They were associated with the mounting role of scientific and technological progress in economic construction, with orientation on a mainly intensive path of development and on assimilating the attainments of the current scientific and technological revolution.

In these circumstances, such progressive forms of the international socialist division of labour as the international specialisation and coopera-

tion of production develop swiftly. A typical development was the increase in the proportion of intra-sectoral division of labour among the CMEA countries as compared with the inter-sectoral. Yet another new element in development of the international socialist division of labour dates back to this period: it began increasingly to apply to the sphere of research and design. The CMEA countries started to move towards coordination and division of labour in this sphere, away from mutual exchange of ready scientific results and design plans, away from the simple technology transfer (mainly from the Soviet Union).

Together with these and other progressive changes in the depth and nature of the international socialist division of labour, cooperation in planning became more widespread and effective; international economic organisations with important coordinating functions came into being. International credit increasingly changed from being a means of helping industrial construction to becoming a factor of joint resolution of raw material and energy problems and, consequently, an instrument for forming new proportions of the international socialist division of labour.

By the late 1960s, typical features and trends were clearly apparent, testifying to the matured prerequisites for raising the international socialist division of labour to a higher plane. At the turn of the decade there began a transition to international socialist economic integration.

With the adoption in 1971 of the Comprehensive Programme of socialist economic integration, the CMEA countries gained a jointly agreed general policy on interaction in the economy

over the long term. Despite the fact that this programme is designed for 15-20 years and covers a multitude of objectives, the successes already scored in joint planning, specialisation and cooperation of production, collaboration in science and technology, foreign trade, and joint investment demonstrate convincingly the vital force of socialist economic integration and open up fresh and great prospects.

Socialist Economic Integration: Conditions, Laws and Stages

Economic integration of the socialist countries, the extension and improvement of economic and scientific and technological cooperation, as the Comprehensive Programme states, are 'a process of the international socialist division of labour, the drawing closer of the economies and the formation of a modern, highly effective structure of national economies, the gradual drawing closer and evening out of their economic development levels, the formation of deep and stable links in the key branches of the economy, science and technology, the expansion and consolidation on that basis of the international market of these countries, and the improvement of money-commodity relations—this process being regulated by the Communist and Workers' Parties and the governments of the CMEA member-countries purposefully and according to plan'.⁴

Socialist economic integration of the CMEA countries is an objectively conditioned process designed for the long term; it is a process of development of the community of these countries,

of their economic relations, that corresponds to the opportunities and requirements of the present stage of socialist and communist construction. This process is being guided by the communist and workers' parties; it is increasingly exerting an influence on the economic development of CMEA countries. Socialist economic integration is an inalienable aspect of the general process of deepening the political, economic and ideological cooperation between the countries of the socialist community, and of their comprehensive drawing together.

The purpose of socialist economic integration is to resolve the major socio-economic problems in further increasing productive forces, in attaining the highest possible scientific and technological level, in raising living standards and strengthening the defence capacity of each individual country as well as the entire socialist community.

The process of socialist economic integration is based on the objective laws of development of the world socialist system, above all the world socialist economy. It is precisely the real economic processes within the world socialist system that make it necessary at a certain stage to advance to a qualitatively new level of interaction of national economic complexes, and serve as the material preparation for integration.

The potential for international economic integration cannot be realised without a purposeful policy on the part of the socialist states. In the relations between them, political cooperation plays an extremely important and dominant role. It stimulates the development of cooperation in all other areas. Political cooperation is intended to strengthen unity and solidarity of the socialist states, to coordinate their

foreign policy, their strategy and tactics in tackling domestic and international problems, to promote friendship among the peoples of the socialist community. Political cooperation determines the foundations of cooperation in the economy, science, technology and culture, which, in turn, helps to bolster political cooperation of the socialist states.

The principles and directions of political cooperation among the socialist states are defined by the communist and workers' parties of those countries. At the same time, they carry out day-to-day supervision over the development of cooperation in all spheres of social life, they guide the activities of state and economic agencies, and of all public organisations in cooperation among the socialist countries. Thanks to this cooperation and various forms of inter-party, inter-parliamentary and inter-governmental cooperation, professional, cultural and other public organisations are cooperating with one another, and contacts are strengthening between work collectives and towns of the various socialist countries.

International political cooperation helps to implement the principle of socialist internationalism in all areas of the relations between the socialist countries; this consists in the transfer of the principle of proletarian internationalism to the sphere of the relations between the socialist countries. It has been documented in the programmes of the communist and workers' parties, in the decisions of their congresses, and in the constitutions of countries within the socialist community. It is inscribed in joint documents adopted at meetings of representatives of communist and workers' parties of the socialist

countries, in bilateral treaties of friendship, cooperation and mutual assistance concluded between the socialist countries, in the Warsaw Treaty, whose organisation is the major centre for coordinating the foreign policies of the socialist community members, as well as in many other joint documents of the communist and workers' parties, the supreme bodies of state power and governments of the socialist countries. As was underlined at the 11th Congress of the Hungarian Socialist Workers' Party, 'the formation of the world socialist system has led to the formation of a new type of inter-state relations within the area of economic cooperation. And here, together with the principle of respect for mutual interests and mutual benefit, we are putting into effect the principles and practice of proletarian internationalism and fraternal mutual assistance. The socialist countries are conducting economic relations of a new, higher type within the framework of the Council for Mutual Economic Assistance.'⁵

The principle of socialist internationalism implies the international solidarity of socialist states, their consolidation and mutual support in the class struggle under way in international relations in the world arena, and the building of socialism and communism. Observation of the principle of socialist internationalism is a foundation stone of socialist economic integration.

The principle of socialist internationalism, expressing comradely cooperation and mutual assistance of the fraternal countries, lends a new social quality to the economic relations between countries; this principle provides the basis for the operation within the economies of the so-

cialist community of laws and motive forces that are unattainable for capitalism and impossible on the basis of the traditional commercial principles. They serve the harmonious combination of national and common interests of the socialist community and ensure a confident boost to the economy of each of the fraternal countries.

The set of principles on which CMEA's work and the process of socialist economic integration are based includes, in addition to the principle of socialist internationalism, the principle of equal rights; this envisages, in particular, that each member country has the right to a single vote when decisions are taken; the principle of voluntary participation and interestedness, which guarantees each member country participation in all measures in which it has an interest and enables it to refrain from participating in any measure of no interest to it; the principle of sovereignty precluding any interference in the internal affairs of CMEA member states and any coercion to force them to take part in a measure in which any CMEA member has not voluntarily shown an interest; the principle of reserving for all CMEA member states complete freedom of contact with non-member states.

The tasks confronting socialist economic integration are more effectively resolved when the CMEA member states deliberately create the conditions for promoting the integration process. Transition to the integration stage of economic cooperation reflects the accumulation of political, social and economic requisites for progressive qualitative shifts in the development of their mutual economic ties.

During the 1960s, the process of quantitative accumulation of changes in the economy and mutual cooperation confronted CMEA countries with the problem of comprehensively improving the entire system of forms and methods of economic interrelationships with the aim of adapting them to the fulfilment of fresh tasks in foreign economic activities. The completion in the main of the stage of forming integral national economic complexes in most CMEA countries, except the Soviet Union, led to a situation where their further autonomous functioning began more and more obviously to come up against external economic barriers. The question naturally arose of a more consistent and comprehensive use of the potential of the international socialist division of labour, and direct internationalisation of the reproductive function of the division of labour.

There is therefore every ground for affirming that a start was made to the integrational process, in the full sense of the term, within the CMEA states in the years 1969-71, when the use of its objective prerequisites became the aim of the concerted economic policy of the socialist states inscribed in the decisions of the 23rd and 25th CMEA sessions.

At preceding stages the international socialist division of labour created a new, collective productive force of the socialist community indirectly, through its impact on the development of productive forces of individual national economies—that is, only ultimately. At the present stage the task of promoting this new productive force is increasingly being resolved directly, acting as a pre-set goal of concerted economic policy of the socialist states, aimed at

using combined efforts to tackle key economic problems.

This new approach to the international socialist division of labour is determined by the development both of the productive forces and of production relations. The part played by relations of production is apparent, in particular, in that the enhanced socio-economic homogeneity of the CMEA countries creates conditions conducive to strengthening their interaction (posing similar socio-economic tasks, the common approach to management issues, etc.).

One particularly noteworthy feature is the need to resolve the problem, common to all countries, of consistently combining the advantages of socialism with the attainments of scientific and technological progress.

The distinguishing features of the present stage of economic cooperation among CMEA member states lie above all in the fact that major changes have taken place in the content of the direct goals of cooperation. Cooperation up to the late 1960s was mainly oriented on resolving balance problems in each country—that is, on satisfying requirements for goods in short supply. The international socialist division of labour facilitated the balancing of the production and consumption of many items among the participants. This balance approach, despite its importance, meant that insufficient use was made of the advantages of the international socialist division of labour in ensuring greater effectiveness of social production and an acceleration of scientific and technological progress, this, of course, being the major designation of the international socialist division of labour.

In recent years, the need for intensified econo-

mic development, economy's greater effectiveness and better quality of output has become acute in many socialist countries and has produced a different, goal-oriented approach to mutual economic cooperation. Cooperation has now to ensure a more efficient economy in each country and speed up scientific and technological progress. This evidently requires a deeper international division of labour, a variety of mutually complementary economic structures, the establishment of really deep-going and stable relations of international specialisation and production cooperation, which would be accompanied by a restructuring, mutual adaptation and optimisation of their sectoral structures. It would have to be based on the latest attainments of scientific and technological progress, a considerable concentration of production and consumption linked with foreign exchange, which would lead to far-reaching and stable relations of production specialisation and cooperation.

While retaining and promoting many elements and forms of existing economic interrelationships, integration is giving them new aspects, increasing their effectiveness. It differs from the previous stage in the far-reaching, mutually agreed restructuring of sectoral structures. The mutual adaptation of structures and the greater extent to which the economies of the CMEA countries are mutually complementary encourage the formation of an international reproduction complex. This is leading to a new state in the development of the international socialist division of labour.

Moreover, the integration stage of cooperation is characterised by a mounting degree of the international unification of various types of

resources for joint economic management. In other words, the transition to large-scale production cooperation and specialisation projects is bringing to the fore the question of joint participation in investment, joint use of manpower, and the setting up of collective transport enterprises and means, of international economic organisations, banks, etc.

The participants in integration, while retaining their production assets as national-state property, allocate an ever increasing part of them for coordinated, concerted utilisation. At the same time, elements of international share property arise in the form of joint services and enterprises.

Transition to integration also entails the use of improved forms and methods of joint planned control over the cooperation process, as well as coordinated changes in the control mechanism over foreign economic activities in individual countries. Both the coordination of plans and the development of joint planning, joint elaboration of long-term specific programmes for resolving major economic and scientific and technological problems are typical of this stage of integration.

One important distinguishing feature of integration is the shift of the centre of gravity of cooperation from the trade sphere to that of production (international specialisation and cooperation), planning, science and technology, capital construction, etc. Integration of the CMEA member states is primarily productive in character; it takes place in the sphere of material production through appropriate coordination of planning decisions. Consequently, from being the dominant form of contact between

countries, trade gives way increasingly to production and becomes a subordinate form relative to production cooperation.

Another fundamental distinguishing feature of the integration stage lies in the fact that cooperation becomes increasingly comprehensive and embraces all stages of the reproductive process—from research and design to technical services of the finished product. Integration means not only coordination of mutual deliveries under trade agreements, but above all distribution of investment and production programmes, production specialisation and cooperation, financial collaboration, as well as, if expedient, the creation of international economic organisations. Moreover, trade, production, investment and technical questions are more and more frequently resolved in parallel, simultaneously. This is where the new approach to cooperation is manifest.

Finally, integration, being an economic process, also signifies a new stage in political interaction of socialist states and their ruling parties. Questions of economic cooperation and integration are regularly discussed at meetings of first secretaries of communist and workers' parties and heads of governments of the CMEA member states. It is here that the most important questions of principle are decided. The greater the scale of joint economic measures, the more important is stronger friendship among the peoples of the socialist countries and cooperation between communist and workers' parties of these countries.

The level of joint use of the economic laws of socialism by CMEA countries is rising with the implementation of the Comprehensive Pro-

gramme. They take into consideration the specific action of the economic laws of socialism in the international sphere. This specific action is caused by the existence of sovereign socialist states and national-state socialist property, and the consequent control of the reproductive processes by each state in its own country. Economic relations between socialist countries, joint activity of these countries in the economic sphere embrace certain elements of reproduction in the CMEA member states, but not their reproductive processes as a whole. These economic relations develop on the basis of national-state socialist ownership of the means of production. The international exchange of activities is mediated by commodity-money relations. State foreign economic activities are an inalienable part of socialist extended reproduction and manifest themselves as a factor that encourages the stable and dynamic development of the economy of each country.

The current differences in the economic development levels of the CMEA member states affect the operation of economic laws in individual countries and the relations between them. They affect the quantitative aspects of the coordination of the member states' specific interests, their accord with common interests, and the processes involved in their mutually complementary economies.

Economic integration, in the sense of planned mutually complementary nature and interaction of various national economies between capitalist and socialist countries, is impossible in principle. All the same, this does not rule out all possibility of mutually beneficial economic ties between socialist states and countries of another

social system in tackling specific economic problems.

With the promotion of socialist economic integration, the national interests of individual countries increasingly depend on common international interests of the socialist community. The importance of these common interests grows in so far as the wider objectives, requirements and opportunities presuppose collective interaction.

Common, international interests include the fundamental features of state interests of individual countries; on the other hand, common interests are an important, fundamental, integral part of the basic, long-term strategically important elements of national interests. It is on this basis that problems are being resolved increasingly successfully relating to lack of coincidence of interests over certain aspects of cooperation (for instance, specific measures in international specialisation and cooperation in production, on questions of trade contracts, etc.); it is on this basis that it becomes possible and necessary to implement an ever widening range of measures of an integrational character, to expand their scale and significance for each country and for the whole socialist community.

As well as resolving problems concerning the planned organisation and control of economic and scientific and technological ties between CMEA countries through improving the international cooperation mechanism, communist and workers' parties of the CMEA states focus considerable attention on the orientation of internal systems for planning and managing the economy, on the requirements of integration, fresh scales of cooperation, strengthening the interaction

of national economies. Successes of economic cooperation in all its other aspects decisively depend on the quality of planning in the countries and cooperation between them in planning activities.

The deepening of the international socialist division of labour objectively leads to a more complex system of interrelations of national economic complexes. This thereby enhances its role as a system-forming factor, determining the process of formation and consolidation of the socialist community as an increasingly integral economic system. In the final count, it is precisely the change in the role of the international socialist division of labour in promoting the national economic complexes of the socialist countries which is the most far-reaching objective basis for furthering the integrational process within the socialist community.

The planned development of mutual economic ties enables the countries to resolve problems of economic growth which could not be resolved with sufficient effectiveness on a national basis. They include conflicts between (in volume and material structure) the resources available and the social requirements; between the scales and level of effectiveness of each country's scientific and technological potential and the mounting demand of contemporary production for up-to-date technology; contradictions associated with limited opportunities of concentration and specialisation of production on an internal economic basis; between the attained level of economic and scientific and technological potential of the CMEA countries and the degree and structure of their participation in the international division of labour (including in the worldwide di-

vision of labour). Furthermore, stable international relations multiply the number of variants of economic decision-making, thereby helping countries to select the most effective. They also stimulate a search for optimal forms of economic management, inasmuch as they reduce, on the basis of mutual exchange of experience, the costs of autonomous decisions in this area.

Under socialist integration, the mutual division of labour is gradually transformed into a system of planned cooperation of national economic complexes within the bounds of the socialist community. This means essentially the transition of the international socialist division of labour to a qualitatively new intermediate state, since it cannot be reduced to the traditional exchange of activities between isolated national economic complexes. At the same time, it does not lose the main features of the international division of labour. The socialist integrational process intensifies all the principal socio-economic characteristics of the international socialist division of labour and creates conditions for the complete development of its functions.

The practice of socialist economic integration rests on the developing theory of integration, behind which lies the concept of a gradual formation of a new international economic community of sovereign socialist states. In the light of this theory, integration acts as a process of the drawing together of the economic structures of the socialist countries, their mutually complementary nature and merging of them, and the formation of a more or less integral inter-state economic system. It needs particularly emphasising that the problem of forming the new econo-

mic community is seen in this concept as one of forming precisely an inter-state community whose participants function as sovereign socialist states. This is not a question of creating some sort of 'supranational' entity. It is also important to bear in mind the gradual, step-by-step process of forming an integrated inter-state community, and the need not to confuse the ultimate objectives of socialist integration with the tasks that still have to be resolved at the present stage. This approach is based on the major methodological tenet formulated by Lenin at the Eighth Congress of the RCP(B) (now CPSU): 'In dealing with the national question one cannot argue that economic unity should be effected under all circumstances. Of course, it is necessary! But we must endeavour to secure it by propaganda, by agitation, by a voluntary alliance.'⁶

We must approach an analysis of the socialist integrational process in a dialectical way; we must not take a simplified view of it merely as a process leading to an unswerving growth in the integral nature of the international economic system of a developing integrated community. Within its framework a consolidation and further development of economic fundamentals of socialist statehood take place simultaneously. As a result of the day-to-day theoretical and practical activity of communist and workers' parties, an organic synthesis is ensured of the two mutually connected tendencies in the development of the socialist community: the comprehensive drawing together of the socialist countries and the consolidation of their statehood. Here in practice is the embodiment of the Leninist idea of voluntary internationalist

unity of the working people from different countries marching along the road of socialist and communist construction. As was noted at the 9th Congress of the Socialist Unity Party of Germany, 'socialist economic integration of the members of the Council for Mutual Economic Assistance is a firm foundation for constant improvement in cooperation and for a systematic drawing together of socialist nations in all spheres of social life'.⁷

An analysis of the present state of economic interaction of the socialist countries and the development of the international socialist division of labour enables us to single out several trends affecting the stages and prospects of the integrational process. These trends may be briefly summarised as follows.

1. Cooperation of CMEA countries is increasingly acquiring a comprehensive nature; this finds its expression in a merging of its production, scientific and technological, foreign trade and monetary-financial aspects. This is a result of the growing orientation of cooperation on resolving large-scale socio-economic tasks, the many years of activity of planning and economic agencies in deepening international specialisation and cooperation in production and research.

2. Experience of pooling the efforts of interested countries in building industrial, transport and other projects intended for satisfying their common requirements has been accumulated and is beginning to yield more and more marked results.

3. The time horizon of cooperation is growing considerably. For example, projects included in the Coordinated Plan for Multilateral Integra-

tion Measures will help to consolidate the interaction between the national economic complexes of the CMEA countries in material terms for several five-year periods to come. The same may be said also about agreements on production specialisation and cooperation, an ever increasing proportion of which go beyond what was until recently the usual framework of five-year periods.

4. As noted above, socialist integration as a process that is multilateral in its substance considerably changes the relationship between forms of cooperation on a bilateral and multilateral basis in favour of the latter. Multilateral cooperation is a major direction and an essential sign of development of the integrational process. The intensity and depth of multilateral cooperation depend largely on the development of bilateral contacts. In turn, the latter acquire a more obvious integrational character as multilateral relations develop.

The noted trends typify mainly the alteration in conditions and forms of mutual cooperation. To assess the prospects for deepening the socialist integrational process, account must be taken of the set of requirements for mutual cooperation during the building and further improving of developed socialism.

No less important is account for the changes in the material and technical basis of contemporary production, and especially production for the foreseeable future. These changes also signify that the very substance of international cooperation is changing, hence the need for its forms to be made more complex and enriched.

All these trends have a long-term character. They did not come into being yesterday and

will not exhaust themselves in the next ten to fifteen years. The goals and principles collectively formulated in the Comprehensive Programme therefore retain their importance in the foreseeable future. It is on their basis that increased effectiveness of economic interaction among sovereign socialist states is perfectly feasible.

Assessment of the state of the actual international socialisation of socialist production is of particular importance. The socialisation of production within state bounds is the historical starting point for socialist socialisation in general. This does not mean, however, that international socialisation directly reiterates the laws and logic of national socialisation. The latter begins with the take-over of the basic means of production by the socialist state. This take-over, formulated as a political act, is actually the starting point for the national socialisation of production in practice. The international socialisation of production may receive its final formulation only when it actually takes effect, when this socialisation actually becomes a fact. Meanwhile, the general logic of the development of socialist integration is determined by the common laws governing the development of the socialist socialisation of production.

The task of defining the consecutive stages of socialist economic integration evidently consists in assessing the trends that determine the development of mutual cooperation for the foreseeable future, the methods and intensity of their influence on the character and directions of this cooperation, and the specification of its direct objectives.

The first stage is linked with the formation of an initial economic and organisational struc-

ture of the community being integrated on the basis which had been prepared by the previous development of economic cooperation of CMEA countries. It follows from this that at the first stage both questions of a purely integrational nature are resolved and those of them which had not been resolved, for one reason or another, during the base period. At the same time, principal foundations, prerequisites or, at least, general guidelines for resolving tasks in succeeding stages take shape over the whole period.

The second stage may be described as that of 'structural' integration, in so far as it depends on the intensive formation of a mutually connected production structure of the future integrated community, a deepening and development of planning relations between the socialist countries. The 'structural' stage will probably take several five-year periods and, evidently, will go beyond the time limit of the Comprehensive Programme. Virtually the entire integrational process for the foreseeable future will proceed within its framework. The length of the stage, as well as the scale of the transformation in the whole system of interaction between the national economic complexes, will determine substantial differences between its initial and ultimate phases.

We may suppose that in the initial phase of this stage extensive international cooperation of national economies will take place, spreading to all levels of their economic structures. International production and technological complexes operating under a unified programme and ensuring an optimal level of production concentration (from the viewpoint of the CMEA community) will become widespread. We may also

expect the attainment of a high degree of convergence of the technological development levels of the national economies on the basis of collective application of scientific and technological achievements.

To reach the goals of the initial phase of 'structural' integration, it will apparently require completion of the transition to forms of planned interaction that will ensure a merging of the national economies being integrated on all main levels of planning and economic management (the national economy, sectors, economic organisations, enterprises and associations, taking part in the international division of labour).

Improvement in the commodity-money instruments of mutual cooperation at the stage of 'structural' integration, especially in its first phase, will apparently depend on the formation of an integrated market of the CMEA community on the basis of the planned mutual adaptation of national production structures.

A particular feature of the final phase of 'structural' integration will be completion of the process of forming a basically optimal sectoral and territorial structure of the international socialist division of labour within the bounds of the CMEA community. Towards the end of the second phase of 'structural' integration, therefore, this process will essentially perform its main functions in the gradual internationalisation of the economic affairs of the sovereign socialist states.

The third and final stage of integration is likely to be a matter of the fairly dim and distant future. Its specific content can, therefore, only be discussed with considerable arbitrariness. The completion of this stage will also signify

the rejection of the integrational process itself, inasmuch as there will be a merging of the participants in this process—national economic complexes—into a single economic entity, as the founders of Marxism-Leninism frequently stated.

This scheme of the successive stages of the integrational process does not, of course, claim to describe in detail the specific development of such a complex and multifarious socio-economic phenomenon. A long time will pass between its present (transitional) stage, which by no means represents comprehensive and immediate integration of 'all and everything', and the culminating stage. Throughout this time, other factors may come into play; while the overall trend is maintained, its specific manifestations may be considerably modified.

From the suggested periodisation, it may be concluded that the present period in the development of the economic integration of the CMEA countries consists of preparing the material, organisational and economic prerequisites for the transition to the structural stage, at least, to its clear-cut initial phase. Elaboration of LTSPCs in several key inter-sectoral and sectoral complexes is directly aimed at mutual adaptation of the basic elements of national economic structures in the interests of jointly resolving common socio-economic tasks and raising the efficiency of the system of mutual division of labour.

Socialist economic integration is a very important direction for raising the level of maturity of the world socialist economy. At the same time, it is a fundamental factor serving to build and further improve developed socialist society

in each of the socialist countries. This is conditional on the multifaceted role it plays in the development of socialist productive forces and of relations of production. This role is particularly apparent in tackling the vital problem of building and improving developed socialist society—the problem of raising the socio-economic efficiency of production both in individual countries and throughout the whole socialist community. The broader the processes of integration and the stronger their influence on the course of reproduction, the more propitious are the conditions for improving economic efficiency and the more successful is the resolution of all the tasks involved in building socialism and communism. At the same time, the deepening of the integrational processes brings into being fresh prerequisites for a further all-round drawing together of the socialist countries.

The formation of a new type of international economic relations and the development of socialist economic integration are important practical evidence of the prime and fundamental advantage of socialism over capitalism: socialism organises social affairs in a deliberate, planned way, in accordance with the goals and interests of society.

CHAPTER 3

THE INFLUENCE OF THE THEORY AND PRACTICE OF SOCIALIST ECONOMIC INTEGRATION ON THE WORLD ECONOMY

Socialist economic integration is a new manifestation of the international essence of the communist mode of production. The development of socialist economic integration is a paramount link in the historical process of consolidating and improving the socialist economy. Integration acts as an important factor in the increasingly complete realisation of the advantages of socialist social organisation of production both in the sphere of mutual economic relations between socialist states and within the framework of each individual national economy. Development of the integrational processes within the socialist community shows that socialism takes advantage of the global progressive trends in the development of productive forces, which require economic consolidation of larger and larger territories and the concerted utilisation of ever greater economic potentials.

Elaboration of the theory of socialist integration and its practical implementation constitute yet another historically important testimony of the correctness of Marxist-Leninist dialectical treatment of the national question, of which Leonid Brezhnev spoke in his report 'The Fiftieth Anniversary of the Union of Soviet Socialist

Republics': 'The way to cohesion, unity and the all-round integration of nations lies through their complete liberation from social and national oppression, through the creation of the most favourable conditions for the development of each nation.'¹ Integration is a trusted path of the fullest realisation of national interests on the basis of attainment of common objectives for an advance of the whole world socialist system and in complete accordance with them. The international relations of the new type, which are characteristic of the world socialist system, for the first time in history enable it to eliminate the unresolvable contradictions inherent in capitalism in the relations between nations and states. Integration testifies to the development and improvement of international socialist relations of production, and the pinpointing of more and more new opportunities and advantages of them. The prospects for building a new society in each country and in the whole world socialist system are linked by the peoples of the socialist community to consolidation of unity and solidarity of socialist states. Friendship and close collaboration among the peoples of the socialist countries are an earnest of the success of each people building socialism and communism. This cohesion engenders the motive force of social development—the internationalist solidarity of the peoples of the socialist community.

Socialist economic integration applies to the major directions of international activity by states of the socialist community; its aim is to create external conditions conducive to the promotion of socialism and the building of communism, to consolidate genuinely peace-loving and

democratic principles of international communion that would facilitate the social progress of mankind. Accordingly, the international activities of countries of the socialist community would serve to do the following:

(1) to fortify the friendship and cooperation of the fraternal countries, to improve international relations of the socialist type, to facilitate the advance of the socialist community in the interests of each socialist state;

(2) to extend the favourable influence of socialism to all world development, as is ensured by the example of socialist and communist construction and by the ideological-political and moral influence on, and the material support of the socialist countries for, all progressive forces in the world today;

(3) to ensure world peace, to remove tension in relations between countries with different social systems, to affirm in practice the democratic principles of international intercourse, peaceful methods of resolving disputes among states, to respect the rights of liberation movements fighting against colonialism and neocolonialism and for national independence and social progress;

(4) to use on an equal and mutually beneficial footing all the opportunities of cooperation among states belonging to different social systems in the economy, environmental protection, science and culture, in the interests of all humanity.

Among the major aspects of the international importance of socialist economic integration is the growing role of integration in the rise of the productive forces of the CMEA countries and the whole socialist community, in expanding the all-round cooperation of the socialist states,

and in accumulating experience of promoting the world socialist economy.

The experience of implementing integration within the group of CMEA socialist countries constitutes the main and decisive aspect of the collective experience they have accumulated in smoothing the way for the world socialist economy as a whole. In fact, the development of processes of economic integration on the scale of this group of countries is a special feature of the contemporary stage of development of their mutual cooperation.

CMEA countries are increasingly relying on international factors of accelerated social development that prevail within the socialist community. A leading place among them is the wider and wider use of those opportunities for accelerating a rise in the productive forces of the socialist countries that reside in concerted, coordinated functioning of their production and scientific and technological potentials.

The strategic concept of furthering mutual contacts worked out and being implemented by the CMEA countries envisages consistent resolution of one of the cardinal problems confronting the socialist community: organically to combine the techno-economic potential for expanding production and raising its efficiency, being created by the internationalisation of economic life, with the social advantages of the world socialist economic system and the international economic relations of the socialist type. This problem is being tackled on an increasingly wide scale by the concerted efforts of the CMEA countries along the lines of socialist economic integration.

Owing to the integration of the CMEA coun-

tries, more propitious conditions are being created by pooled efforts towards a further rapid boost to their economies. Congresses of communist and workers' parties of the CMEA states have noted that, in the course of integration, prerequisites are being established and extended for enabling the CMEA countries to employ factors for boosting production and accelerating scientific and technological progress more fully and rationally than in the capitalist countries; these factors are being engendered by the internationalisation of economic life and by the greater interaction of national economies. The report of the Central Committee of the Socialist Unity Party of Germany to its 9th Congress stated: 'We are absolutely convinced that in future the further consolidation and deepening of socialist economic integration will in far greater measure than formerly become a decisive condition for stable and planned development of our country as of all other socialist states.'²

The 14th Congress of the Hungarian Socialist Workers' Party noted that 'economic cooperation within the bounds of the Council for Mutual Economic Assistance encourages a wide scope of socialist construction in all CMEA countries and is for us, for the Hungarian People's Republic, an invaluable assistance. Cooperation within CMEA has been providing a firm international support for creative endeavour in our country. We shall exert all efforts to help socialist economic integration develop at a faster rate than hitherto.'³

The 15th Congress of the Communist Party of Czechoslovakia made the following points: 'The powerful economic and scientific and technical basis of the community of socialist countries

gives us the opportunity to form an efficient economic structure for a long period, and to set up optimal conditions in regard to production and the marketing of entire sectors and types of production. This enables us to resolve problems of raw materials and energy under favourable and stable conditions with a view to the longer term, and to carry out further concentration and specialisation of production and research on an increasingly extensive scale.⁴

The importance of the theory and practice of socialist economic integration for developing the world socialist system depends primarily on the fact that the CMEA countries have defined main guidelines for further promoting socialist international relations of production corresponding to present-day and long-term needs; these guidelines involve deepening the interaction of production complexes of the socialist countries, expanding the mutual ties between national processes of extended reproduction, and emanate from the objective law of the all-round drawing together of the socialist states and correspond to the tasks of economic integration. Principles and salient methods of economic integration have been drawn up and are more and more successfully being implemented; these correspond to the social nature of, and laws governing, the operation of the world socialist economy. They include the following: the centre of gravity of work in carrying through integration lies within the sphere of material production as distinct from the primacy of market principles in capitalist integration; joint planning plays a leading role as the principal method of promoting the economic cooperation of socialist states; the most rational forms of operative and flexible

use of value instruments are being worked out for the purposes of strengthening international economic transfers; the theory and practice of scientifically grounded selection of variants of international specialisation and cooperation of production and mobility of productive resources are being enriched. A system of social and economic criteria is taking shape and being increasingly applied for promoting the world socialist economy, for strengthening the mutually complementary nature of the national economies of socialist countries, thereby enabling them better to combine the interests of boosting the economy of each country and the entire community, the requirements of current economic efficiency and longer term requirements, the tasks of international specialisation of production in individual countries and of forming an optimum national economic complex in each of them.

Thanks to integration within the system of economic cooperation of CMEA countries, important positive changes are taking place that are ensuring a fuller realisation of the advantages of the world socialist economy. The deepening and improvement of cooperation among the CMEA states, and the growing effectiveness of economic ties between them help them successfully to solve a wide range of economic and social problems concerned with building socialism and communism.

The role of integration in the qualitative improvement of the CMEA countries' economies is particularly great. It considerably extends the opportunities for increasing effective use of all productive resources and all-round intensification of socialist production. In the coming period, the impact of integration on strengthen-

ing the economic base of world socialism must rapidly increase.

Economic processes produced by integration have a great deal of social and political importance: they express a strengthening of the new motive force of world social development—class solidarity of national contingents of the working class that is in power. The working class sees a stronger world socialist economy both as a national and as an international objective of each socialist state. Economic integration, in turn, creates favourable conditions for further consolidating this solidarity. It facilitates an improvement of all aspects of international relations of the socialist type and engenders fresh objective and subjective factors that lead to a stronger community of interests and unity of action by the socialist countries.

Economic integration of the CMEA member states has a favourable effect on extending cooperation among all the socialist countries.

The entry of the following countries into the Council for Mutual Economic Assistance is evidence of the mounting interest of socialist countries developing in the most diverse circumstances in extending cooperation both with individual member states and with the Council itself: the Mongolian People's Republic—June 1962; the Republic of Cuba—July 1972; the Socialist Republic of Vietnam—June 1978.

In its application to join CMEA, the Vietnamese Government addressed the 32nd Council Session in June 1978, noting that in recent years ties between Vietnam and CMEA had developed successfully and were becoming even closer; the Socialist Republic of Vietnam 'values highly the organising role of the Council for

Mutual Economic Assistance and wishes to extend cooperation and international socialist division of labour with the fraternal countries within CMEA for the purpose of helping the rapid development of the economy, raising the living standards of the population and strengthening the solidarity and unity between socialist countries'. In his speech at the closing sitting of the Session, the Soviet Premier A. N. Kosygin said that 'the entry of Vietnam into CMEA shows the continuing unification of countries of world socialism under the banner of Leninist ideas.'

The theory and practice of socialist integration are bound to arouse the interest of socialist countries and states with a socialist orientation that are not at present CMEA members. Already today many of these countries are cooperating with the Council in one form or another. Yugoslavia has signed an agreement with CMEA on taking part in the work of several Council agencies, including the work of its sessions. A number of countries regularly send their representatives as observers to sittings of various CMEA bodies. For example, observers came to the 32nd CMEA Session from the Korean People's Democratic Republic, the People's Republic of Angola, the Laotian People's Democratic Republic and Socialist Ethiopia.

The prerequisites for a further consolidation of the world socialist economy will steadily mature, and the need felt by all the socialist countries for ever closer unification of their economic efforts will intensify. The experience of CMEA countries will play an enormous part in the successful work of promoting economic cooperation among the socialist states.

The international significance of socialist economic integration also lies in the fact that it has become a crucial factor in intensifying the ideological and moral influence of socialism on social development throughout the world. As noted in the Communiqué issued at the 31st CMEA Session in June 1977, the Session expressed its confidence that the fraternal, comprehensive, constantly developing and deepening economic and scientific and technological cooperation of CMEA member states would continue to serve as a telling factor actively promoting the growth in international authority and influence of the community of those countries.⁶

Force of example is the major impact of socialism on social development throughout the world. The socialist countries are in practice implementing those goals for the attainment of which the international revolutionary movement of the proletariat came into being and is now expanding. The successes of socialism are exerting a revolutionising influence on the working people of the capitalist world, showing up the contradictions and ills of capitalist society more and more plainly, and serving as a beacon for all those battling for the triumph of the proletariat. The example of socialist states helps to intensify the class struggle of workers and all working people inside the capitalist countries.

The example of socialist countries also helps to promote the national liberation struggle, deepens its anti-imperialist and democratic content. People in the developing countries see how they can resolve the national question in the interests of everyone, how they can overcome the age-old backwardness inherited from the past in a historically brief period, within the lifetime

of a single generation, and attain a high level of development in production and culture.

The example of socialism helps to activate the general democratic movement within the capitalist world fighting for elementary democratic rights and liberties. Socialism inspires all peace-loving people to campaign against militarism and the threat of war.

The processes of socialist economic integration do much to help step up the transforming influence of socialism on all world development. Integration creates new favourable conditions for the socialist countries to use to the full the opportunities presented by the world socialist economy for the most evident manifestation of the advantages of the socialist social system. As an expression of the further improvement of the forms and methods of economic cooperation among the socialist countries and an increase in its effectiveness, socialist integration is becoming a major factor behind the revolutionising impact of socialism's example to the rest of the world.

Socialist integration serves as a vivid example of the practical realisation of Marxist-Leninist notions of the community of free peoples, the harmonious combination of national interests, the joining of efforts by various countries to attain a common economic advance. During the course of integration, the principle of socialist internationalism in relations between socialist states is more and more consistently implemented, as, too, are principles of combining mutual aid and mutual benefit, of high national economic efficacy of international economic relations for each country participating in them. The organisational and economic-political foundations are

being shored up and the scale sharply increased of the joint measures taken by socialist states to resolve essential problems by concerted efforts to boost their national economies, carry through the scientific and technological revolution and intensify economic growth.

The world capitalist economy presents quite the opposite picture. Each exacerbation of economic difficulties and the appearance of any fresh problem in economic development are linked within the capitalist world to the intensified struggle among monopoly groupings and states. Countries that lag behind in economic development cannot for a long time, despite the considerable efforts of many of them, approach the level of the industrial powers or even halt the deepening of existing differences. The former dependencies and colonies that have cast off the yoke of political domination by the imperialist powers are forced to wage a desperate campaign for economic independence. For a long time they remain a source of super profit for the imperialist powers, which do all they can to prevent an upsurge in the national productive forces within developing countries.

Of course, within the world socialist system there may, and in several instances do, arise discrepancies between certain of the countries' requirements, dictated by the interests of promoting their economies, and various international economic relations, various manifestations of the division of labour between the countries. These disparities stem from the persisting differences in the levels of economic development of the socialist countries, and from the as yet imperfect nature of the various forms of international economic collaboration between them.

These contradictions, however, are not of an antagonistic character; they are being resolved by the cooperating countries on a mutually acceptable basis. The internationalist policy of the socialist countries, account for the interests of each country and the community as a whole, and the persistent work being carried out to improve the forms and methods of international economic cooperation all help in resolving these contradictions.

The simultaneous development of integrational processes in the socialist and capitalist worlds eloquently demonstrates the superiority of socialism, showing the radical differences between socialist and capitalist integration. It testifies that socialist integration is of a new type, free from the vices of capitalist integration.

Despite the presence of several common technological fundamentals in the economic convergence of countries under socialism and capitalism, the integrational processes are radically different in social content and in many of their economic forms and consequences. The progressive content of integration, which is associated with its role in boosting productive forces, can manifest itself to the full only under socialist conditions. The essential differences between socialist and capitalist integration consist mainly in the following.

Socialist integration is the road to closer joint efforts by the socialist countries to solve national economic problems in the interests of raising production and prosperity.

Capitalist integration is employed in the interests of strengthening the positions of the biggest international monopolies in their competitive struggle on the world capitalist market

and as an instrument for intensifying exploitation of the working people.

Socialist integration serves to realise the principle of socialist internationalism; it is based on the full equality of countries, it extends the field of their cooperation and mutual assistance and it secures the harmonious unity of interests of all participants.

Capitalist integration is accompanied by sharp conflicts between the countries involved; it is linked with an intensification of the unequal status of individual countries within the system of international economic relations of the capitalist world, with infringement of their sovereign rights and the detriment of general national interests for the sake of the selfish interests of the biggest monopolies.

Socialist integration encourages rise in the productive forces of each of the participating countries; it facilitates and accelerates the process of drawing together and evening out of economic development levels, which is characteristic of the socialist world, based on the more rapid growth of the economies of the less developed countries during the overall economic growth of all participants, and on the achievement by the economically less developed countries of the level of the economically more advanced states.

Capitalist integration actually increases the inequality of development of capitalist countries. Within the group of economically more developed countries it leads to fiercer competition and creates conditions for some countries to leap ahead of others, and for a regular regrouping of forces. It simultaneously deepens the gap in the economic development of the advanced and developing states.

Socialist integration leads to greater unity of socialist countries; it strengthens their cooperation in all forms and speeds up their progress in building and improving the new social system.

Capitalist integration increasingly leads to an exacerbation of all contradictions of capitalism both within national boundaries and in international capitalist relations. It deepens the general crisis of capitalism and facilitates the accumulation of objective and subjective prerequisites for revolutionary change.

The attention of progressive economists and wide sections of the general public in the capitalist states is attracted particularly by the CMEA countries' consistent policy of taking comprehensive account of national interests. The practice of carrying through integrational processes, while retaining and consolidating the national-state sovereignty of all participants, gains high appreciation. As integration progresses, it speeds up the process of intertwining national economies of the CMEA countries; it multiplies the signs of emergence of an economic complex of this group of countries which would operate largely as a single production entity. Yet, such an international production complex, developing undeviatingly towards better coordinated functioning and interdependence of the production apparatuses of the individual countries, does and will continue to exist for a long time, while the sovereignty of each country is maintained in all matters, including the economic.

Recognition of the need and possibility of observing the sovereign rights of each country under socialist integration and the observance of these rights do not accord with the theoretical

conceptions of certain Western scholars and the actual practice of capitalist integration.

The principle of national sovereignty within the socialist community remains immutable even under international integration. This is the principle of the full sovereignty of a socialist nation and its state throughout its own territory and of its independence in foreign relations. The principles on which CMEA activity and that of other international organisations of the socialist countries are founded envisage reliable guarantees of equal rights for all parties and respect for their sovereign rights. When they set up joint agencies to deal with certain sections of production, they regard them not as 'supra-national bodies', but agencies that act in the name and on the instruction of participant states and they operate within the limits of the powers that those states grant them. In so far as the interconnection between realisation of the national interests of each country and its drawing closer economically to the fraternal countries becomes firmer under integration, new forms arise in which this sovereignty is manifested, these being associated with the growing international economic cooperation and economic interdependence of the individual countries. These forms also include participation in joint planning by the socialist states and membership of collective international organisations. In these instances, too, all questions are decided by each country independently, but jointly with other participants on equal terms, not individually.

The distinguishing features of the development of the socialist community include the inevitable process of drawing together and evening

out of the economic development levels of the socialist countries on the basis of the more rapid development of those countries that still lag behind the more industrial CMEA countries in economic terms.

As the 17th Congress of the Mongolian People's Revolutionary Party underlined, 'the evening out of the levels of economic development of socialist countries is an objective law of social progress; it may be realised most effectively given greater internationalisation of production and exchange, the gradual formation and development of international productive forces, common ownership of the means of production as the highest form of socialisation of production'.⁷

Many of the CMEA countries inherited from the capitalist past a substantial economic backwardness but, thanks to the fact that the economically less developed CMEA countries have developed more rapidly than the others, among the European CMEA states the problem of surmounting the deep-lying differences in economic development levels has already been resolved. All these countries have achieved a tremendous rise in their productive forces, have rebuilt the structure of their economy, which has now acquired an industrial character. CMEA countries are carrying out a great deal of work to encourage more rapid development of economic efficiency in Mongolia, Cuba and Vietnam. As noted in the Communiqué on the 32nd CMEA Session, the Session stressed the need comprehensively to take account, in implementing the long-term specific programmes, of the task of gradual drawing closer and evening out of economic development levels of the CMEA member states.

The example of the socialist countries in developing the new type of international economic relations and in carrying through integration is of importance both for the economically backward part of the capitalist world and for the working people of the economically developed capitalist countries. The example of the socialist states contains a really democratic alternative for capitalist integration within the group of industrial capitalist countries.

Integration in that sector of the world capitalist economy is subordinated to the interests of reproduction of capital of the biggest international monopolies; it is used by the monopolies for encroaching upon the social rights and living standards of broad sections of the people, ignoring the multiplicity of economic and social problems and needs of individual countries; and it leads to infringement of their national interests. It is therefore not surprising that the working class and other democratic sections of developed capitalist countries are stepping up their resistance to monopoly capital on issues of internationalisation of economic life.

The democratic world public is expressing its protest against the propaganda campaign by the Communist Party of China leadership, aimed at undermining the genuinely equal and mutually beneficial economic relations among the CMEA states and at supporting the actions of those monopoly circles of the European Economic Community which endeavour to deepen the economic and political divide in Europe and use it for maintaining international tension. The Maoists play up the consolidation of Western Europe as a means for campaigning against existing socialism, above all the USSR. They thereby

completely part company with a class approach to the balance of forces in the world and increasingly line up with imperialist reaction in the fight against socialism and normalisation of the international situation.

The international communist movement, the communist and workers' parties of the capitalist countries counter integration on monopolistic principles with the democratic alternative. This envisages a curb on the rule of monopoly capital, elimination of tendencies that spell danger for the cause of peace, tendencies that are engendered by the closed economic and political groupings and are used by imperialist circles to bolster their military-political blocs. The example of integration within the socialist community facilitates this struggle by communist and workers' parties in the capitalist states and enhances the attraction and convincing example of the democratic alternative they pose.

Thus, by carrying through economic integration, the CMEA states resolve not only problems concerned with raising their own productive forces. At the same time, they are performing the historical task of providing a model for resolving the most difficult international economic problems in the interests of the common people. Socialist integration, which is geared to taking comprehensive account of the interests of each participant nation and helps resolve international economic problems in a spirit of equality and mutual assistance, sets an example that further enhances the attraction of the socialist principles of international communion and the socialist system generally for the peoples in the non-socialist part of the world.

In contrast to capitalist integration, socialist

integration does not invest any disorganisation into the development of the world market; it does not discriminate with respect to other countries; it does not work to the detriment of economic relations between countries with different social systems. The CMEA countries are not isolated from the rest of the world. On the contrary, they express a readiness to have the widest possible international economic cooperation on the basis of equality and mutual benefit. The CMEA countries are motivated not only by interests of promoting productive forces, but also by a desire for normalisation of international relations and for the consolidation of peace.

Finally, the international importance of economic integration within CMEA depends on its role as an economic and economic-cum-political factor, encouraging the progressive restructuring of the whole system of world economic relations, the strengthening of positions of all progressive forces of the present day and being conducive to the development of mutually advantageous economic relations between countries with different social systems.

The influence of the socialist community on the course of world events is not confined to the socialist countries showing mankind the way to revolutionise society. The world socialist system can now render effective material help to the peoples of the countries that cast aside colonialism, that wage a struggle against neo-colonialism and for an independent development and for the implementation of their sovereignty in the economy, and to the peoples of those countries that have begun to make revolutionary social changes, so paving the way for the building of socialism.

The might of the world socialist community is more and more enabling it to block attempts by imperialist reaction to interfere in the affairs of peoples carrying out social transformation in their own countries.

The socialist community is a powerful anti-imperialist stronghold for the peoples campaigning for social progress. The end is drawing near for the imperialist practice of using armed intervention to put down the revolutionary movements of peoples fighting for their independence, democracy and socialism.

Owing to the creation and strengthening of the world socialist system, there is a new alignment of forces in the world today, as a result of which there now exist favourable prospects for the struggle of the working people in non-socialist countries for social progress. This also results from the ability of the socialist community to support progressive social development in the world with their economic resources, and to consolidate the positions of the forces of social and national liberation against imperialist encroachments.

Economic integration within the socialist world and the combined efforts of the socialist countries in promoting production, science and technology help to resolve their economic problems more quickly and with the minimum resources, further their economies' stable development and open up fresh opportunities for active participation in world economic relations, including by co-ordinating their efforts in this sphere. Socialist integration helps to enhance the part played by foreign economic activity of the CMEA countries both in improving their own economies and in developing the world economy. It is

beneficial for the rapid creation of prerequisites considerably to raise the importance and influence of the socialist sector of the world economy, to intensify the impact of socialism on world economic ties, which helps them to free themselves of the economic *diktat*, political pressure and blackmail of imperialism.

The economic potential of the CMEA countries and their participation in world economic relations will become even more weighty factors affecting the development of the world economy. Owing to the increase in productive forces and interaction of national economies, the CMEA countries are exercising a more vigorous influence on the processes occurring in the world economy, both by fortifying the new type of international relations within the bounds of the world socialist economy and by developing the system of economic ties with countries with different social systems, also opposing the international system of imperialist exploitation. A far-reaching and stable system of economic relations is rapidly forming between the socialist countries and other states in the world; it is founded on the truly democratic principles of international relations. The role of world socialism as initiator of reforms in world economic relations is manifesting itself more fully and clearly in the light of the demands for equal and mutually beneficial cooperation between all states.

The fate of the national liberation movement and of the new national states is very much tied to the development and consolidation of the world socialist community. A close alliance of these states with the socialist countries in the anti-imperialist struggle is an important prerequisite for the strengthening of genuine independ-

ence of newly free nations. The extension of the economic contacts between the CMEA states and developing countries is acquiring mounting significance for the formation, in individual commodity markets, in entire large regions of the world and in the world economy generally, of production and international exchange conditions that facilitate the fight against the despotism of the imperialist monopolies. This is one of the major factors by which favourable conditions have taken shape in the world today for fighting for the consolidation of national independence in the developing countries and, in the economic sphere, for repulsing the neocolonialist policy of the imperialist powers and for intensifying social transformation. In all these processes a great deal is owed to socialist economic integration. It helps the CMEA countries to pool their efforts in helping the newly independent states to promote their national economies. Socialist integration is a factor which narrows the possibilities of imperialist attempts to employ their positions in world commodity markets, the sphere of international credit and scientific and technical information for putting pressure on the newly independent states and for exploiting their economies.

At the present stage of world development, there is a growing tendency within the world capitalist economic system for 'weak links' to form, these harbouring the preconditions for accelerating social progress and paving the way for socialist transformation. The time is past when colonies and dependencies were merely the objects of exploitation by the monopolies of imperialist powers; the centrifugal forces within the system of interrelationships between

them, increasing during the upsurge in national liberation movements, have operated mainly in the sphere of social and political affairs, virtually finding no outlet in international economic relations. Nowadays, with the setting up of newly independent states, the anti-imperialist battle is particularly concentrated on the economic front.

The social differentiation in the world capitalist economy is gaining momentum and acquiring a qualitatively new character. The positions are being consolidated of the progressive national states that choose a socialist orientation and are struggling to overcome the restrictions imposed by their involvement in the world capitalist economy, to put an end to their unequal foreign economic ties emanating from this, and to strengthen relations with the countries of the socialist community.

By helping further to deepen and improve economic cooperation between socialist and developing states, socialist integration expands the prerequisites for a planned division of labour between socialist and newly independent countries, particularly those opting for a socialist orientation. The heads of delegations from Ethiopia, Angola and Laos who attended the 32nd CMEA Session as observers expressed their profound satisfaction with the strengthening cooperation between their countries and CMEA members and their appreciation of CMEA's great and selfless economic assistance.

The furthering of economic cooperation between newly independent countries and socialist states, especially in production specialisation and cooperation, can substantially facilitate industrialisation of these countries. It enables

them to use the international exchange opportunities stemming from the existing production potential and the inherited economic structure in the form that suits them best, even before they have set up their own developed base. Gradually, together with the new social essence of economic relations between the socialist and developing countries, these ties will gain a new material content, owing to the formation within the developing states of a modern material and technological basis in increasingly close cooperation with the world socialist economy.

The division of labour that is taking shape between the socialist and newly independent states is playing a mounting role in the progressive transformation of world economic relations. This process will be encouraged by the coordination of the CMEA countries' foreign economic activities intended to promote cooperation with the newly independent states. By doing this, and by pooling their forces and means to help the newly independent states, the CMEA countries will make an even greater contribution to their industrialisation, to the modernisation of their farming and the abolition of the monoculture character of their economies. Among the multifarious forms of concerted action by the CMEA states in promoting this cooperation are the common funds for providing developing states with credit and the multilateral production cooperation between states. Since 1 January 1974, for example, the International Investment Bank has operated a special credit fund for providing economic and technical assistance to the developing countries. The CMEA student grant fund has existed since the 1974/75 academic year to help developing countries train

national personnel at higher educational establishments of the CMEA countries.

Conditions for cooperation between CMEA and newly independent countries are steadily improving, especially in regard to states of a socialist orientation, in drawing up national plans and programmes for economic development. The requirements and possibilities of furthering cooperation with these states will increasingly be taken into account as the CMEA countries co-ordinate their economic plans. Plans for building up national economies in these states will also take into account extending cooperation with the CMEA countries. Cooperation on the basis of joint long-term programmes between CMEA and developing states is also likely to be important in the longer term.

The growing international authority of CMEA may be seen in the interest displayed by public and governments of many non-socialist countries in opportunities of cooperating with CMEA as the inter-state economic organisation of the socialist states, as well as developing cooperation between CMEA and inter-governmental economic organisations of the non-socialist states. Cooperation, in one form or another, between these countries and the Council for Mutual Economic Assistance and the joint economic organisations of the CMEA countries is becoming more urgent. For example, an agreement was signed in May 1973 on cooperation between CMEA and Finland. The signing of agreements on cooperation between CMEA and Iraq, CMEA and Mexico is evidence of the strengthening relations between CMEA and developing states. CMEA has relations with more than 60 international economic and scientific and technological

organisations. Cooperation agreements have also been concluded between CMEA and the International Atomic Energy Agency, between CMEA and the Danube Commission, and others.

The present stage in the development of the socialist countries' cooperation and the promotion of the world socialist economy is also important in that it is witnessing a further strengthening of the objective international economic-political guarantees of the triumph of socialist revolution and successful socialist construction in various countries, irrespective of their size, population or level of economic development at the time the people's government takes power. These guarantees consist in the existence of a strong world socialist economic system, close cooperation among socialist states, and development of their economies and their foreign economic relations.

Being a major aspect in consolidating and promoting world socialism, socialist economic integration also acts as a factor in deepening the revolutionary process overall; this process is being formed from the efforts of the main revolutionary forces of the present day—the peoples of the socialist countries engaged in building socialism and communism, the working class and all working people in the capitalist countries fighting against the monopoly domination and capitalist exploitation generally, the people of the developing countries striving to secure economic independence and consolidate their political autonomy and fighting against neocolonialism.

The processes of international economic integration within the socialist community do not hamper any extension of economic ties with

non-socialist states; on the contrary, they help to set up more propitious conditions. Cooperation between socialist countries, including members of CMEA, is not directed against the interests of third countries, nor does it pursue discriminatory objectives in regard to any state. The expansion of cooperation among socialist countries, by accelerating the growth of their economic potential, creates additional opportunities for these countries to take part in the world division of labour.

The socialist countries consider that present-day productive forces are a product of world development and that the economies of both world social systems need an intensive exchange of the results of production and scientific and technological activity.

Among the major problems of the foreign policies of the socialist countries are those of world economic cooperation, the promotion of business contacts between states with different social systems on the basis of equality and mutual benefit, and the creation of conditions in the world making it possible to transfer the immense resources now being spent for military-strategic purposes to peaceful construction. The socialist countries set mainly the following tasks: to strengthen the unity of the socialist community, its economic and defensive power to make it futile for the most reactionary imperialist circles to try to rely on military methods, political and economic pressure in the struggle between the two world systems; to use foreign policy, including foreign economic policy, to isolate these circles and, in the contradictory gamut of interests and stimuli which determine the foreign policy of capitalist states, make it pos-

sible for realistic trends to prevail, those that would correspond to the interests of their own people and of peace throughout the world.

The CMEA countries accord a great deal of importance to the normal development of economic relations with capitalist states; they stress the importance of deepening the international division of labour that embraces all the countries of the world, viewing it as a factor not only for improving productive forces, but also for normalising international relations generally, and strengthening the positions of democratic and peace-loving forces in world politics. As underlined in the Communiqué on the 25th CMEA Session, 'the participants in the CMEA Session left the door open for non-member countries to participate, wholly or partially, in the fulfilment of this comprehensive programme'.⁸

The influence of the closer economic cooperation among the socialist states and the deepening socialist economic integration on world economic relations and political changes in the capitalist world, both in its objective substance and in the subjective motives of the socialist states' foreign policy, is not aimed at any particular country or group of countries in the capitalist world; it does not have any adverse effects on the world market or the world economy generally, and it does not cause any disorganisation to them. On the contrary, its impact encourages the promotion of world economic ties, to a certain extent consolidates the international market, serves to secure the genuine national interests of all states and to strengthen peace.

The CMEA countries are doing much to extend business contacts among countries with different social systems, to establish an atmosphere of

trust and mutual understanding between nations. To this end, they are initiating specific international actions in the economic, political and cultural fields.

Socialist economic integration will do much to help carry out far-reaching measures in cooperation with non-socialist states. By accelerating economic development of socialist countries, this integration is extending the opportunities for their participation in world exchange of the results of economic activity and is increasing their export resources and import capabilities. The deepening of mutual cooperation of socialist countries in the process of integration sets up conditions for coordinating their foreign economic actions, for pooling their forces and means for the purpose of taking part in economic measures of European and even world importance.

There is another aspect of the international importance of socialist integration that must not be underestimated. Integration encourages the development of business contacts between countries belonging to different social systems also because it makes even more futile the plans of reactionary circles in imperialist states to hold back socialist economic advance through policies of embargoes and other discriminatory measures and thereby facilitates the activities of those realistically-minded people in these states, who are willing to cooperate with the socialist countries on an equal and mutually advantageous footing.

Socialist integration, therefore, is an important factor, thanks to which obstacles are removed from the path of deepening the worldwide division of labour, and conditions are created for the consolidation of peace.

Expansion of economic ties between the socialist states and all other countries is an indication of the growing economic potential, international political authority, and ideological and moral influence of world socialism. Today, economic relations between socialist and other countries, including economically developed capitalist states, have become a substantial, constantly operating factor in the development of the world economy, helping the struggle of the peoples of the world for international security and social progress.

The role of the world socialist system as the vanguard of progressive mankind and the decisive force in the anti-imperialist struggle is even more fully and clearly manifest because of socialist integration.

THE COMMUNITY OF CMEA COUNTRIES AND THE WORLD ECONOMY

Economic Potential

The CMEA countries possess a powerful economic potential. At the present time, the economy of the CMEA countries is the greatest economic complex in the world, accounting for one-third of world industrial output, one-quarter of the national income and one-fifth of the agricultural output of all the countries in the world, while their population amounts approximately to one-tenth of world population.* Moreover, the Soviet Union alone accounts for about one-fifth of world industrial production. By 1981, CMEA countries were producing 1.3 times more industrial output than Common Market countries and the USA. Countries in the community possess one-half of world resources of iron ore, about one-third of coal, two-fifths of natural gas, and two-thirds of manganese ores and apatites. Their economies are also highly developed: their per capita industrial output is 3.3 times greater than the world average and somewhat higher than the average for the group of countries which

* Here and below, the aggregate indices for the CMEA countries do not include data for the Socialist Republic of Vietnam, which joined CMEA in June 1978.

the United Nations classifies as industrially developed capitalist countries (the USA, Japan, all the European capitalist states, Israel, Australia, New Zealand and Canada).

Over the years of people's government, the economies of the CMEA countries have developed at a rate that, in 1979, ensured an industrial output approximately 17.5 times greater than in 1948. The CMEA states firmly hold the advantage in economic growth rates over the capitalist countries. Between 1951 and 1979, the average annual rate of growth of industrial output and national income in the CMEA states was almost twice as high as in the industrially developed capitalist countries. The Council countries' share of world industrial output has virtually doubled over the last two decades. The CMEA states enjoy a stable high rate of economic development that ensures an increase in industrial output for each five-year period of approximately one and a half times.

For a proper evaluation of the changes that have taken place during socialist construction in the CMEA states, it is important to bear in mind that most of them belonged to the economically backward nations before the victory of socialist revolutions. For example, many countries of Central and South-Eastern Europe occupied bottom places among European states in level of economic development and living standards, and top places in mortality, unemployment, agrarian overpopulation and illiteracy. As regards those states which even under capitalism had attained a relatively high level of economic development, they had to surmount considerable difficulties associated with the aftermath of World War II, with the economic im-

balances and social problems inherited from capitalism, with economic blockade and the cold war unleashed by the imperialist states in the post-war period.

Table 1 provides data on the growth in industrial and agricultural output and national income in several CMEA countries.

Table 1

Growth in Industrial and Agricultural Output and National Income in 1979 Compared with the Pre-War Period*

(corresponding year of pre-war period = 1)

	Industrial output	Agricultural output (per cent)	National income
Bulgaria	72.7 times	298	11 times
Czechoslovakia	12.1 »	143	5.7 »
GDR	9.8 »
Hungary	13.6 »	175	5.9 »
Poland	32.5 »	193	...
Romania	45.8 »	270	14 »
USSR	20.3 »	239	13.5 »

* Figures for Bulgaria are compared with 1939 (in agricultural output with annual average indices for 1932-38); for Hungary, Poland and Romania — with 1938 (for Hungary, figures on agricultural output are compared with the annual average indices for 1934-38); for the GDR — with 1936; for the USSR — with 1941; and for Czechoslovakia — with 1937.

A typical feature of economic development of the CMEA countries is the combining of processes for building up the mass of resources involved in social production, and the processes of their qualitative improvement.

The CMEA countries possess labour resources of more than 250 million people. This number includes people within the employment age group and old-age pensioners who continue to

work in the economy. Labour resources therefore make up some 60 per cent of an aggregate population which numbered 439 million in 1979. The age structure of the CMEA countries shows a higher proportion of children than in either the EEC or the United States.

This signifies that the CMEA countries enjoy more favourable opportunities for further reproduction of the population and of their labour resources. There is a tendency in prospect for a rate of population growth faster than that of Common Market countries. According to prevailing demographic forecasts, the CMEA population will grow one and a half times quicker than in the EEC states.

The CMEA countries have encountered considerable success in increasing the number of those employed in the economy. The number increased from 1950 to 1979 by 53.1 per cent to more than 180 million. This was the highest rate in the world. The rapid growth in the number of those employed in the national economies of the CMEA states, in addition to the increase in the number of people of working age, rests on the substantial increase in the number of able-bodied people. While 44.3 per cent of the entire population was employed in the economy of the CMEA countries in 1950, it had risen to 47.3 per cent in 1977. This is considerably higher than in the industrially developed capitalist countries where employment, far from rising, in some periods even declines: the percentage of the population employed was lower in France and West Germany in 1976, for example, than it was in 1970.

Overall, those engaged in the economy, including able-bodied students and servicemen, con-

stitute approximately 90 per cent of the entire able-bodied population of the CMEA states (including over 85 per cent in social production, of whom some 80 per cent—in material production). The remaining 10 per cent of the able-bodied population are engaged mainly in house work, which is, of course, also socially useful work.

Thus, from the standpoint of the full engagement of the able-bodied population in various forms of socially useful activity, the CMEA countries have achieved full employment and thereby resolved the important social problem of complete utilisation of labour resources.

This problem still remains unresolved in capitalist economic conditions. According to official statistics, the number of unemployed in developed capitalist countries more than doubled between 1965 and 1979, constituting over 15 million people in the latter year—greater than the populations of Sweden and Austria taken together. In 1978, the USA had 6 million and West-Europe 7.1 million unemployed. Among the EEC countries, the highest out-of-work figures were registered in Great Britain and Italy.

Alongside growth in employment, the CMEA states also display processes testifying to their increasingly effective use of labour power in social production. A major index of this are shifts in distribution of the employed among the three principal sectors of the national economy: industry, construction and transport and communications; farming, timber and water services; trade and the non-productive sector. In 1950, the first sector accounted, over the whole CMEA area, for 34.0 per cent of all the employed, the second for 49.4 per cent, and the

third for 16.6 per cent. In 1960, the shares had changed to 40.0, 38.9 and 21.1 per cent respectively; and in 1977 they were 48.9, 22.8 and 28.3 per cent respectively. Thus, the proportion of workers in the economy engaged in industry, construction and transport and communications sharply increased, while the share of those employed in agriculture diminished. This shows an increase in the percentage of workers engaged in branches of the economy ensuring the major part of national income increments and determining technological progress and higher labour productivity throughout the economy; it also goes to prove that the growth in farming output is being achieved with a smaller number of workers.

In all the CMEA countries except Mongolia, the share of those engaged in industry, construction and transport and communications considerably exceeded that in agriculture in 1977. At the same time, the attention is drawn to the rapid growth in the share of the trade and the non-productive sector. In most CMEA countries the proportion of those engaged in that sector is higher than that in agriculture. This is also a progressive process, in so far as this sector plays a mounting role in satisfying both the needs of material production and the public's requirements.

The CMEA countries typically display a rapid rise in educational and qualifications standards, and an improvement in the occupational composition of the population. Thus, the total number of specialists with a higher or complete secondary education increased approximately 2.8 times between 1961 and 1979. The proportion of specialists in the total number of all those employed

in the economy also grew. Thus, this index was 6.5 per cent in 1960 and 19.3 per cent in 1979 in Bulgaria, 3.7 and 15.8 per cent in the GDR, 9.3 and 21.3 per cent in the USSR, and 13.3 and 24.9 per cent (1978) in Czechoslovakia. In Poland, the proportion of specialists was 5 per cent in 1958 and 17.1 per cent in 1978.

The economic potential of the CMEA countries rests on a wealth of natural resources. Although these states occupy only 19 per cent of the world's territory, they are a very rich region in terms of useful minerals, timber and water resources. Today, they account for 21 per cent of the world production of electricity, 28 per cent of the hard coal and 66 per cent of the brown coal or lignite, over 19 per cent of the oil, and 30 per cent of the natural and associated gas.

They also account for half the world resources of iron ore, about a third of the coal, two-fifths of the natural gas, and two-thirds of the mineral reserves of manganese ores and apatites. This enables them to make use in the economy of enormous quantities of raw and other materials and fuel every year. In the USSR alone the consumption of material resources was estimated in 1975 at 500,000 million roubles.

At the same time, the distribution of economic minerals among the individual CMEA countries is uneven. The bulk is concentrated in the Soviet Union, which possesses the fullest variety of mineral and raw material resources used in the modern economy. What is more, in many natural resources the USSR can satisfy the needs of the economy's development for a relatively long time to come. Thus, reserves exceed the present level of annual extraction as follows:

1,000 times in coal, 500 times in iron and manganese ores, 400 times in gas, and more than 500 times in potassium salts.

The consumption of fuel and energy resources in the CMEA countries has, however, reached such proportions and is growing at such a rate that less accessible deposits need to be exploited; it is becoming more difficult to meet the demand for these resources, so the CMEA states are striving for maximum economy and rationalisation in their use. This applies first and foremost to oil and gas resources which must be primarily used more fully and extensively for technological purposes, while replacing them as far as possible in the power industry by hard fuels, including low-calorie ones.

The fact that mineral and raw materials are distributed unevenly between the CMEA countries engenders a need for them to pool and coordinate their efforts in developing the raw material industries; this is seen as one of the most important fields of cooperation.

The CMEA countries have accumulated large material resources for promoting production; this is manifest, above all, in the mass of basic production assets—that is, plant and machinery, as well as production premises and facilities.

The success of the socialist countries in promoting production owes much to the high growth rate of the mass of embodied labour per worker employed in material production. Thus, the assets-to-worker ratio in the sphere of material production for 1951-79 grew 9.4 times in Bulgaria (between 1953 and 1976), 8.5 times in Romania, 7.5 times in the USSR, 3.8 times in Hungary, 3.5 times in the GDR, 3.1 times in Czecho-

slovakia and Poland. Growth in the assets-to-worker ratio was accompanied by a constant improvement in the qualitative composition and cost-to-output indices of production assets. As a result, the rate of growth in labour productivity overtook the rate of growth in assets-to-worker ratio for the same period, for example, 1.3 times in Romania, 1.2 times in Czechoslovakia, 1.3 times in Poland and 1.5 times in the GDR.

Increase in the machinery-to-worker ratio is ensured by growth in capital investment in the fixed production assets, which is an important condition for extended reproduction and higher productivity. This condition is being successfully fulfilled by the CMEA countries. Thus, between 1951 and 1979, the volume of investment in the USSR outstripped that in the USA by 4.3 times, in Britain by 3.6 times, Italy and Canada by 2.6-2.7 times, West Germany by 2.2 times and France by 2 times. While it took less than eight years to double the volume of fixed production assets in the USSR between 1951 and 1979, it took the USA more than eighteen years. Moreover, in 1978 the volume of investment in the USSR was roughly equal that of the USA and exceeded that in West Germany, Britain, France and Italy taken together.

It should also be borne in mind that the productive capacity being built up by the CMEA countries is being used much more fully than is that under capitalism. In the mid-1970s, the share of underemployed production assets amounted to 22 per cent in the USA and 26 per cent in Japan; up to a quarter of all plant was standing idle in the EEC countries during 1975. In certain industries this index was even higher: thus, in 1976, 30 per cent of the capacity

of the iron and steel industry of the USA was unused, and 32 per cent in EEC countries was idle; figures for the chemical industry of the USA, Japan and West Germany were 25, 30 and 31 per cent respectively. Losses from underemployment of productive capacities in the industrially developed capitalist countries run into thousands of millions of dollars and, in some periods, exceed the value of gross output of the developing countries.

In the CMEA countries growth in human and material resources operating in social production is accompanied by increased efficiency of their use. At the present stage, special importance is attached in the CMEA countries to better use of economic potential. The centre of gravity of economic-political work has been shifted to improving the qualitative indices of production development, to accelerating the growth of its efficiency, and to intensifying the reproductive processes.

Growth in the efficiency of socialist production is expressed in the most synthesised form in the high growth rate of the national income per employed person and per citizen (*Table 2*). This indicator summarises the dynamics of social labour productivity.

The rate of growth of the per capita national income in individual socialist countries is considerably ahead of that attained by the industrially developed capitalist countries. The combined CMEA economy had more than double the growth rate of the EEC countries, and more than treble that of the USA. In comparing the growth rates for individual countries, the advantage of the socialist economy is even more apparent. Thus, in the 1951-79 period, Bulgaria outstripped

Belgium 3.5 times, Denmark 3.9 times, Sweden 4.2 times and Britain 4.8 times.

It is important to note that the dynamic growth rate of national income in the CMEA countries is largely due to higher labour productivity.

Table 2

**Rate of Growth of per Capita National Income
in Individual Socialist and Capitalist Countries**

(as a per cent of 1950)

	1960	1970	1979	Average annual increment for 1951-79
Bulgaria	260	506	902	7.9
Czechoslovakia	188	275	393	4.9
GDR	279	432	640	6.8
Hungary	166	271	427	5.1
Poland	174	283	475	5.6
Romania	238	482	1,038	8.4
USSR	223	392	569	6.2
Yugoslavia *	180	296	463	5.5
France	142	222	291	3.8
FRG	195	281	337	4.3
Great Britain	124	154	174	2.0
Italy	157	261	312	4.0
Japan	225	558	803	7.5
USA	116	149	181	2.1

* 1952=100 per cent.

Labour productivity in the industry of the CMEA countries has grown more dynamically than in the capitalist states. Over the period 1951-79, the CMEA countries as a whole surpassed Common Market countries in growth rate of this indicator by 1.5 times and it was double the American rate. The ratios were even

greater for particular countries. Thus, in Bulgaria and Poland, labour productivity grew 2.8 times faster than in Britain; in Romania it was 3.3 times higher than in the USA.

A typical feature of capitalist economic development is its unevenness, the alternation of periods of slump with those of relative boom; this is just as evident when analysing labour productivity. For example, in the USA years of an accelerated rise in labour productivity (1955 produced an increase of 9.1 per cent, 1959 of 7.2 per cent, 1964 of 5.1 per cent, giving an average annual growth rate of 3.5 per cent for 1951-76) alternate with years of sharp decelerations in growth and stagnation of productivity (for example, in 1970, 1974-75). In the EEC countries, the average annual productivity growth rates in industry for 1971-76 were lower than for 1966-70 by 23 per cent. The cyclical nature of this indicator is glaringly obvious against the background of labour productivity growth rates in the CMEA countries: average annual growth was 5.4 per cent from 1961 to 1965, 5.5 per cent for 1966-70, and 5.9 per cent for 1971-76.

It is also noteworthy that, in contrast to the socialist countries, productivity growth in the capitalist states does not necessarily imply a growth of production, since capitalism, especially in recent years, has been typified by an increase in mass unemployment. The effect gained from higher labour productivity is somewhat cancelled out by higher unemployment. The capitalist countries suffer enormous losses because of unemployment and underemployment of available labour power. Let us take the figures for the USA as an example (*Table 3*).

Table 3

Losses from Unemployment in the US Economy

	1960	1965	1970	1976
Number of unemployed (thous.)	3,854	3,366	4,088	7,288
Level of national income per worker (dollars)	10,695	12,900	13,472	14,300
Loss from unemployment (thous. million dollars)	41.2	43.4	55.1	104.2
Proportion of loss from unemployment in the national income (per cent)	5.3	4.4	4.8	7.7

The loss to the American economy from under-employment of available labour power for 1976 alone was the enormous sum of 104,200 million dollars. Besides that, according to American statistics, the USA in 1976 had over a million people disillusioned about ever finding a job and therefore failing to register at the labour exchange; that means another 14,300 million dollars of the national income unreceived. The total sum exceeds the amount spent by the USA on health by 3.5 times and on aid to emergency areas by 5.2 times in the 1975/76 fiscal year.

Bearing in mind the idle labour power under capitalism, the productivity level in the USA in 1976 must be taken as a tenth less than the figures reproduced in *Table 3*; it therefore amounted to \$ 13,100 per employable person (including the jobless), rather than \$ 14,300.

The economic development of the CMEA countries is based on a combination of rapid prod-

uctivity growth and the use of additional labour power on a scale made possible by the rise in the able-bodied population and in the extent of employment. By combining these two factors—a rise in labour productivity and number of employed—the CMEA countries have attained remarkable success in increasing industrial production. Eloquent testimony to that is the growing share of CMEA countries in world production of major types of industrial output (*Table 4*).

Table 4

Share of CMEA Countries in World Production of Selected Types of Industrial Output

(per cent)

	1950	1979
Electricity (gross generation)	14	21
Oil	8.4	19
Natural gas	5	30
Coal (calculated in conditional fuel)	23	31
Pig iron	18	29
Steel	19	28
Mineral fertilisers (calculated per 100 per cent of nutrients)	21	30
Cement	14	22

The measures drawn up and being implemented in the CMEA countries to improve planning and economic management, to tighten up labour discipline, and to promote the workers' productive initiatives are all aimed at using internal production reserves of labour power, at better employing productive capacity, at economising on fuel, raw and other materials and at

cutting down construction schedules. By bringing all these reserves into play the CMEA states will be able to reduce their currently excessive dependence in extending production on the rate of the expenditure increase on live and especially embodied labour, to improve the dynamics of economic efficiency indicators and thereby create conditions conducive to maintaining stable rates of expanded production which would reflect the full use of objectively existing potentialities.

The extension of economic cooperation and economic integration among the CMEA states is exceptionally important to their economic growth. The concerted use of their economic potential is leading to an increase in opportunities for economic advance through the more efficient functioning of national economies.

A closer intertwining of national economic sectors is taking place on the basis of deepening specialisation and cooperation of production.

By the beginning of 1980, material values to the sum of over 105,000 million roubles a year were circulating on the CMEA market. In 1971-75, mutual deliveries of commodities between the countries exceeded 200,000 million roubles and in 1976-79 they reached approximately 380,000 million roubles (in current prices).

Another typical feature of the CMEA countries' use of their economic potential and the guideline for the development of their social production is the increasing orientation on satisfying human requirements. The task of expanding production is linked increasingly closely to that of achieving higher living standards.

The high rate of growth of social production typical of the socialist countries enables them to expand current consumption and, at the same

time, build up a mass of accumulated consumer wealth (non-production assets, including housing and consumer durables).

The consumption fund in the national income of the CMEA countries for 1951-79 rose by 5.9 times (making an average annual increment of 6.3 per cent). The highest rate of growth was in Bulgaria, Poland, Romania and the USSR where it showed a more than sixfold increase in the given period. These rates surpassed the consumption growth in the industrially developed capitalist countries. Thus, the average annual growth rate in the consumption fund amounted to 4 per cent in the USA and 2.2 per cent in Britain for 1961-76.

The growth rate of the consumption fund in the CMEA countries has invariably considerably outstripped the growth rate of the population, thereby ensuring a high growth in per capita consumption (Table 5). This applies also to

Table 5

Growth of the Per Capita Consumption Fund
(1950=100 per cent)

	1960	1965	1970	1975	1979
Bulgaria *	181	239	325	446	520
Czechoslovakia	158	180	232	290	316
GDR	267	302	379	499	587**
Hungary	157	185	246	304	341
Poland	171	205	259	375	443
Romania ***	161	214	263	366	458
USSR ***	187	223	297	368	419

* 1952=100 per cent.

** Assessment.

*** Real per capita income.

countries with a high population growth (in post-war years these have been primarily Mongolia, the USSR, Romania and Poland).

The bulk of real incomes of the population consists of payments received for work. Their share in the total real incomes of the CMEA population varies from one country to another from between 70 and 80 per cent. The remaining incomes are received out of social funds. The share of social funds in the population's incomes amounts to about 23 per cent in Bulgaria, 26 in Hungary, 29 in the GDR, 31 in the USSR and Czechoslovakia. In capitalist countries, the share of incomes out of social payments is less than in the CMEA countries, especially by comparison with the USSR, the GDR and Czechoslovakia.

A steady and dynamic growth in average wages and salaries is taking place in the CMEA countries. Thus, from the early 1970s, the average wage in Bulgaria, the USSR and Czechoslovakia increased by some 33 per cent.

Considerable differences exist between the socialist and capitalist states in their social allocations to free services in the income composition. Owing to the wider development of free education, free medical care and other free services, the share of the real incomes of the CMEA population represented by these free services is considerably higher, from 12 to 15 per cent per country, while in France it is 4 per cent, in West Germany 7 per cent, Norway 8 per cent, and so on. The free provision of these services to the population is among the most important achievements of socialism; it ensures citizens equal rights in satisfying socially vital requirements.

Thanks to the social funds, the CMEA countries now enjoy the most advanced system of social security and health care in the world, and the widest network of generally accessible cultural and educational institutions. The provision of medical services measured in terms of the number of doctors has reached a higher level in the CMEA states than in the capitalist countries: the CMEA states, including Vietnam, had averagely 29 doctors per 10,000 inhabitants in 1979, compared with the US average for 1976 of 22.5 doctors; the West German figure was 25.1 in 1978, French 15.3 in 1976, the Japanese 15.9, and so on.

The growth in incomes in the CMEA states was accompanied by a greater consumption of major material benefits: foodstuffs, clothing, footwear and consumer durables.

The calorific value of the food consumed in the CMEA countries is no lower than in such countries as West Germany and Britain, although

Table 6

Per Capita Consumption of Basic Foodstuffs in CMEA Countries (kg), 1979

	Meat*	Milk	Sugar	Fish	Vegetables
Bulgaria	65	229	34	6.6	141
Czechoslovakia	84	226**	39	5.3	70
GDR	89	...	40	7.0	97
Hungary	73***	157**	36	2.6****	83****
Poland	81	457	44	7.6	119
USSR	58	319	43	16.4	95

* For Bulgaria, Poland and the USSR, including lard.

** Not including animal fats.

*** Including fish and fish products

**** 1978.

the structure of food consumption in several CMEA countries requires considerable improvement (*Table 6*).

The present-day consumption level of meat in the GDR and Czechoslovakia is close to that in the more developed capitalist countries. In the other CMEA states, the lag in meat product consumption is rapidly closing. In the near future, all the CMEA countries will achieve a rational meat product consumption level (according to calculations by Soviet experts, the scientifically substantiated meat consumption norm amounts to 82 kg a year). In consumption of sugar, the CMEA countries have virtually achieved the rational consumption level (40 kg). In that of fruit and vegetables they still lag behind the rational norm (for vegetables it is 146 kg, fruit 113 kg) and behind the consumption level in countries like Italy and France; however, the consumption level of vegetables in the CMEA countries exceeds that in West Germany and Britain.

The CMEA countries' attainments are substantial in the consumption of consumer durables and non-durables. The consumption of cotton and woollen fabrics in the CMEA countries is roughly the same as in the industrially developed capitalist states.

Provision of household articles and domestic labour-saving devices has increased manifold over the last ten years in the CMEA countries, and the gap between certain CMEA states and the more industrially developed capitalist countries has narrowed considerably, though the consumption of consumer durables is still lower than in capitalist countries.

The CMEA states are rapidly increasing the

provision of such durables as radios, television sets and washing machines.

A vital feature of prosperity is housing provision. Intensive house building is going on in the CMEA countries to make it possible every year to improve housing conditions for tens of millions of people. In the USSR alone, the housing conditions of 50 million people improved during the years 1976-80; this is a figure that exceeds the total populations of Belgium, Greece, Denmark, Ireland, the Netherlands and Sweden put together. In number of apartments built every year per 10,000 inhabitants the CMEA countries surpass EEC countries and the USA (*Table 7*). It is also important to take into consideration that the state takes upon itself the major part of expenditure on housing construction in the CMEA countries and that rent is

Table 7

	Number of Apartments Built Annually per 1,000 Inhabitants					
	1960	1970	1975	1976	1977	1979
CMEA countries	10.4	8.5	8.4	8.0	8.1	7.6
Including:						
Bulgaria	6.3	5.4	6.6	7.7	8.7	7.4
Czechoslovakia	5.4	7.8	10.0	9.1	8.9	7.9
GDR	4.7	4.5	8.4	9.0	9.7	9.7
Hungary	5.8	7.8	9.5	8.9	8.7	8.2
Poland	4.8	6.0	7.8	8.0	7.9	8.1
Romania	13.7	7.9	7.8	6.5	6.7	8.7
USSR	12.1	9.3	8.8	8.2	8.2	7.3
EEC countries	7.1	7.6	6.8	6.7	...	5.1
Including:						
Britain	5.8	6.6	5.9	5.9	5.5	4.8
Italy	5.9	7.0	3.9	3.3	2.3	2.7
USA	7.2	7.2	5.5	7.2	8.2	8.9

extremely low: in the USSR, for example, it constitutes only 2.5 per cent of an industrial worker's family budget. In capitalist countries, corresponding expenditure is very high; moreover, there is a constant rise in payment for housing (it increased by 5 per cent in 1976 alone in West Germany), for fuel and telephone (in 1976 it increased by 29 per cent in France). The housing problem is one of the most severe in capitalist states. In Great Britain, for example, it is reckoned that 200,000 people are homeless and that their number has trebled in the past ten years.

Owing to a growth in social production, rational use of material and labour resources the CMEA states plan during the current five-year period to further increase public prosperity substantially. Real per capita incomes increased in 1979 by 10 per cent in Bulgaria, 9 per cent in Hungary, 21 per cent in the GDR, 11 per cent in Mongolia, 25 per cent in Romania, and 14 per cent in the USSR.

Growth in national prosperity and higher living standards, which is the fundamental goal of economic development under socialism, is gained through the steady increase in economic potential of the CMEA countries; this is an important factor in consolidating the world socialist system and in its mounting influence on the course of world development.

Scientific and Technological Potential

Accelerated scientific and technological progress is of decisive importance for the attainment of high economic targets outlined in the party programme documents of the CMEA member

states. The communist and workers' parties of these countries, in working out the strategy and tactics of building a developed socialist and communist society, afford science an exceptionally important role in fulfilling all the fundamental economic tasks (a higher productivity of social labour) and social ones (convergence of the material and cultural levels of the various social groups, improved running of social development, communist education of citizens in the new society, etc.), also bearing in mind the fact that the attempts rapidly to assimilate the achievements of the scientific and technological revolution are a major sphere of competition between the two world systems.

A scientifically substantiated realisation of these socio-economic functions of science constitutes the essence of the scientific and technological policy of the socialist countries; this policy develops through purposeful actions by state agencies. Problems of strengthening and utilising potential in science and technology, promoting scientific and technological know-how and assimilating scientific and technological achievements all hold a major place in the set of measures being implemented within the framework of the scientific and technological policy.

Proceeding from this accepted notion, scientific potential includes personnel, information, material and technological and organisational components, the optimum combination of which ensures the intensive development of science and its increasing impact on all aspects of contemporary society. The principal question of the scientific and technological policy is the quantitative and qualitative formation of the

scientific potential structure, since the level, results and rate of development of scientific activities and, ultimately, the present and future of science itself, depend on the sort of personnel and facilities available to science, how much is allocated for promoting science and what organisational structure it has.

The provision of science and branches of the economy with personnel of appropriate qualifications is a crucial aspect of the scientific and technological policy of the socialist countries. Over recent years, the increase in the scientific personnel potential has been considerably outstripping the growth in number of people employed in the economy.

Data on the scientific personnel potential show that, in the numbers engaged in science and the scientific services, as well as in total numbers of scientific workers, the CMEA countries are virtually on a par with the economic groupings of industrially developed capitalist countries.

As a result primarily of demographic changes, the numerical growth of scientific personnel is likely somewhat to slow down in the near future. Therefore, further development of personnel potential will be directed primarily at optimising intensive factors of growth, including qualifications, functional and age factors.

An important element in controlling the personnel potential in science is distribution of scientific personnel among economic branches, the fields of science and types of scientific organisations. In most CMEA countries, for example, a very large part of the total number of scientific workers and experts with a higher education is made up of college and university teachers. At the same time, despite the fact that, in num-

bers employed, economic research institutions occupy a leading place, the growth rate in them of highly qualified scholarly personnel is still insufficient. Of late this situation has been improving owing to the faster training of highly qualified personnel (primarily in technical disciplines) for research institutions of branch ministries and departments; this will undoubtedly help to speed up scientific and technological progress in the CMEA countries.

At the same time, there is a growing concentration of personnel in research institutions. This is a progressive factor, in so far as it makes it possible to launch research on a high level and in directions corresponding to contemporary requirements on the basis of large research units possessing a substantial scientific potential and powerful experimental and production facilities. As a result of measures taken to enhance the effectiveness of scientific activity, most CMEA countries are enjoying an absolute as well as relative growth in numbers employed in research institutions, as well as an increase in the average number of scientific workers per research institution.

Improvement in qualifications of personnel is another important means of intensifying scientific activity. Today, the qualification structure is being improved by bringing closer to the optimum (1 : 3) the ratio between the number of scientific workers with higher qualifications (doctors and candidates of science) and other categories of people employed in science.

The financing of research and development is viewed in the CMEA countries as an important line of development of the national scientific and technological potential because it is largely

instrumental in determining the scale and depth of research and development, the opportunities for investment in the material and technical basis of science, the attraction and training of qualified personnel, etc. This explains the high growth rate of the funds earmarked by the CMEA countries for the development of science and technology. During the 1971-75 five-year period, the total expenditure on R and D for the whole CMEA region exceeded that for the 1966-70 period by between 60 and 80 per cent.

The rising effectiveness of the scientific and technological potential of the CMEA countries shows just how intensive research and development are; this is particularly evident in the rapid increase in number of patents issued on inventions, compared with the rise in the number of people engaged in science and the scientific services. In number of annually registered inventions, the CMEA countries are well ahead of any economic grouping of capitalist countries, including the EEC, as well as any capitalist state, including the USA.

As regards the practical realisation of scientific and technological achievements that rest on inventions, the CMEA countries are not yet introducing them into production fast enough, and are certainly not taking full advantage of their enormous potential for accelerating production growth; this potential stems from the highly developed scientific and technological capacity built up over the years of socialist construction. There are still a large number of inventions which are being poorly used or are still waiting their turn for practical application. It is a fact, for example, that less than half the registered inventions are actually used in production each

year. To eliminate this deficiency it is vital that the time taken for applying scientific and technological achievements and improving the quality of manufactured goods should be reduced. It is on this that the CMEA countries have been concentrating special attention of late.

Scientific and technological progress has been the focus of recent congresses of the communist and workers' parties of the CMEA countries. The congress documents outline specific objectives aimed at promoting the scientific and technological revolution. Fulfilment of these tasks requires both a further development of the scientific and technological potential of the CMEA states and more effective use of it, as well as extension of the cooperation among the CMEA members in promoting science and technology. Attainments in fundamental research and the tremendous scientific work already done open up before technology and production qualitatively new opportunities, which are being expanded every year as a consequence of new discoveries.

The scientific and technological revolution requires improvement of many facets of socialist activity, particularly in the area of the scientifically grounded solution of problems concerned with science. Improvement of administration is a paramount task for state science policy, an object of constant concern for communist and workers' parties of the CMEA countries. In recent years, decisions by party congresses and plenary meetings of central committees have been introducing serious changes to the system of planning, financing and economic stimulation of scientific and technological progress, intended to provide a comprehensive approach to the

problems of promoting science and technology; this is creating conditions conducive to combining science and production and to achieving the optimum functioning of the whole 'research-production' cycle.

The plan for research and development in all CMEA states has become an integral part of economic plans. As a rule, it is founded on comprehensive programmes which include a stage for the introduction of scientific and technological results and prove an aggregate of pre-determined economic, scientific and technological, and organisational measures with the necessary resource back-up.

The financing of research and development and their application is now goal-oriented in character—that is, it involves all stages of the 'research-production' cycle. In all the CMEA countries special funds have been set up; from now on they are to be the main sources for financing R and D. More than half R and D expenditure will be covered by funds of the economic associations.

Most of the socialist countries have the integration process developing in an economic complex of research, design, technological and experimental organisations. This integration is seen as an effective means of achieving an uninterrupted 'research-production' cycle. A whole number of associations have grown into research complexes, formulating technical policy in the given industry and embodying dozens of production, research and design divisions. They include the following: Robotron (GDR), Tesla (Czechoslovakia), Ikarus (Hungary), Balkankar (Bulgaria) and Mera (Poland).

Science and technology policy, being imple-

mented by the communist and workers' parties of the fraternal countries, paved the way for their science to be at the forefront of world scientific and technological progress. The work of scientists from socialist countries in the peaceful use of atomic energy and space exploration, in biology and chemistry and other branches of knowledge has received universal recognition.

Original research is at present under way in first-class, well-equipped scientific institutions on nuclear physics, solid state physics, quantum electronics and other areas of modern physics; work is successfully progressing on the automation of production and research; and new efficient instruments are being made. The science policy of the CMEA countries is reflected in the successes of new industries that ensure the technical progress of the economy (the power industry, chemicals, engineering, electric engineering, radio engineering, electronics), and in the qualitative modernisation of traditional industries.

On the basis of the international socialist division of labour, the CMEA countries are defining the priority areas of scientific and technological research, setting up large national research centres in certain areas of production: shipbuilding in Poland and the GDR, the manufacture of optical and electrovacuum equipment in the GDR, lifting and haulage equipment in Poland, battery-driven factory vehicles in Bulgaria, microelectronics and machinery with programmed controls in Czechoslovakia, buses and low-current equipment in Hungary, plant for the petrochemical industry in Romania, etc.

Research in traditional areas has priority development: mathematical research in Poland,

chemical and biological research in Hungary, optical research in the GDR, processing of oil and natural gas in Romania, counter-pressurised casting in Bulgaria.

Thus, the extensive use of the advantages of the socialist economic system for speeding up science and technology, for realising scientific and technological achievements and for improving the forms of contact between science and production that exist under socialism are enabling the socialist countries successfully to ensure a further effective growth of scientific and technological progress in the interests of fulfilling current and longer-term socio-economic tasks of socialist and communist construction.

With respect to the ways of improving the effectiveness of the scientific and technological potential of the CMEA countries, the significance of scientific and technological cooperation is worth noting. Although this book examines the question separately, nonetheless it is apposite here to underline the fact that, according to existing evaluations, a complete utilisation by the CMEA countries of the opportunities of international socialist division of labour in science and technology would enable them to raise the effectiveness of the scientific and technological potential of the USSR by 25 per cent, Czechoslovakia by more than 100 per cent, and the GDR by approximately 100 per cent. Thus, scientific and technological cooperation, which has already played a large part in the establishment and development of the scientific and technological potential of the CMEA countries, will, in the future, become a major area for raising the effectiveness of scientific and technological progress.

THE ROLE OF SOCIALIST ECONOMIC INTEGRATION IN DEVELOPING THE MATERIAL AND TECHNICAL BASIS OF SOCIALIST SOCIETY

The decisive objective in the building of socialism and communism is to strengthen and improve the material and technical basis of society. The activities of communist and workers' parties in the socialist community are, therefore, geared to using all the conditions and mobilising all factors that help to create and improve a developed material and technical basis of society corresponding to socialism's growing maturity and the requirements of its development into communism. At the present stage of development, an increasingly important place among these conditions and factors is occupied by those engendered by socialist economic integration. The fresh opportunities opened up by integration help in resolving the complex problems of reproduction of all the elements of the material and technical basis of socialism. That includes those of regulating the dialectical relationship between the current and long-term interests of social development, ensuring the optimisation of the modern procedure for extended reproduction, with special account for improving overall prosperity and, at the same time, accumulating the necessary conditions for qualitative changes

in the material and technical basis, preparing it to grow into the basis for the higher phase of the communist formation.

The material and technical basis of society is the sum total of the materialised elements of the social process of reproduction that are used to attain certain economic and social goals and to which a certain type of reproduction corresponds. This basis constitutes a system with a structure, certain elements of which are inter-related. A key position in this system belongs to the material and technical basis of material production. The present-day material and technical basis of socialist production acts increasingly as advanced science materialised in means of production, objects of labour, as well as in technology. Given the qualitative characteristics of the material and technical basis of production, technology plays a growing role in the combining and interacting of the materialised elements of production. The material and technical basis of research is an increasingly important element in that of society. Its third essential element is the material and technical basis of the non-productive branches, the services sphere, of the social and spiritual infrastructure, which directly serves extended reproduction of people as a productive force and their development as human beings.

A characteristic feature of the development of the material and technical basis of socialist society today is that it is based on a scientific conception of internationalisation of the economy under socialism, taking account of the laws governing the comprehensive drawing together and interaction of the national economies of the socialist countries and of socialist economic

integration. The experience of the CMEA countries in using the integration to improve the material and technical basis of society is of immense importance for the future. It enables them to elaborate issues vital to socialist and communist construction more profoundly, such as, first, the criteria for the material and technical basis of the new society and their international character and, second, the role of socialist economic integration in improving this basis.

* * *

The question of the social and economic criteria for the material and technical basis corresponding to socialism is a central issue of the theory and practice of building socialist society and, particularly, of creating and further improving developed socialism. Since socialist relations of production prevailed and a powerful production and scientific potential was built within the CMEA countries, and in the course of their gradual international intertwining, the importance of developing the material and technical basis has become even more apparent for the further improvement of socialist relations of production. These, being improved in accordance with the further socialisation of production and labour, ensure the development of the material and technical basis. Thus, a material and technical basis takes shape which meets the requirements of developed socialism and creates the material prerequisites for the gradual transition to communism; this occurs during the improvement of the production and all social relations of socialist society. This interaction also applies to the development of the relations of produc-

tion between individual socialist countries and the material and technical basis of the whole socialist community. Socialist integration is, in essence, one of the most important aspects of the way this mechanism functions internationally.

It is important to emphasise that integration helps to improve not only the 'natural', cost-to-performance characteristics of the material and technical basis of socialism (large-scale machine production, electrification, the introduction of chemicals, automation, etc.), but also its socio-economic ones. The Marxist thesis on the rational regulation and public control of the materialised exchange between society and nature, which should occur with minimal expenditure of effort and under conditions worthy of human beings, characterises the socio-economic function of the material and technical basis corresponding to both phases of the communist formation. Realisation of this function is a lengthy historical process that has its own contradictions. As a result, the productive forces of society change radically, their return for people multiplies and the use of materialised labour is increasingly subordinated to the requirements of live labour.

The essence of the socio-economic characteristics of socialism's material and technical basis is contained in this unity of rationality and humanism, which is historically specific. It is a unity of contradictions, the nature and opportunities for the resolution of which depend on the development of productive forces, the maturity of the socialist relations of production, and the level of the deliberate use of the requirements of the patterns of social development, including

the internationalisation of socialist production.

The socio-economic criteria for the material and technical basis of socialism generally and under developed socialist society are internationally significant. At the current stage, this is evident, in particular, in the similarity of the economic and social tasks being tackled by most CMEA countries during the development of the material and technical basis. This universality of the criteria and similarity of the economic and social objectives are prerequisites for the extensive use of socialist economic integration to improve the material and technical basis of individual countries.

Of these generally significant criteria, the following are particularly noteworthy:

1. The increasingly consistent orientation of the development of the material and technical basis on attainment of the supreme goal of socialist production—an increase in general prosperity. This presupposes a further intensification of the interaction between the material, technical, economic and social aspects of the development of production in order to satisfy the material and cultural requirements of the population increasingly fully and further develop the working people's creative talents.

Affirmation to the full of this criterion is important testimony to the growing maturity of socialist society.

In the past, the tasks related to this could not be brought to the forefront, inasmuch as there were other urgent requirements connected with the building of socialism's material and technical basis: turning the country into an industrial nation from an agrarian one through socialist industrialisation, overcoming the dis-

proportions inherited from capitalism, making up the tremendous losses engendered by the war, etc. Realisation of these requirements created the requisites for advancing contemporary far-reaching social tasks. At the same time, it is noteworthy that even when these requisites do exist, the fulfilment of new social tasks demands a further improvement in the material and technical basis of society.

2. The mass use of the latest achievements of scientific and technological progress through the interaction of evolutionary and revolutionary changes in science and technology, and particularly the implementation of the scientific and technological revolution, became the universal direction for improving the material and technical basis of society. This applies to scientific and technological progress in all branches and in all functional elements of the material and technical basis. The CMEA countries are today witnessing a qualitative renovation of the existing potential that is increasingly dominating over the quantitative extension of various elements of the material and technical basis. This is a question not only of techno-economic parameters of the basis, but of the social characteristics of the means of labour that ensure a further manifestation of the socialist character of labour resulting from a change in its content. The intensification of labour's role as a directly social element is accompanied by an acceleration of the process by which the substantial socio-economic differences between mental and manual labour, and between town and country are overcome. Heavy manual labour and unhealthy working conditions are gradually being eliminated. It is also important to get rid of the nervous

strain and monotonous work sometimes associated with increased mechanisation and automation of production processes. Nature-protection variants of production methods are being introduced. Development of the material and technical basis on a foundation of the latest scientific and technological achievements is required if these economic and social problems are to be gradually solved; further social progress depends decisively on the sum total of them. Also vital is an increasing realisation of the opportunities being opened up by the scientific and technological revolution for ensuring a use of this basis that is socially oriented as required by socialism.

3. These criteria also include requirements for the type of reproduction corresponding to developed socialist society, which is intensive extended reproduction. The CMEA countries have already implemented the first condition for intensive extended reproduction—the predominant role of higher labour productivity in increasing the production of the national income, with the increase in number of workers playing a less important part. Nowadays, the prime task is the transition to capital-saving reproduction. It remains for the trend towards increasing expenditure of past labour for economising on live labour (capital-intensive development) to be overcome and for the realisation to be ensured of the capital-saving variant, whereby labour productivity grows faster than the assets-to-worker ratio.

4. By the early 1970s, the development of the material and technical basis of the CMEA countries had reached a level at which one important condition for its further improvement had become a stronger interrelationship in its

functioning in all these countries, stronger interaction between the national processes of socialist extended reproduction on the basis of socialist economic integration. Participation in integration has today become one of the important criteria which has to be satisfied by the material and technical basis of each of the countries within the socialist community. It is an important indicator of whether the opportunities for improving the material and technical basis and the efficiency of its functioning are being used to the full, opportunities that stem from the existence of the socialist community with its developed economy.

In working out ways to utilise socialist economic integration for improving the material and technical basis of the socialist countries today, account must be taken of the fact that the rapid development of productive forces, the use of scientific and technological advances in production, and present-day criteria for rational economic management all make an individual country's participation in the international division of labour a vital objective condition for the successful development of its material and technical basis. This is apparent from the new social relationships that exist between the economic efficiency of production and the optimum scale of enterprises, and other such functional dependencies. At the same time, it is important to bear in mind that the productive forces of each country develop under certain specific conditions; accordingly, these generally significant relationships will be modified. The internationally important economic and social criteria for the development of the material and technical basis in each particular country are

being used in specific ways, depending on the actual conditions of reproduction. This signifies a multiplicity of directions and forms of the various countries' participation in socialist economic integration, as well as a multifaceted effect received by them from this.

At the same time, it should be stressed that this multiplicity of forms exists in conjunction with unity in the most important thing—the increasingly mutually complementary nature of the material and technical basis in the different countries, better conditions for its planned and stable development, and realisation of the new opportunities for its more effective functioning. Essentially, this means the qualitatively higher development of the material and technical basis of socialist society, taking account of the fresh guidelines for and demands on territorial distribution and national proportions. These are the criteria, guidelines and demands that correspond to the new, higher stage of economic cooperation among the countries of the socialist community, that of socialist economic integration.

On the basis of these criteria, the CMEA countries are resolving new and complex problems involved in improving their material and technical basis. These include the problem of optimising the product range in each country and increasing the volume of output of uniform products, that of implementing the new quality standards and production efficiency that emanate from integration requirements, that of attaining the right proportion of specialised goods corresponding to integration conditions, the right share of exports in production and of imports in domestic consumption, and other complex problems.

It should be kept in mind here that cost-to-performance indicators alone are insufficient for working out and assessing the effectiveness of integration. A possible technological optimum taken by itself, no matter how important, is not yet a criterion for internationalisation of production within the socialist community. Similarly, it cannot be concluded that a production process has a low economic efficacy simply because it is internationalised to a low degree. Social and political criteria are exceedingly important; in the use of these an analysis has to be made of how the many requirements of socialist society, the interests of long-term development, the tasks of consolidating the socialist way of life, the requirements of international solidarity among the socialist countries, and the interests of strengthening the economic might and political unity of the socialist countries are taken into account.

Thus, what is decisive in assessing the ways, forms and levels of the internationalisation of production under socialism is the extent to which the international division of labour in production and in the development of science and technology actually facilitates the satisfaction of the requirements of socialist and communist construction. It is this decisive criterion that today determines the objective need to speed up economic integration within the community of CMEA countries and to make an increasingly full use of its advantages for further improving their material and technical basis.

Of great importance in improving the material and technical basis of the CMEA countries in the process of the planned and balanced development of the historically forming, internation-

ally intertwined system of their productive forces is a high proportion of mutual trade in their foreign trading, a faster growth of mutual trade than that of production, and other signs of a greater intertwining and mutual complementarity of their national economies. Economic integration in fuel and raw materials plays an important role and will continue to do so. The high capital-intensity of this sphere makes it necessary to expand the forms of cooperation connected with the participation of interested countries in investment. Enhanced importance also attaches to plans based on the whole community of CMEA countries and the mapping out of coordinated or concerted efforts for the rational exploitation of natural resources for the long-term provision of continuous economic growth. The long-term development of the power industry of the CMEA countries will increasingly depend on the realisation of joint large-scale projects in nuclear energy. This explains certain basic specific requirements for the development of the material and technical basis of the CMEA countries. Another important task in promoting this basis is the relocation of especially material- and energy-intensive production closer to the relevant raw material and energy sources.

The role of international specialisation and cooperation among the CMEA countries is increasing in the development of their material and technical basis through cooperation in producing implements of labour. There are new demands on engineering which has to ensure a high scientific and technological level and an optimum structure in the development of the principal elements of the material and technical basis. From the viewpoint of the long-term

development of and greater cooperation among the CMEA countries in engineering, rational international specialisation in conjunction with a comprehensive approach across the socialist community is the decisive socio-economic objective of cooperation in material production. This will be aimed particularly at the joint development of new techniques and technology to reduce the material and energy intensity in the CMEA economies. This applies both to the industries producing raw materials, fuel and energy, and to those consuming them. This is served by new effective methods of geological surveying, a higher degree of raw material extraction, efficient way of transmitting energy, rational types of technology and transportation, the promotion of work methods requiring a low material and energy expenditure, methods for the intensive utilisation of primary raw materials and the introduction of closed-cycle production.

The consistent policy of the CMEA countries in combining the comprehensive development of their national economies with international production specialisation is an important factor in improving the material and technical basis, which is now being formed and harmonised with the requirements of this optimum complex, and this encourages a growth in the efficiency of social production. Long-term specific programmes for cooperation in the main areas of material production, those already adopted and those being now elaborated within CMEA, will help in resolving the tasks of optimising the structure of the national economic complexes and their interrelationships on the basis of the international socialist division of labour. The

specific nature of individual sectors of the national economy is being taken into account.

Thus, at the present time and for the foreseeable future, the overwhelming part of each CMEA country's requirements for consumer goods and basic foodstuffs is to be met by domestic production. Nonetheless, the international specialisation and cooperation in production is being intensified in these areas, too. From the early 1970s, there has been a faster growth in the volume of foreign trade in industrial consumer goods. In agriculture, the policy of each country supplying its own basic foodstuffs, above all those of animal origin, has justified itself. This does not apply, naturally, to farm produce that is restricted to particular climatic zones.

New methods for producing fodder have increased the countries' self-sufficiency in basic food products. At the same time, the tasks of applying industrial methods to farm production, strengthening agricultural facilities and improving its provision with herbicides, pesticides and fertilisers involve considerable expenditure and necessitate international cooperation also in promoting the agro-industrial sphere. This applies primarily not to the international exchange of farm produce, but to the creation of the conditions for increasing agricultural production in each country, improving the processing of its output and increasing return on investment. Thus, agriculture is becoming the sector that will increasingly determine the cooperation spheres in engineering and the chemical industry.

An important feature of economic development in the CMEA countries is the growth in investment in the non-productive sphere and in the

latter's share in the total number of workers in the national economy. To raise the efficiency of this branch and better satisfy the population's corresponding requirements, it will be necessary to extend cooperation among the CMEA countries here too—for example, promoting housing construction, expanding the services sphere and strengthening the facilities for international tourism.

So, the combined efforts of the CMEA countries in developing the material and technical basis, the drawing together, intertwining and interaction of the material and technical bases of the individual socialist countries take place on the foundation of generally important socio-economic criteria, in the context of the tasks involved in an increasingly full realisation of the national interests of each country and the common interests of the community. By virtue of its scale and development level the material and technical basis of the USSR plays a central role in this process. This does not mean any unification of the material and technical bases of the different countries. Although in scientific and technological level and in efficiency indicators these bases are drawing closer together, the need to extend the international socialist division of labour and to take better account of the specific conditions of each country's participation in the general search for ways to intensify production presupposes the possibility of realising different variants of a highly developed basis within the CMEA countries. This is applied to individual branches and types of production, to sources of raw materials and energy, to natural conditions, to a rationally selected area of participation in the international socialist divi-

sion of labour. Socialist economic integration actually expands the opportunities for selecting such national variants for the development of the material and technical basis in each country. Integration is also beneficial for the realisation of a more effective type of material and technical basis of socialism in countries that only recently began to build socialism and now have to overcome their considerable inherited economic backwardness, as well as for the development of an independent economy in socialist-oriented countries. Naturally, the variety of paths and variants for forming the material and technical basis of the new society will grow and the sequence and order of priority of the socio-economic tasks being resolved in building such a basis in various countries may be quite diverse. Socialist economic integration has to take all this variety into account and multiply the factors of rapid advance, i.e., attain a quantitative growth and qualitative improvement of the material and technical basis of all the socialist countries.

**THE DRAWING TOGETHER AND
EVENING OUT OF THE ECONOMIC
DEVELOPMENT LEVELS OF THE
CMEA COUNTRIES**

**The Drawing Together and Evening Out
of the Economic Development Levels
of the Socialist Countries as a Natural Development
of the Socialist Community**

One of the first CMEA programme documents devoted to the basic principles of the international socialist division of labour, which was of tremendous importance for the further development of the socialist community, stated the following: 'The countries of the world socialist system have begun to build a socialist society with their productive forces developed to different levels. The need for their economic levels to even out emerges from the very nature of socialism... As socialism and communism are built, the fundamental differences are being eliminated in the development levels of national productive forces associated with the historical conditions in which countries develop economically under capitalism.'¹

The appearance and development of the evening out of economic levels depend on two groups of factors, conditions and natural relations.

First, capitalism leaves behind major discrepancies in the economic and technological development of countries, in the structure of their national economies and in the economic efficiency of production. These discrepancies are particularly great between the economic development

of the industrially highly developed capitalist countries and the bulk of the developing nations (expressed by an indicator like the per capita national income, the gap can be as much as 30-50 times).

Second, socialism as a world system cannot successfully develop and make increasing use of its advantages without overcoming these discrepancies and gradually bringing the socio-economic and production-technical conditions in all countries closer together. Only thus can it form a social and economic base, on a national and international scale, that corresponds to socialism.

The two world social systems give rise to diametrically opposing tendencies in the development of international economic relations, from the viewpoint of their role and effect on the level and dynamics of the differences in their economic development.

Capitalism continues to exacerbate the economic contradictions between countries and regions, between the industrially developed capitalist states and the newly free countries. In recent decades, the gulf between the per capita production of these two groups of countries has, in the main, increased. The inter-imperialist contradictions have grown steadily worse; the uneven economic development in the major centres of imperialism and in its economic groupings is intensifying on a new basis. Although the economies of all countries are advancing, there is still evidence of major differences remaining in the economic levels of countries. This tendency exists even in one of the most developed and integrated groupings of the capitalist world—the European Economic Com-

munity. Thus, the maximum differences between EEC countries from the standpoint of per capita national income (in 1970 prices) amounted both in 1960 and in the first half of the 1970s to approximately 1 : 2 and displayed a tendency even to increase slightly.

In contrast to capitalism, socialism engenders a natural drawing together and evening out of economic development levels of individual countries. This process is very clear in the CMEA countries. Of course, it is only possible for the economic levels to draw closer together if there is a faster economic growth in the countries at a lower level.

One of the most obvious results of the socialist community's development over the last three decades is that the deep differences in the economic development levels of most of the CMEA countries have been overcome. In the European countries of the socialist community only the remnants of the major differences that existed in the early 1950s now remain. The relative economic and scientific and technological levels of the CMEA countries have also radically altered. This has taken place through an enormous growth both of the economic potential of the socialist community as a whole, and that of the individual countries. A tremendously important feature of the process of drawing together and evening out is that it is accompanied by a rapid overall development of all the socialist countries.

The fact that this is a stable, steady tendency provides exceptionally important proof that emphasises the objective need and inevitability of it. Indeed, this process was brought into being by the world socialist system, the new

type of relations of production within the countries and in the international economic sphere, the system of economic and social laws of socialism. The drawing together and levelling up is an adequate expression of its essence and of its historical aim of overcoming all forms of international inequality.

The radically different results of the development of the two world systems in terms of the dynamics of economic development levels among their member countries also adequately reflect the differences in the social nature of the two systems, their intrinsic historical development trends, and manifest the action of the opposing modes of production inherent in the two systems and the economic laws governing international economic affairs.

Socialism is resolving the problem of evening out economic levels within the framework of a common strategy for attaining a higher social labour productivity than that under capitalism. This is also connected with the fact that the drawing together and evening out of the economic development levels of the socialist countries are based on their common rapid economic advance in general. The Comprehensive Programme for socialist economic integration states: 'The fulfilment of the key task of socialist and communist construction, that of attaining a higher social labour productivity in the socialist countries than in the capitalist countries, is organically combined with the gradual drawing closer and evening out of the economic development levels of the CMEA member-countries.'² Hence the organic link and inter-relationship between these two tasks, the mutually complementary nature of these two para-

mount aspects of the advance of the socialist community's economy and the uniform direction of the policy for resolving the tasks. A successful evening out consolidated socialism's positions in the economic competition with capitalism. The higher development rates of the economically less developed countries accelerate the overall growth of world socialism's economic potential. The drawing together of levels helps to promote the international socialist division of labour and deepen the integrational process; this is becoming an increasingly important factor in accelerating economic development and making the use of resources within the community more efficient.

The natural, objectively determined historical drawing together is necessary for the entire socialist system, not only for the countries with a lower development level. Evening out is an inherent requirement of the socio-economic development of the socialist community. An understanding of this makes it possible to express objective development needs in conscious social activities to realise them.

The common requirement engenders also a common interest as a major prerequisite for the countries to work out and pursue a coordinated policy, aimed at stimulating this process by measures to activate all possible factors linked with extending cooperation and furthering integration.

It is precisely the natural need for evening out economic levels and the common interest in its implementation that are the main explanation for an unprecedented socio-political phenomenon: back in 1962, the CMEA member states proclaimed the evening out of economic levels to be a major principle of the international

socialist division of labour, and the Comprehensive Programme included a special section which, besides organisational principles, contains an all-round programme of general and more concrete measures for the practical implementation of a coordinated policy to draw together and even out the economic levels. Of course, this common need and interest should not be divorced from the comradesly mutual assistance inherent in socialism, which is constantly increasing, and especially from the major and varied aid received by the economically less developed countries from the first socialist country—the Soviet Union. Soviet aid was of decisive importance for these countries, particularly in the initial stage of socialist construction, during the industrialisation of the economy, the socialist reconstruction of agriculture and the creation of national economic complexes with a developed industrial structure.

Why have the socialist countries, both the economically less developed and the highly developed ones, a common economic interest in the drawing together and evening out of their economic levels?

The former considerable differences in economic development levels, which are still felt, are an essential element in the overall set of conditions under which the countries have actually set and are accomplishing the tasks of extending the international socialist division of labour and furthering other aspects of economic cooperation within the socialist community.

The most propitious conditions for the mutually beneficial and intensive development of the international division of labour, specialisation and cooperation among countries, integrational

forms in international economic cooperation exist when these countries have developed economic structures and relatively close economic development levels. There can then be no great gaps in the technological level of production in the cooperating countries, no great discrepancies in national labour productivity, etc. All this facilitates specialisation between the countries, since it creates the best techno-economic prerequisites for a mutually beneficial resolution of the problems involved.

The accumulated experience of the development of national economic complexes of the socialist countries and the ties between them testify to their success in removing the basic differences in their economic structures connected with their different economic development levels; they have done this by overcoming the adverse aspects of the economically less developed countries' economic structures, substantially raising the economic development level of each country, while reducing the differences between the individual states. This success has done a tremendous amount to promote cooperation in all its forms. Moreover, this process has come increasingly to depend on greater all-round cooperation and the development of its integrational forms. Consequently, economic cooperation and integration are mutually connected with the drawing together and evening out of economic development levels, and they stimulate one another through elements of the common development process within the CMEA community and national economic complexes as its increasingly closely integrated units. Hence the objective interest of both the economically less developed and the highly developed countries

in the drawing together and evening out of their economic levels. The former are most interested in the intensive working of this process, since it means a faster economic advance and expansion of the factors behind it (above all the opportunities for even wider and more effective participation in the international socialist division of labour and in socialist economic integration). The interest of the latter stems from the fact that the economic drawing together and the related improvement of the economic structures in the socialist community give rise in these countries as well to the conditions for an ever fuller and more effective use of the opportunities presented by the international socialist division of labour. Thus, the interest of the economically more developed socialist countries is due not only to moral considerations, an eagerness to bring about actual equality in the socialist community, but also to purely economic motives. The fact is that the considerable gaps in levels narrow the opportunities for the economically highly developed countries to take full advantage of the international division of labour and make it more difficult to extend international specialisation and production cooperation.

All this retains its importance today. For the CMEA states, as the Comprehensive Programme notes, the drawing together and evening out of economic development levels is becoming even more urgent owing to the requirements of the scientific and technological revolution, the further extension and improvement of cooperation and development of socialist economic integration.

Evidently, the purely economic interests in this area should not be divorced from the poli-

tical interests of the socialist countries and their common interest in a steady strengthening and developing of the CMEA community. The political relations between the socialist countries dictated by this interest have become a major factor promoting integration.

The Report to the 26th Congress of the CPSU noted that the process of convergence of the socialist states is continuing, but it does not obliterate the specific national features or the historical distinctions of the socialist countries. One should see the variety of forms in their social life and economic organisation for what it really is—a wealth of ways and methods of establishing the socialist way of life.

The drawing together of economic levels as a natural feature of cooperation and integration has created an unprecedented socio-economic basis for tying in the requirements for comprehensive economic development of all countries with those of deepening the international socialist division of labour. This tying-in is implemented in practice in the socialist community by means of coordinating the interests and opportunities of all countries. It is this mechanism, organically combining cooperation, mutual assistance and aid, that ensures, simultaneously, more effective cooperation for all the countries and a drawing together of their economic development levels which, in turn, helps appreciably to promote integration and increase the economic effect for each country taking part in these processes. This nature of development, emanating from the essence of the socialist type of international relations, is beneficial for the all-round convergence of countries and for their unity and consolidation, including politically. The im-

portance of these socio-political functions of the drawing together and evening out of economic levels grows even greater under socialist integration.

**The Results of and Prospects
for the Gradual Drawing Together and
Evening Out of Economic Development Levels**

During the 1950s, economically the CMEA community was a region that, in overall economic development, fell considerably short of the highly industrially developed capitalist countries. This applied especially to Bulgaria, Romania, and also Poland and Hungary. Available statistics show, for example, that the per capita national income of Bulgaria and Romania in 1950 was between an eighth and a twelfth of that of the industrially developed capitalist countries of Europe and of the USA.

Besides this, socialism inherited immense differences in economic development levels among the CMEA countries themselves. In per capita national income, during the 1950s, Czechoslovakia and the German Democratic Republic had the highest level of development, the USSR, Hungary and Poland a medium level, and Bulgaria and Romania the lowest level among the CMEA European countries. While the level of industrial development of Czechoslovakia and the GDR was close to that of the industrially developed capitalist countries of Europe, Bulgaria and Romania possessed a clear-cut agrarian economic structure. Over 80 per cent of the able-bodied population in these two countries worked in agriculture which, in overall technical level and productivity, was among the most backward in Europe.

Table 8 gives a more specific picture of the differences in economic development levels among the CMEA countries in the early 1950s.

Table 8

Selected Indicators of the Economic Development of the CMEA Countries in 1950

	Bulgaria	Czechoslovakia	GDR	Hungary	Poland	Romania	USSR
Share of industry in national income (per cent)	36.8	62.5	...	48.6	37.1	43.4	57.5
Share of machinery in exports (per cent)	0	26.4	...	23	7.7	4.2	11.8
Share of farm produce and foodstuffs in exports (per cent)	87.9	19.7	...	45.9	...	54.6	39.5

The maximum gap between the European CMEA countries in per capita industrial output at the time was great indeed: in 1950 it was 1 : 4.6 (the gap between Romania and Czechoslovakia). It should be remembered that individual indicators reveal different aspects of the overall level of economic development, but often they do not adequately reflect the differences between levels nor fully express those in the levels of social labour productivity. Thus, structural indicators do not reflect the differences between countries in terms of the technolo-

gical level of industry, the progressiveness of its structure, the share of modern and of handicraft production, etc. As a result, for example, even if industry's share in creating the national income is similar, the real levels of economic development are often both quantitatively and qualitatively different. A low share of engineering output in exports is typical of a low level of industrial development (overall, technologically and qualitatively) within the economically less developed countries (in 1950 it was 0 per cent for Bulgaria and 4.2 per cent for Romania).

The use of physical indicators of per capita production in the basic groups of industrial output provides even greater detail on the gaps in economic development level. The differences between the highest and lowest levels in individual industries were as follows: the generation of electricity—10 times, metal-cutting lathes—11 times, synthetic fibres—51 times. Strictly speaking, Bulgaria and Romania did not produce up-to-date industrial work implements.

It has to be noted that, although the USSR had a medium level of economic development, even then it was making a decisive contribution to the economic power of the socialist community by the scale and structure of its production and its scientific and technological potential; it also possessed the greatest opportunities for dynamic economic growth, for promotion of international cooperation, and for an extension of the international socialist division of labour. Thus, the Soviet Union was playing the decisive role in implementing the industrialisation programme of individual countries within the framework of the overall accelerated economic development of the socialist community and in furthering

the economic cooperation and mutual assistance between the socialist countries.

The factors and mechanism of the drawing together and evening out of economic development levels evidently constitute the major and most practically important part of the overall problem. That is why they are of such enormous interest. By their very nature, these problems must be viewed on the basis of the theory of extended socialist reproduction. The following initial principal propositions have to be singled out.

Factors of economic growth (both internal and external) become factors of drawing together and evening out only under socialist relations of production, both nationally and internationally. The domestic factors of economic growth are more fully manifest here and better promote the economic drawing together when external factors act as catalysts to economic growth and operate within the framework of economic cooperation and mutual assistance among the socialist countries.

While viewing the drawing together of economic levels as a common internationalist affair, the CMEA states also proceed from the idea that success in this depends primarily on the all-round mobilisation of the domestic reserves for economic growth in the economically less developed countries. International assistance and the favourable conditions of the international division of labour may considerably enhance the effectiveness of internal efforts, but they cannot replace them. The main role in bringing the economic development levels of the socialist countries closer together has, therefore, been played by internal factors of economic growth

and the mobilisation of domestic resources by the economically less developed socialist states. It must be remembered that, *ceteris paribus*, countries with a low level of economic development possess extra potential for economic growth through what the economic literature calls 'the take-off effect'. These countries do not have to go through all the stages that the economically developed countries did; they can benefit from the latest results of scientific and technological progress and assimilate the advanced experience of other countries without having to pioneer any field.

The economically less developed countries have also usually enjoyed greater opportunities for increasing the number of people employed in the economy generally and in industry in particular, since they had larger reserves of free labour power as well as possibilities for transferring labour from agriculture to industry. They also had possibilities for improving social labour productivity. These stemmed mainly from the opportunities for restructuring the national income by increasing the proportion of the total number of workers in economic sectors with a higher productivity (above all industry) and reducing that in sectors with low productivity (primarily agriculture). Changes in the structure of industry itself have also helped to produce a higher social labour productivity. Finally, the accelerated increase in technological levels of production and the technology-to-worker ratio achieved by drawing from the experience of the economically more advanced countries was of particular importance for the faster growth of social labour productivity in the economically less developed states. Experience has shown,

however, that an accelerated economic advance also presupposes a relatively high share of accumulation in the national income, especially production accumulation (see *Table 9*).

Table 9

Share of Accumulation in the Use of the National Income

Years	Bulgaria	Czechoslovakia	GDR	Hungary	Poland	Romania*	USSR
1950	20.0	17.1	8.5	23.1	21.1	17.6	23.9
1960	27.4	17.7	18.2	23.1	24.0	16.0	26.8
1970	29.2	27.0	24.4	27.2	25.1	28.8	29.5
1975	32.5	29.2	22.3	30.6	35.1	34.1	26.6
1977	26.0	24.5	23.3	31.8	31.9	...	26.4
1979	22.8	24.6	20.1	25.6	25.1	...	24.9

* Average for the period: 1951-55, 1961-65, 1966-70, 1971-75.

The relatively higher level of accumulation was a major factor behind accelerated economic development and substantially faster national income growth rates. The countries were intensively drawing together in the absolute volume of per capita accumulation fund. The average annual level of this fund for 1957-62 in Bulgaria was about 46 per cent lower than in the GDR and Czechoslovakia, while in the period 1970-76 the difference had been reduced to about 16 per cent and 9 per cent in the two countries, respectively.

Of course, a share of accumulation higher than in other countries does not yet in itself adequately guarantee accelerated economic development (also because of differences in the systems of domestic price formation, international comparisons of the share of accumulation are not always entirely accurate). Much depends

on how accumulation is used and on the economic effectiveness of investment. The economically less developed CMEA countries managed to accelerate their economic advance by concentrating investment in the construction of modern industries. The high rate of industrialisation has enabled these formerly less developed countries to raise their social labour productivity considerably and to improve the sectoral structure of their national economies in only a short time.

All this by no means belittles the role of external international factors in the evening out of the economic development levels of the socialist countries. A dialectical relationship exists between internal and external factors, its essence consisting in that the external factors are actually a necessary condition for effective mobilisation of internal sources of economic growth in the industrially less developed countries. This applies not only to imports of machinery and technology for setting up a modern industry, but also to the securing of stable foreign markets for the output of newly created industries.

The history of the world economy provides more than a few examples of how unfair relations of international exchange and unequal patterns of the international division of labour preserve backward social and economic structures in developing states. Right from its inception, the Council for Mutual Economic Assistance has consistently pursued a policy of cooperation to ensure the evening out of the economic development levels of its members. By striving to achieve an optimum production organisation both within each national economy and the whole community, the CMEA countries have been developing international specialisation and cooperation

of production. Individual countries sometimes forgo or cut down on domestic production of certain types of industrial goods to help the economically less developed states.

External factors relating to cooperation among the socialist countries and to their fraternal mutual assistance are of immense importance for the evening out of their economic development levels. Moreover, the part played by the external economic factor as a major determinant of a country's development is enhanced even more as the all-round cooperation gains in depth and integration develops.

Intensive mobilisation of resources for industrialisation and the policy of building modern industrial structures were only possible, in fact, given aid through a constant expansion of cooperation with the socialist countries, above all with the Soviet Union; particularly since they were not simply foreign economic relations, but relations of fraternal cooperation and mutual assistance. In that sense, foreign economic relations within the framework of CMEA have been of decisive significance in promoting the drawing together and evening out of economic levels.

In this respect, the role of the Soviet Union stands out in the scale, comprehensiveness and effectiveness of its economic and technical assistance. By 1 January 1978, the USSR had helped in the building of 2,628 enterprises and other projects in the socialist countries, including 1,743 in industry, of which 706 have been in power engineering, iron and steel, engineering and metal cutting. Even more remarkable is the Soviet role in economic and technical aid to Bulgaria which has resulted in the construc-

tion of 180 industrial combines, factories and power stations that now produce all the country's pig iron, steel and fertiliser, 60 per cent of its chemical output, 70 per cent of its non-ferrous metals, 50 per cent of its electricity, 60 per cent of its cement, 67 per cent of electric telfers, over 50 per cent of the vehicles, as well as some 70 per cent of the cellulose. For Poland, the indicators are as follows: 30 per cent of all industrial output, including 48 per cent of the iron and steel, 25 per cent of the electricity, 47 per cent of the synthetic rubber, and 49 per cent of the refined oil. The enterprises built with Soviet help in Romania today produce 60 per cent of all the electricity generated, 100 per cent of the synthetic rubber, 60 per cent of the coke and fertiliser, and 50 per cent of the steel pipes.

Through scientific and technical assistance and plant deliveries from the GDR, textile mills, production capacities in the cement, pulp-and-paper and sugar industries, and cold storage installations have been built up in Bulgaria. Czechoslovakia has helped Bulgaria to build hydro and thermal installations, an accumulator factory and plant for the non-ferrous metallurgical industry.

Under conditions inherited from the old, capitalist international division of labour, the development and deepening of economic relations were used not as an instrument for the extended recreation of the conditions and results of this type of division of labour, but as one for overcoming it and setting up a new structure of economic relations. Imports from industrially developed socialist countries were aimed not at developing mainly traditional branches and sec-

tors of the economy (for Bulgaria this was agriculture, followed by the handicraft industry and the processing of farm produce), but at forming a new structure of industry. Here is manifest one of the most important features of trade between socialist countries in this period; it was of decisive importance for helping trade to effect the economic development of countries with a poorly developed industry.

There were two decisive factors in the drawing together and evening out of the economic development levels of the socialist countries through the maximum mobilisation of the resources for economic growth within the less developed of them and the achievement of a faster extension of social production and reconstruction of its sectoral structure than in the economically more advanced countries. These are as follows:

1. The consistent policy pursued by the communist and workers' parties in the economically less developed countries of accelerating the development of the economy by speeding up industrialisation.

2. The opportunity, guaranteed by the constantly expanding economic ties among the CMEA countries, for backing up the industrialisation programmes materially and technically through the import of plant, machinery and technology from the economically advanced CMEA states; for a time these were exchanged for the traditionally exported resources of the economically less developed CMEA states.

The drawing together and evening out of the economic development levels of the socialist countries should not be understood as meaning a redistribution among them of the national income for the benefit of the economically least

developed. Such an approach would only have held up the economic growth of the more developed countries, thereby having an adverse effect on the economic advance of the whole socialist community. This does not, however, preclude the provision to the less developed countries, especially in the initial stages, when they are overcoming their economic backwardness inherited from the past, of free assistance, credit and loans on privileged terms, and so on.

Generally, however, the drawing together and levelling up cannot be viewed as a factor restricting the opportunities for economic growth in the more developed countries. As noted above, from the standpoint of the effect on economic growth, the drawing together and evening out of the economic development levels of the socialist states, which lead to an increase in intensive forms of economic, scientific and technological collaboration, are of great importance. This, in turn, enhances the impact from using foreign economic ties for the economic growth of each of the countries. Consequently, the drawing together and evening out of economic levels, in themselves a certain function of co-operation and integration, create the conditions for their transition to a qualitatively higher stage, and enhance their role in the system of intensive economic growth factors.

Particular attention should be focused on the tremendous importance for this process of the organisational-economic mechanism for the economic cooperation and socialist economic integration of the CMEA countries, which is taking shape and constantly improving. The CMEA states are working purposefully for a more effective orientation of the integration

mechanism on creating conditions conducive to economic levelling up.

The further convergence of the economic levels of the CMEA countries is based on greater economic cooperation among them, on the use of growth reserves from more intensive participation in the international socialist division of labour, and on realisation of the advantages of the integrational facets of this collaboration. All this is opening up fresh opportunities for the countries that are still relatively less economically developed for raising the economic efficiency of production, while, at the same time, facilitating a further rise in the economies of the economically more advanced socialist states.

The final results of the historic drawing together and evening out of economic development levels are taking shape through changes in several of the basic parameters of extended reproduction. The rate of this process depends on the initial magnitudes of these parameters in individual states, on the intensity with which the social division of labour gains in depth on both a national and international scales, the rate of growth of social labour productivity and the transformation of economic structures, on that of social production within them and on the rate at which the economically less developed countries catch up in their economic development with the economically more advanced states.

Structural changes in the economy and the formation of optimum national economic complexes hold a special place in this process.

By the late 1960s, the European CMEA countries had already resolved the main problems involved in creating a modern structure for national economic complexes. Industry had firmly

occupied the dominant position. The share of Department I in social production had grown considerably, as had Group A (producer goods) in industry. A firm basis had been established for accelerated development of modern industries and production lines, for renovation of the industrial product range. All this was correspondingly reflected in the countries' export structures. That meant that those countries which had previously, under capitalism, been backward had achieved a radical restructuring of their economies in the space of only 15 to 20 years.

Table 10

Selected Indicators of Sectional Economic Structure
(per cent)

	Years	Bulgaria	Czechoslovakia	GDR	Hungary	Poland	Romania	USSR
Share of industry in creating the national income	1950	36.8	62.5	47.0	48.6	37.1	43.4	57.5
	1970	49.1	62.1	57.5	43.2	54.6	58.6	51.1
	1979	56.6	64.3	61.0	48.1	52.8	59.5	51.6
Share of agriculture and the timber industry in creating the national income	1950	42.1	16.2	28.4	24.9	40.1	27.3	21.8
	1970	22.6	10.5	12.9	17.7	17.3	19.1	22.0
	1979	19.5	7.3	9.5	15.1*	15.8	15.5	16.3
Share of Group A in industry	1950	38.2	49.4	66.6	65.0**	52.6	52.9	68.8
	1970	54.7	63.5	64.3	65.1	65.0	70.4	73.4
	1979	60.8	68.0	66.2	64.7	64.7	73.6	74.0
Share of engineering in exports	1950	0	25.4	...	23.0	7.7	4.2	11.8
	1970	29.0	50.4	51.7	32.6	38.5	22.8	21.5
	1979	44.7	51.1	55.8	34.2	45.9	26.2	17.5

* Agriculture.
** 1955.

Some indicators reflecting this intensive structural change are given in *Table 10*.

The structural changes were especially intensive up to the 1960s, though they continued to proceed apace even subsequently. Indicative in this respect are the coefficients of the intensity of changes in the sectoral structure of the national income in the post-1960 period, which show two, three and four times higher figures for Bulgaria, Hungary, Poland and Romania than for Czechoslovakia and the GDR.

The drawing together of the European CMEA countries' sectoral structures (though they are not completely identical, this never having been the aim) may be considered as accomplished in the main.

The drawing together and evening out of the economic development levels of the socialist countries takes place in two stages. At the first stage, the evening out was the result of a drawing together of the sectoral structure of production in countries that were considerably different in economic development level. At the second stage, it is related more to the differentiation of the intra-sectoral structure of production, to the deepening of the intra-sectoral division of labour between countries, and to an intensification of their intra-sectoral mutual complementarity. At the second stage, the cooperation between the socialist countries acts as an even more important factor in the evening out of their economic development levels; greater collaboration becomes, even more so, a condition for this process; at the same time, the mutual advantage offered by economic cooperation between countries still at different levels of economic development becomes more pronounced.

At the first stage of the drawing together of the economic development levels of the CMEA countries, they tackled mainly the task of making the sectoral structures of the economy more similar and, on that basis, production, according to individual quantitative indicators, as well. At the present stage, however, this gives way to the tasks of evening out the qualitative characteristics of the economy, indicators of its effectiveness; in tackling this, a very important role is played by the shaping of mutually complementary economic structures through intra-sectoral specialisation, and the ever increasing, intra-sectoral, mutual structural complementing of the CMEA countries' national economic complexes.

The tremendous attainments of the structural policy of the formerly economically backward countries would have been out of the question without international specialisation and co-operation of production. They would not have been able to create large-scale capacities or ensure a modern technical level in engineering. Thus, Bulgarian engineering is, in its key subdivisions, a result of the coordination and deepening of production, scientific-technical integration with the other CMEA countries, above all the Soviet Union. Bulgarian engineering was established with the all-round economic and technological assistance of the USSR and the highest share of its exports go to the Soviet market.

The Bulgarian experience is the most typical example of how, from its very inception, engineering developed under the decisive impact of international specialisation. At present, Bulgaria is specialising, on a bilateral and multilateral basis within the CMEA framework, in the

production of 400 engineering products. It is by virtue of this that the major decisive pattern of production in the country received an exceedingly dynamic boost: the manufacture of mechanical lift trucks (battery-driven vehicles and electric telfers), farm machinery, shipbuilding, precision engineering, the electrical engineering and electronics industry, the manufacture of machinery for the food industry, units and parts for passenger and commercial vehicles, and for textile engineering. Thanks to international specialisation, the electrical engineering and electronics industries now provide over 10 per cent of the country's engineering output. Bulgaria has become one of the biggest exporters of battery-driven vehicles and electronics products, and is already among the 29 countries that account for 99 per cent of the world's engineering exports. In 1979, 45 per cent of Bulgaria's exports was plant and machinery.

The structural changes that have been carried out have been a major factor in the dynamic economic growth and the faster growth rates of the social product, national income and industrial production in the less developed countries.

A convincing illustration of the opportunities opened up by socialism and cooperation among the socialist states is also provided by the development of Mongolia and Cuba, which became CMEA members in 1962 and 1972 respectively.

With fraternal help from the socialist countries, first and foremost the Soviet Union, Mongolia is successfully creating modern productive forces. Industry now has over ten branches. In 1976, 25.1 per cent of the country's national income came from industry (cf. 14.6 per cent in 1960). Between 1961 and 1976, industrial

output rose 4.3 times, and the national income doubled.

The fraternal countries render a great deal of gratuitous help to Mongolia in the construction of industrial, agricultural and transport enterprises, the creation of science and research centres and personnel training, and the provision of technical documentation. The country's natural resources are being successfully explored and, with the help of the socialist countries, the construction is envisaged of large-scale projects in the extractive industry. One example of the implementation of such projects is the joint Mongolian-Soviet construction of the Erdenet mining and concentrating copper and molybdenum combine. Realisation of the Comprehensive Programme for socialist economic integration involved the setting up by the CMEA countries of an International Geological Expedition, which has already discovered and explored several valuable mineral deposits. Another aspect of the Comprehensive Programme being successfully applied is the establishment of privileged foreign trade prices for Mongolian livestock and meat, these being the country's main export items. During the current five-year period, cooperation between Mongolia and the other CMEA countries is moving to a new and higher level, and its role in speeding up Mongolia's economic development will grow.

The development of the Cuban economy is also inseparably linked with the large and constantly growing assistance the country receives from the USSR and the other CMEA countries. During the most difficult period of economic blockade by US imperialism, the Cuban economy developed mainly through Soviet deliveries of

fuel, materials, technical aid and credit. Since Cuba joined the CMEA, its economic, scientific and technological cooperation with other CMEA member states has expanded. With the assistance of the Soviet Union alone, in the current five-year-plan period 176 industrial and other projects will be completed. With the economic and technical assistance of the CMEA states Cuba is developing its metallurgical, engineering, power engineering, chemical and oil refining industries, the production of building materials, modernising its sugar industry and promoting its agricultural production. Cuba is taking a growing part in implementing several measures and projects on a multilateral basis aimed at promoting international specialisation, deepening scientific and technological cooperation and at jointly creating productive facilities.

The experience of the European CMEA members provides convincing proof that the socialist community is capable of successfully evening out economic development levels through a faster growth rate of the economically less developed countries. During the years of people's government, the levels of their economic development have come so close together that now there are no longer any real grounds for dividing them into economically highly and less developed countries, since the remaining differences in economic levels, left over from uneven growth in the past, have become considerably less.

Table 11 shows certain overall figures on the relative levels of economic development of the European CMEA states. Despite the considerable degree of arbitrariness in the calculations, the figures provide a rough idea of the way these levels have drawn together and been evened out.

Table 11

Approximate Correlation of the Levels of Economic Development of the European CMEA Countries by the mid-1970s

(per capita, USSR = 100)

	Bulgaria	Czechoslovakia	GDR	Hungary	Poland	Romania
Social labour productivity (per worker in material production)	74	111	123	86	73	71
Level of scientific and technological development	67	109	117	80	65	63

The maximum gap in the per capita production of the national income between the European CMEA states by the mid-1970s had diminished to 1.4 times. The difference between the highest and lowest per capita industrial output had actually been halved. The maximum difference in levels of social labour productivity fell to approximately 1.7 times, while that between the countries in total per capita consumption fund fell to 1.6 times. This shows that the drawing together is ultimately aimed at making the living conditions in the socialist countries similar. That is in sharp contrast to former development and to the prospects of the world capitalist economy: according to estimates made by the International Bank for Reconstruction and Development, the major capitalist countries were likely to increase their per capita national income between 1970 and 1980 from 3,100 to

approximately 4,000 dollars, while for the economically least developed countries, the population of which numbers about a thousand million, the figures were 105 and 108.

A comparative analysis of the current five-year plans of the CMEA member states and the long-range plans up to 1990 shows that the countries with a lower economic level will continue to develop faster. The levelling up will depend much more than hitherto on a deepening of integration ties among the countries, on effective concentration, specialisation and cooperation of production on an international scale, and on coordinated development of national economic complexes.

Today, when a considerable drawing together and evening out of economic development levels of the European CMEA countries has been achieved and when new countries with a relatively low economic level have joined the community, the prime task is the accelerated development of Mongolia, Cuba and Vietnam. Experience shows that the theory and practice of a gradual drawing together and evening out of the economic development levels of the socialist states present the peoples of the world with an utterly new concept of promoting international economic relations. What has already been achieved by the CMEA countries in this respect and the prospects for the future are an unprecedented and convincing demonstration of how they have taken advantage of the opportunity, presented by socialism, for solving one of the most acute international socio-economic problems—that of overcoming the huge discrepancy, engendered by capitalism, in the economic development and living standards of individual countries.

CHAPTER 7

MAJOR DIRECTIONS AND THE MECHANISM OF ECONOMIC COOPERATION AMONG CMEA COUNTRIES: PRESENT AND FUTURE

Cooperation Between the CMEA Countries in Resolving Major National Economic Problems

As socialist economic integration develops, the CMEA countries tackle several common vitally important economic tasks. They include mutual collaboration for the purpose of helping 'to ensure the mounting economic requirements of countries over the long term in fuel, energy and raw materials ... mainly through the production and rational use of CMEA countries' resources'.¹

The *Guidelines for the Economic and Social Development of the USSR for 1981-1985 and for the Period Ending in 1990* said that the economic cooperation of the CMEA countries is centred on resolving crucial problems such as energy, supply and rational use of fuel and raw materials; raising the technical level and the quality of products of engineering, extending cooperation in the manufacture of progressive types of machines and equipment; and extending the range and improving the quality of consumer goods. That is the purpose of the jointly elaborated special-purpose long-term cooperation programmes of the CMEA countries for the period up to 1990.

The complexity of providing a fuller and more comprehensive supply of fuel, raw and other

materials stems from a number of mutually related factors: the considerable dynamism of economic development in the socialist countries and the rapid growth of requirements for energy and raw materials; the lack in several countries of many types of prospected mineral resources; the need for large investment for a constant and far-reaching development of capacity in the extractive industry; requirements for concerted efforts by the countries for promoting production and mutual deliveries of raw materials.

The possibilities of the socialist countries individually to promote production of fuel and raw materials are extremely varied. Many of them do not enjoy sufficient prospected resources of oil, natural gas, iron ore, raw materials for the production of non-ferrous metals, and other economic minerals. At the same time, each of them has considerable resources of certain types of raw materials, while the Soviet Union has enormous deposits of a whole range of minerals. The international socialist division of labour, cooperation in developing the extractive industry and the exchange of various products from it enable the socialist states to eliminate a rigid dependence of each CMEA country's economic growth on its limited national natural resources. Cooperation between the socialist countries has become a powerful factor promoting fuel and raw material production and satisfying the requirements of each CMEA country.

A major positive result of the combined efforts in ensuring stable growth of the production of fuel and raw materials is the increased share of the CMEA countries in world total. While in 1970 the share of the CMEA countries in the world production of electricity amounted to 19.7 per

cent, in 1979 it had grown to 21 per cent, while in steel smelting their share had increased from 26.2 to 28 per cent. In 1979, the CMEA countries also accounted for 31 per cent of the world output of coal and lignites, 19.2 per cent of the oil, 30 per cent of the natural and associated gas, and 22 per cent of the cement.

Development of the fuel and raw material economy of the socialist countries has enabled them widely to promote mutual deliveries of necessary products. In 1975, the CMEA countries satisfied 75 per cent of their oil and oil product import needs through mutual deliveries, 99 per cent of the coal, 77 per cent of the iron ore, 71 per cent of the non-ferrous metals, and 81 per cent of the sawn timber. Thus, thanks to the international socialist division of labour and cooperation, the bulk of CMEA requirements for fuel and raw materials is being satisfied by their aggregate production; this is a prime condition for stable development of the socialist economy.

The Soviet Union takes first place in supplying the import requirements of other CMEA countries in energy resources and raw materials. In a number of cases, Soviet supplies occupy a leading place both in imports and in satisfying the overall national economic needs of the socialist countries. For example, the Soviet share in meeting the total Hungarian requirement for energy and energy-carriers amounted to 42 per cent in 1975 and continued to grow in the years that followed. The fuel and raw material resources of the USSR have acquired paramount importance both nationally and internationally.

Soviet supplies of electricity, fuel, raw and

other materials to other CMEA countries have reached huge proportions. In the period 1971-75, supplies of fuel resources from the Soviet Union to its CMEA partners amounted to 562 mln. tonnes of conventional fuel and increased by 76 per cent over the 1966-70 period; from 1976 to 1980, the export of these resources increased by about 40 per cent against the previous five-year period, and the supplies of other types of raw materials are continuing in the present large amounts or are expanding.

As well as exporting fuel and raw materials, the Soviet Union is helping other member countries to carry out industrial construction on their territories. By 1 January 1980 the USSR had helped to build in these countries as many as 2,258 industrial enterprises, of which 1,350 are already in operation. A large part of them were enterprises in the fuel and raw material sector of the economy: power engineering, ferrous and non-ferrous metallurgy, coal, gas and oil extracting industry, chemical production, etc. The Soviet Union thereby encourages the further development of the extractive industry in other socialist countries, the expansion of their production in processing fuel and raw materials; its deliveries of raw materials also keep the manufacturing industry supplied.

Between 1971 and 1975, the Soviet Union exported raw materials to the aggregate sum of 67,800 million roubles, including 33,800 million roubles of raw materials to the CMEA countries—i.e., 50 per cent of the Soviet exports of raw materials. The differences, during this period, in levels of world and contract prices for raw materials should be kept in mind. Taking account of this and assessing Soviet exports of

raw materials at the same prices (world or contract), the share would be considerably higher than 50 per cent. Thus, Soviet raw material exports are mainly oriented on CMEA in spite of the long-standing economic ties between the USSR and the rest of the world. This geographical orientation of Soviet raw material exports corresponds to the interests of CMEA and to the tasks and goals of socialist economic integration.

The fuel and raw material problem of CMEA has become an international one, so each of the member countries is constantly increasing its contribution towards solving it. In the period 1976-80, for example, Poland supplied the CMEA countries with over 74.5 mln. tonnes of coal, almost 10 mln. tonnes of coke, more than 9.6 mln. tonnes of sulphur and some 240,000 tonnes of copper. In return, Poland received ferromanganese, cold-rolled steel sheet, transformer oil, polyacrylic fibre and PVC from Bulgaria; alumina from Hungary; potassium salts, coal, fluorite and kaolin from the GDR; metal products, magnesite, several semi-finished products and raw materials for the chemical industry from Czechoslovakia; oil and petrochemical products and aluminium from Romania.

The CMEA countries are tackling the fuel and raw material problem through all-round use of various forms of joint planning, above all coordination of national economic five-year plans. The Coordinated Plan for Multilateral Integration Measures of the CMEA Countries for 1976-80 was important for speeding up the development of production and supplies of energy, fuel, raw and other materials. The overall estimated cost of projects constructed and supplementary capacity created by joint efforts, in

accordance with this plan, amounts to approximately 9,000 million transferable roubles. Expenditure on tackling the fuel and raw material problem comes to almost 90 per cent of this amount. The total amount of investment made by the USSR and the other CMEA states in the 1976-80 period, according to the Coordinated Plan, for building projects within the USSR is in the region of 6,500 million roubles, including some 3,400 million roubles invested by other CMEA countries.

Among the projects within the Soviet Union, in accordance with the Coordinated Plan, the biggest is Orenburg-Western Frontier Gas Pipeline stretching 2,800 km. The participants were Bulgaria, Hungary, the GDR, Poland, Romania, the USSR and Czechoslovakia, the Soviet Union being responsible for over half the expenditure. The gas pipeline was commissioned in 1978.

The combined resources of Bulgaria, Hungary, the GDR, Poland, the USSR and Czechoslovakia have resulted in the building in the USSR, in line with the Coordinated Plan, of capacity for producing iron-containing raw materials (iron ore pellets and concentrates), as well as various types of ferroalloys. After the commissioning of these projects, deliveries of iron-containing raw materials from the USSR to other CMEA countries are to increase by more than 20 per cent over the 1975 figure.

The building of the transmission lines Vinnitsa-Zapadnoukrainskaya (USSR)-Albertirsa (Hungary) with a voltage of 750,000 volts is also sure to produce a major effect. It will make it possible to operate the power systems of the CMEA countries in parallel to a power of 100 mln. kw; the new integrated power system will attain

a total capacity of 160 mln. kw. The commissioning of this line in 1978 made it possible to supply Hungary, the GDR and Czechoslovakia with 6,400 million additional kwh of electricity from the USSR a year.

The joint efforts of interested CMEA states have enabled them to develop construction in the USSR of the Ust-Ilimsk pulp-and-paper plant, the Kiembai asbestos dressing complex and several other projects. The participant countries will be reimbursed by Soviet supplies of products from these projects.

The construction of large-scale projects for raw material complexes is going on in other CMEA countries. In Cuba cooperation projects are to include two factories for producing nickel with an annual output of 60,000 tonnes. Nickel production here is to reach an annual 130,000 tonnes, which is equal to a quarter of the present world total. The Soviet Union and Mongolia have started the construction in Mongolia of a copper and molibdenum mining and dressing complex in Erdenet, as well as a number of other projects.

As cooperation between the socialist countries continues, they have approached the need to tackle the fuel and raw material problem through joint planning for both the medium term (5 years) and the longer term (10-15 years). The latter is necessary because the designing and building of many large projects in a fuel and raw material complex take a relatively long time (8-10 years or more), require the mobilisation of large material and financial resources, and make it necessary for planned structural readjustments in sectors to be related to the supply of raw material products.

The 31st CMEA Session in 1977 underlined the need to ensure a coordinated resolution of the most important economic problems revealed in working out LTSPCs; this is to be done as the CMEA states coordinate their national economic plans for 1981-85. The 32nd Session in 1978 approved a long-term programme for fuel and raw materials.

Elaboration and realisation of such a programme for the fuel and energy and raw material economic sectors show the advantages of the socialist alternative for resolving this most complex problem.

Behind this solution lies, above all, a further coordinated improvement in the inter-sectoral and sectoral structures of the CMEA national economic complexes, a planned reduction in the energy- and material-intensiveness of production through the use of scientific and technological achievements and the international socialist division of labour. In this connection it is possible, for example, to develop in Siberia the production of energy-intensive chemical products (ammonia, methanol, polyethylene, rubber, etc.) for delivery to other CMEA countries.

The realisation of this project would contribute significantly to resolving the fuel and energy problem. In its eastern regions, the Soviet Union possesses considerable reserves of energy resources, especially brown coal and chemical raw materials, which are difficult to transport to the European part of the USSR and to the European CMEA countries from the technical and economic points of view. To locate energy-consuming production in the eastern regions of the USSR would be the most rational way of using these resources, of producing and trans-

porting the output. Other CMEA countries with limited fuel resources could specialise in the production and supply of non-energy-intensive low-tonnage chemical products like, for example, epoxy resins, dyes and chemical additives. Mutual deliveries of energy-intensive and non-energy-intensive products could be balanced out in cost terms or the principle of equal investment in creating such industries could be the basis for such cooperation.

The national economic structures of the CMEA countries contain large reserves for their improvement in connection with a further rationalisation of the consumption of raw materials, fuel and energy. Thus, an increase in the intensity of oil refining approximately from 50 to 70 per cent, so as to increase the production of light petroleum derivatives for obtaining motor fuel and chemical materials obviates, in a number of CMEA countries, any excessive growth of the consumption of imported prime raw material (oil). This solution is, however, connected with a faster use of domestic resources of black and brown coal, which are in more abundant supply, as well as lignites, as fuel for thermal power stations. The European CMEA countries (excluding the USSR) have considerable prospected reserves of black and brown coal and lignites, valued at about 105,000 mln. tonnes. In addition, the figure for estimated deposits is almost 80,000 mln. tonnes. These resources make it possible to increase the extraction of solid fuels, to expand their use in the power industry, in the home and public facilities, etc. At the same time, the electro-technological processing of coals enables us to count on a sufficiently high future efficiency for obtaining synthetic liquid and gas

fuel. In this context, cooperation in working out effective methods for processing coals and further developing international specialisation in the production of underground and opencast mining equipment is becoming particularly urgent.

Cooperation in the promotion of the nuclear power industry is becoming a major factor in tackling the energy problem in the CMEA states. With the help of the Soviet Union several large nuclear power stations (NPS) have been built or are under construction in other countries of the community. The total capacity of NPSs in Bulgaria, the GDR, the USSR and Czechoslovakia in 1976 amounted to 7.5 mln. kw.

With the technical assistance of the USSR, new NPS facilities are being built in Bulgaria, Hungary, the GDR and Czechoslovakia. Preparatory work is under way for building NPSs in Poland, Romania and Cuba. The LTSPC for the fuel and raw material sectors envisages a further accelerated development of the nuclear power industry in the CMEA countries.

Development of the nuclear power industry helps to rationalise the ties between the CMEA countries in the fuel and power system. An NPS with a capacity of 1 mln. kw consumes 30 tonnes of low concentrated uranium a year, while a thermal power station of the same capacity consumes about 2.5 mln. tonnes of coal. The construction of several NPSs in CMEA states possessing limited power resources is likely to ensure an annual saving of tens of millions of tonnes of traditional fuel imports. The cost-to-performance indicators of NPSs operating in CMEA countries and elsewhere show that they are no less economically efficient than thermal

power stations, and in several instances they are even more economical.

In accordance with the LTSPC for fuel and raw materials in the period up to 1990, NPSs with a total capacity of up to 37 mln. kw are to be built with Soviet assistance on the territories of other CMEA countries. It is also proposed to build two NPSs in the USSR with an aggregate capacity of 8 mln. kw to supply electricity to other CMEA countries. The setting up of such large power installations, bearing in mind the accumulated experience of cooperation, requires interaction both directly in the building of NPSs and in the sphere of R and D; in several manufacturing industries (particularly in engineering) and in developing fuel extraction; it also involves communications.

The fuel and raw material problem is being tackled by the CMEA countries through a wide-scale joint search for the most effective technology. The basis of this work is the concerted plan for cooperation by CMEA member states in conducting scientific and technological research for 1976-80. This plan embraces, for example, the programme of scientific and technical cooperation of the CMEA countries for the solution of fuel and energy problems in 1976-80 and further on till 1990. As many as 370 organisations from CMEA countries are taking part in implementing this programme. Among the problems being jointly studied by organisations from the socialist countries are the building of power-block units with nuclear reactors, with a capacity of 1 mln. kw, and the creation of plant for making more efficient use of all types of fuel.

Cooperation in tackling the fuel and raw material problem testifies to the profoundly interna-

tionalist approach of the socialist countries in satisfying their mutual requirements for energy, raw and other materials. The mineral resources of the CMEA countries, above all of the Soviet Union, are a vital factor in their common economic growth. In their use of these resources they take broad advantage of the various forms of interaction among socialist countries—from traditional foreign trade supplies of raw materials to combined investment and the joint construction of production facilities. As a result, they are intensifying the process of coordinating their activities in the extractive industry. At the same time, a faster growth in the fuel and raw material sphere in some CMEA countries encourages in others the development of a manufacturing industry oriented not only on their own national markets, but also on supplying products to other CMEA countries. The inter-sectoral international socialist division of labour is an essential aspect of the growing economic integration between the CMEA countries.

The internationalist approach to using the mineral resources of the CMEA countries has two fundamental features. One of them is connected with an increase in the production of raw materials in these countries for mutual supplies. The other is cooperation in the interests of a careful and highly efficient use of all minerals and the energy and products obtained from them in the CMEA countries. Mineral resources are not replenishable, and no matter how great the reserves are, there are natural limits to their exploitation. Thus, at any given moment the rational use of natural resources has to take account of the interests of future generations in the socialist countries. In this connection,

it is all the more important to develop cooperation in the CMEA states in using the achievements of scientific and technological progress for the economical utilisation of primary resources, the search for new sources of energy and raw materials, the installation of power- and material-saving methods and the broad use of recycled materials.

The current and long-term approach in drawing up and implementing LTSPCs by CMEA in tackling the fuel and raw material problem are mainly oriented on further rationalising the consumption of energy resources and materials and using the latest technology. The CMEA countries have to ensure a substantial reduction in the proportional expenditure of fuel and energy in the economy, improve the quality and expand the range of metal products so as to cut down metal-consumption in engineering and construction and step up the output of timber materials. An internationalist approach to tackling the problem means a more purposeful use of energy resources and raw materials, both those extracted at home and those received from other CMEA countries. Cooperation between the CMEA countries in this area does not, therefore, mean mutual satisfaction of any of their import-oriented needs for fuel and raw materials, but only those which arise and develop in accordance with the requirements of economic growth and the available opportunities to use the achievements of scientific and technological progress. The objective need for a more rational use of home-produced and imported fuel and raw materials fully accords with the national interests of the CMEA countries. A reduction in energy- and material-intensiveness is a vital factor behind higher

production efficiency and the dynamic development of each socialist country's economy.

The CMEA states attach prime importance to stepping up the production of foodstuffs that ensure a rational diet for the population. They are investing immense funds in boosting agriculture, the food industry and other branches of the economy that ensure the resolution of the food problem (the production of mineral fertilisers, agricultural and food engineering, etc.).

The development of agriculture and the food industry has guaranteed a considerable improvement in food supplies throughout CMEA. Important quality changes are occurring in the food consumption structure. In particular, there is a rise in the share of non-fat meat and poultry in consumption; the range of dairy products is being widened and the public is buying more vegetables. With the growth in the consumption of animal proteins, bread and potato consumption falls. At the same time, the overall consumption level of certain important foodstuffs in several countries has not yet reached the rational consumption norms accepted in those countries.

The main way to achieve a comprehensive solution to the problem of ensuring rational food provision in the CMEA countries is further to develop agriculture and the food industry, as well as associated branches. At the same time, the international division of labour and, above all, increased cooperation among the socialist countries in the agrarian-industrial sphere is of growing importance. Foreign economic ties, as experience shows, are an essential factor in accelerating the development of the agrarian-industrial sphere and in implementing effective

changes in the provision of food to the general public.

Through cooperation, the CMEA countries are satisfying their basic import requirements for many types of foodstuff. In 1975, the Soviet Union received 67 per cent of its fresh vegetable imports from CMEA, 97 per cent of its tinned vegetables and 73 per cent of its processed fruit products.

The CMEA countries are supplying one another with foodstuffs in accordance with the set specialisation orientations. Bulgaria, Hungary and Romania, for example, are exporters of vegetables, fruit, meat, eggs and grain; the USSR is exporting grain, vegetable oil, fish and sugar; Cuba—sugar and fruit; Mongolia—meat and dairy products. Cooperation in tackling the food problem is developing along several main lines. In plant-growing, it is mainly through selection and seed-growing. Each CMEA country has a large selection of plant species. International experimentation with different sorts of farm crops enables them to select and exchange the most productive sorts and hybrids. For example, in the 1971-73 period alone, the Soviet Union received more than 5,000 types of new seed grades from other CMEA countries and provided them with 12,000 grades. International experimentation in this field enabled the CMEA countries in 1976 to introduce 307 plant types into agriculture and to regionalise their farming.

This sphere of cooperation is having good effect. According to statistics compiled by Czechoslovak scientists, 1 koruna being spent on studying plant grades ensures 15 koruny from improved productivity. The sowing of Polish

oat grades in the USSR has meant a 2-2.5 centner per hectare higher yield than local oat grades. In the Soviet Union, as a result of sowing some 2.5 mln. hectares of cereals to selected grades from the GDR, Poland, Romania and Czechoslovakia, the yield increased by 400,000 tonnes in 1974. Soviet grades of certain cereals are being widely used in CMEA. Thus, Soviet sunflower has become widespread in Hungary and Bulgaria; Soviet winter wheat in Bulgaria, Hungary, the GDR, Poland, Romania and Czechoslovakia. In the 1961-70 period, cooperation in selection and seed-growing produced an increase in the average potato yield in the CMEA states of 21 centners per hectare, while the average annual production of cereals increased by approximately 20-30 per cent between 1966 and 1975.

Bearing in mind the positive experience in this area of cooperation and the need to consolidate and spread it, in 1973 the CMEA countries signed the agreement on multilateral specialisation in growing variety seeds and seedlings for crop farming, which defined the specialisation of each country in this area. The Soviet Union specialises in the production of graded and hybrid seeds for winter wheat, maize, peas, sunflowers, hemp for primary seed-growing, graded seeds for hard wheat, oats and millet; the GDR specialises in the production and supply of spring barley seeds; Poland in sugar beet and winter rye seeds; Romania in grapevine cuttings, and so on. Seed-growing is one of the most promising areas of cooperation in agriculture.

Owing to the rapid growth in CMEA requirements for livestock products, cooperation is

very urgent in developing this area of farming. One of the main tasks is to create new and improve existing pedigree groups and lines of farm animals, as well as to use them for improving the results of interbreeding on a commercial basis.

An important area of cooperation in genetics and animal selection is a growing exchange of original herd stock.

Cooperation is particularly important in developing the microbiology industry, thereby ensuring supplies of feed proteins, vitamins, aminoacids, ferments and other produce to livestock breeding. By 1985, the cooperation among the CMEA countries plans to create a production capacity of an annual 600,000 tonnes of fodder yeast, methionine, lysine, vitamins, etc. Measures have also been mapped out for working out cost-to-performance justification for building possibilities between 1980 and 1985 by the joint efforts of interested countries for plants to manufacture methionine in Poland, lysine in the USSR, and certain vitamins in Romania. A particular feature of the microbiology industry is its great and constantly growing product range; therefore, to meet the demands of livestock breeding for fodder yeast, vitamins and other additives to animal fodder, it is necessary to extend the international specialisation and cooperation in microbiological production and to build enterprises jointly.

Cooperation is growing among the CMEA countries in the production of mineral fertilisers. This area of interaction is extremely important considering that only the USSR and the GDR have the necessary resources of potassium salts.

An example of cooperation in this area is the

building of a complex for extracting potassium salts in the GDR with a capacity of 900,000 tonnes—i.e., more than a quarter of the country's production. Several CMEA countries participated in this project, its output being used in the GDR and in Bulgaria, Hungary, Poland and Czechoslovakia. On the basis of Soviet natural gas, a large plant is being built in the GDR for manufacturing urea; equipment for the plant came mainly from Czechoslovakia. The USSR and Hungary are also taking part in the construction.

In 1973, the CMEA countries concluded a multilateral agreement on creating enterprises to produce plant protection chemicals, the agreement taking account of specialisation and cooperation in their production. Interchim—the socialist countries' international organisation for cooperation in low-tonnage chemical production—is acquiring ever increasing importance in forecasting the development of plant protection chemicals in the CMEA countries and preparing proposals for specialisation and cooperation in this.

The common boundaries of the CMEA states are an important condition for their joint land-improvement projects for the purpose of irrigating, water supplying and draining frontier land. Cooperation is going on between the USSR and Poland in organising water utilisation over huge areas along the borders between the two countries. Work is continuing on basic land reclamation (regulation of river-beds, building of reservoirs and canals) and on draining arable land, meadows and pasture land. The USSR and Romania have jointly designed and built an irrigation-hydro-power complex on the River

Prut. The construction consists of a dam, two hydro-electric stations and a reservoir with a capacity of 1,400 mln. cu m. The dam will reduce the danger of flooding, while the reservoir will improve water supplies to neighbouring regions in both countries. As much as 70,000 hectares of arable land on each side will be provided with water, and the fish farms of both countries will receive a major boost. The building and maintenance of these facilities are ensured by the USSR and Romania sharing the investment and operating costs equally. The electricity and water resources will also be distributed equally between them.

Measures are being drawn up for multilateral cooperation in the Danube and Tissa river basins. The USSR has adopted a scheme called the Complex Utilisation of the Tisa Basin Resources, in which the Soviet part of the improved floodlands occupies 700,000 hectares of marshy land; it includes measures covering land on the borders with Hungary and Czechoslovakia. Planners from the three countries have agreed on all issues that affect their common interests.

Other CMEA countries (the GDR and Poland, Czechoslovakia and Poland, etc.) are coordinating efforts on a broad scale in the sphere of land reclamation and irrigation in their border regions. The objects of the joint efforts are hydro-technical plants, irrigation and drainage systems, in CMEA territories far from the frontiers as well as in border zones. The opportunity for this is backed up by the experience of creating Bulgaria's largest hydro-power complex, the Belmeken-Sestrimo in the Rila Mountains; the USSR, Czechoslovakia and other CMEA countries took part in building it. The huge building and

technical capacities in these countries enable them to intensify cooperation in this direction as well.

The multilateral cooperation within CMEA in the agrarian-industrial sphere has resulted in the production of more foodstuffs.

For the purpose of further resolving the food problem, the CMEA countries have adopted a LTSPC for agriculture and the food industry. This programme, like similar ones in other production spheres, is calculated for the period up to 1990 and envisages the gradual tackling of specific objectives.

The solution of major national economic problems among the CMEA countries (fuel and raw materials, foodstuffs, etc.) very much depends on the further development of the engineering base and of the manufacture of highly efficient up-to-date plant and machinery. Each socialist country needs an enormous range of engineering products, running into many hundreds and thousands of items. It is no longer realistic for each country to try to supply its own needs for all types of plant and machinery; it is simply impossible for each one to develop its scientific and technological potential and production in all directions, in view of the limited national financial, material and labour resources. What is more, the development of multisectoral engineering in each country would lead to the creation of an enormous number of small and low-capacity enterprises, with a low economic output efficiency and other disadvantages.

The accelerated development of engineering in the socialist countries is being attained increasingly through the international division of labour, particularly within the framework of

mutual international specialisation and cooperation of production. Each CMEA country is deliberately reducing or completely halting its own production of certain types of engineering product and, at the same time, developing the output of other forms of plant and machinery. By reducing or halting production, the country orientates itself on satisfying its requirements from supplies from other socialist countries; promoting engineering capacity in selected areas, it plans the marketing of this output both in its own national economy and in the other socialist states, and in a number of instances in non-socialist countries as well. The direct result of international production specialisation and cooperation is, therefore, a concentration of capacity and resources, a growth in the efficiency of output and quality, and savings on all types of expenditure.

Development of engineering on the basis of international specialisation and cooperation is a complex affair, so the cessation of a particular type of production in any country necessitates additional investment in the reconstruction and reorientation of existing enterprises as well as staff retraining. It is no less difficult to set up new production, oriented on both the home and foreign markets. International production specialisation and cooperation are possible only when there is a clear agreement among the cooperating countries on production programmes in the long term, and on the volume of mutual supplies, the technical specifications of output, the prices on mutual deliveries, etc. The planned economic system in the socialist countries and their coordinated activities provide a favourable basis for promoting international socialist

specialisation and cooperation of production, and an increase in the export and import of engineering goods.

In the 1971-75 period, the sales of plant and machinery within CMEA amounted to more than 52,000 million roubles, as against 27,000 million roubles in the 1966-70 period. The share of engineering products in the total exports of the CMEA countries increased in those years from 38 to 43 per cent. This rapid growth of trade in plant and machinery was maintained from 1976 to 1980.

Large supplies of modern plant and machinery exert an active effect on the technical re-equipment of the national economy; they encourage the development of new production lines and the further economic development of the CMEA countries. Thus, Soviet supplies of machinery have helped Hungary in the construction of some 60 large industrial projects; Soviet supplies account for 76 per cent of the Hungarian imports of tractors, 79 per cent of the combine harvesters, 43 per cent of the cars and 40 per cent of the commercial vehicles. Soviet machinery is having a major effect in CMEA countries on the power, iron and steel industries, air and road transport, shipbuilding and other sectors. In turn, imports from other CMEA countries have acquired an important role in meeting Soviet plant and machinery requirements. Through such imports, the USSR is able to meet between 30 and 50 per cent of these requirements for such things as transport vessels, automatic telephone exchanges, loaders of all types, passenger carriages, and up to 10 per cent of all the new buses used in the economy. The Soviet Union also imports from other CMEA countries entire plant

for the chemical, light and food industries and other economic sectors.

International production specialisation and cooperation are having an increasing influence on the mutual exchange of engineering products. By the end of 1977, 78 agreements had been signed by the CMEA states in engineering and electrical engineering on multilateral international specialisation and production cooperation, embracing over 8,000 items. As a result some 75 per cent of specialised production items are concentrated in no more than two countries, including some 50 per cent in a single country. Together with agreements of a multilateral character among the CMEA countries, they are concluding and implementing many hundreds of bilateral agreements on specialisation and cooperation in engineering. The proportion of specialised types in the overall mutual deliveries of plant and machinery between the CMEA states grew from 23 per cent in 1975 to 34 per cent in 1977.

One of the major achievements of the CMEA countries in economic, scientific and technological integration is the ongoing joint production of the Uniform Computer System (UCS) of the Ryad (Series) type. Dozens of plants in the USSR, Bulgaria, Hungary, the GDR, Cuba, Poland, Romania and Czechoslovakia are taking part in this cooperation. A general council of chief designers exists to implement an agreed policy for introducing the System into the national economies of the socialist countries. Cooperation has ensured the large-scale development of computer production. Before 1970, the CMEA countries produced some 30 types of second generation computers that were technically incompatible.

Within the UCS eight types of third generation computers, compatible in all technical aspects, are being produced. In 1971-75, the exchange of computer technology among CMEA states amounted to some 3,000 million roubles, and in subsequent years mutual supplies of this equipment will grow by approximately 170 per cent.

The Soviet Union is the CMEA manufacturing centre for nuclear energy plant. This area of specialisation in the USSR is being enhanced particularly with the building of the Atommash plant. Several CMEA countries are developing production and cooperation in supplying certain facilities for nuclear power stations. The development of nuclear energy in the CMEA countries necessitates a constant boosting of the production of nuclear power plant. The Soviet Union is helping other CMEA states to set up and develop this production. For example, in 1974 a Soviet-Czechoslovak inter-governmental agreement was signed on cooperation in the manufacture of equipment for nuclear power stations. As a result, Czechoslovakia was able to launch the serial production of nuclear reactors and other types of plant to satisfy its own needs and supply other countries. New facilities for promoting this production have been built or are under construction at several heavy engineering works in Czechoslovakia which has thus joined the USSR as a centre for the production of complete equipment for nuclear power stations in the CMEA community. The production of complete plant for nuclear power stations in other CMEA countries is growing in importance. All this ensures favourable prospects for the development of nuclear power engineering in the socialist states.

Cooperation in the motor industry is another area that is going ahead successfully within the community. Hungary supplies the USSR with the Ikarus coaches and rear axles that fit both for Hungarian coaches and for Soviet ones from the Likino and Lvov coach works, as well as for trolleybuses. On the other hand, the USSR is supplying Hungary with commercial and passenger vehicles. Cooperation is also expanding in a number of CMEA countries in the production of Soviet Lada cars.

By agreement between the relevant Soviet and Czechoslovak ministries, the division of labour is developing in the manufacture of over 70 types of equipment and production lines for the light and food industries. Under the terms of this agreement, Czechoslovakia supplies the Soviet textile industry with highly productive spindleless spinning machines, while the USSR supplies its partner with ring-spinning machinery. At the same time, in cooperation with Czechoslovakia, the USSR is developing the large-scale serial production of pneumatic spinners, which today form the basis of technical retooling of spinning production. Cooperation is also intensifying in the manufacture of weaving machines. Czechoslovakia has concentrated capacity on the output of pneumatic shuttleless machinery. At the beginning of 1977, more than 18,000 such machines supplied by Czechoslovakia were operating in the USSR. The Soviet Union is specialising in the production of shuttleless automatic weaving machines and is exporting them to Czechoslovakia.

A considerable achievement of multilateral cooperation among the CMEA countries is cooperation in manufacturing shuttleless automatic

weaving machines of the STB type, which raise labour productivity by 150 per cent compared with that obtained on shuttle-type automatic machinery. Owing to cooperation in this production, in which Bulgaria, Hungary, Poland, the USSR and Czechoslovakia are taking part, the Soviet Union increased its output of them from 10 machines in 1971 to 3,600 in 1975. The countries taking part in the cooperation receive from the USSR modern automatic machines in the numbers necessary for successfully developing their weaving production.

As the mechanisation of agriculture increases, so too does the range of plant and machinery for plant-growing, livestock and animal feed production, for land reclamation and water works. In the USSR the domestic plant system drawn up for 1971-75 included 2,360 types of tractors, farm machinery, assembly units and implements, even though the production of several outmoded items ceased. Of this number, Soviet industry accounts for about 60 per cent. It is inexpedient for any single country to produce the whole range of machinery for agriculture. This heightens the importance of coordinated international specialisation in this sphere.

Disproportions sometimes occur in farming in the mechanisation of interrelated processes. If production mechanisation is not comprehensive enough, this holds back the growth of labour productivity and reduces the efficacy of investment in agriculture. Hence the mounting need to define the prospects for the machinery systems required for the comprehensive mechanisation of farming and made in the CMEA states on a cooperation basis.

An international system of machines for overall mechanisation of agriculture and forestry has been worked out within the framework of CMEA. It contains the technological, agrotechnical, zotechnic and exploitation requirements for 750 types and 1,750 standard sizes of machinery. These recommendations take mechanisation spheres into consideration and provide the basis for planning the research and design work on making and improving machinery. This programme is to be implemented over several years.

Agromash is a good example of effective cooperation among socialist states in agricultural mechanisation. This international society for working out a system of machinery and specialisation in making mechanisation means for vegetable growing, horticulture and viticulture consists of Bulgaria, Hungary, the GDR, Poland, the USSR and Czechoslovakia. In the period from 1970 to 1974 alone, Agromash was responsible for the testing and mutual supplying of 146 types of CMEA manufactured machinery and 11 types of machinery made elsewhere. For example, Bulgaria, Hungary and the USSR worked jointly on several machines for the mechanised weeding and harvesting of crops. Their use in Soviet agriculture will enable the country to save over 40 million man-days a year and release 1.5 million people from this work. The benefits of this are also felt in other member countries.

Within the Agromash framework an agreement has been signed on multilateral specialisation for 50 items in machine production. Bulgaria is specialising in making 15 types of machines, including vineyard tractors, soil cutters, seedling planter machines, and combine harvesters for

harvesting wine grapes. Hungary has started producing 14 machine items. The USSR specialises in making 35 machine items, including self-propelling chassis, ploughs and cultivators for vegetable growing and the cultivating of perennial plants, vegetable seeding machines, machinery for harvesting tomatoes, cabbages and carrots, and equipment for hothouses.

Cooperation in developing agricultural engineering is being supplemented by specialisation of the CMEA countries in making equipment for the food industry. Specialisation embraces 545 technological lines, machinery and plant in the food industry. Thus, Hungary specialises in 101 types of means of production, Bulgaria in 88, the GDR and Romania in 79, and the USSR in 73. The cooperation between the socialist countries in agricultural and food engineering is becoming an important factor in solving the food problem.

Agreement between the countries on coordinating the development of machinery and equipment production is consolidated in the form of multilateral and bilateral agreements that include the basic terms of specialisation and cooperation of supplies. Yet, these agreements need to be made more feasible, especially in view of failures to meet delivery dates or deviations from technical specifications.

In the 1974-75 period, the CMEA countries carried out joint planning in the production of certain types of metal-cutting lathes with programmed control; this linked in with the conclusion of appropriate agreements. Joint planning played a fundamental part in strengthening the engineering base of the CMEA countries. In the opinion of the experts, as a result of this

form of cooperation, production costs on plant may be reduced by 80 per cent and the time necessary for planning, testing and commissioning cut by 2-3 years.

Technological progress accelerates the retooling of all branches of the economy and leads to an expansion of the range of engineering products. At the same time, the coordinated development of engineering in the CMEA countries requires a long-term approach, taking account of long-term trends in the consumption and output of plant and machinery. The overall direction of engineering development under socialist economic integration is a combination of the all-round development of the engineering base with deep mutual specialisation and cooperation of production in finished items, assembly units and parts, as well as in the area of production techniques.

For the purpose of the further joint development of engineering production, the CMEA countries have drawn up an LTSPC for engineering spanning the period up to 1990. The purpose of this programme is to ensure a comprehensive approach to the problem of the technical equipment and re-equipment of the CMEA economies, use of the most progressive machinery and up-to-date production methods, a speed-up in the development of production specialisation and cooperation and more intensive work on standardising and unifying the technical specifications of finished products.

The technical re-equipment of the socialist economies depends decisively on mastering the production of new types of equipment, i.e., on technical progress in engineering. This task is also a very difficult one bearing in mind the

huge range of products in engineering and the constant need to replenish them.

The CMEA countries' experience of cooperation in tackling vitally important economic problems, examined on the example of the fuel and raw materials, food and engineering problems, demonstrates that the best opportunities for promoting production and satisfying their requirements for a variety of products are provided by socialist economic integration, including scientific and technological integration. At the same time, the economies of the socialist community are developing in the context of growing economic ties with other states. The importance of their coordinated foreign economic activities in promoting ties with other states increases, therefore, when they come to tackle their own economic problems. The basis for supplying the socialist countries' needs for the most important products is provided by their mutual cooperation.

Scientific and Technological Cooperation

One of the most important and promising areas of mutually advantageous socialist integration lies in scientific and technological cooperation. This began immediately after the formation of the socialist community; it expanded and deepened as socialism emerged and developed as a world economic system, playing an important role in the socialist reconstruction of the economies of fraternal countries, in their industrialisation, in turning the formerly economically backward countries into advanced industrial-

agrarian socialist states, in evening out their economic development levels.

In contrast to capitalism, where the attainments of science and technology are appropriated by the biggest monopolies which use them to their own selfish ends, i.e., for extracting super profits and as an instrument of international expansion, under socialism these attainments belong to the state and are used in the interests of all society. With the formation of the world socialist system they are put to the service of the socialist community. Only under socialism, which does away with private ownership and exploitation of man by man, has it become possible, at a certain stage, to have a virtually uncompensated exchange among the fraternal countries of the tremendous values of science and technology for the sake of speeding up the development of each socialist country and the community as a whole. The principle of uncompensated exchange of scientific and technological documentation and licences, established by agreements on scientific and technological cooperation signed since 1947, was consolidated at the 2nd CMEA Session in 1949 and convincingly revealed the fraternal, truly selfless nature of the relations between countries that have taken the path of building socialism and communism; it has demonstrated the essence and depth of their comradely mutual assistance.

The Soviet Union has always occupied the leading position in the exchange of scientific and technological achievements; it is the country with the greatest scientific and technological potential within the socialist community, and it has accumulated immense experience in building socialism, in reconstructing and developing

the economy on the basis of the latest achievements of science and technology.

Between 1948 and 1970, as part of the exchange of scientific and technological attainments, the Soviet Union handed over to other CMEA countries some 27,000 sets of design plans, specification and production documentation and received over 15,000 sets in return. This mutual exchange made it possible for the fraternal countries to master new technological processes and to create new types of modern machinery and equipment. Over that period, the USSR welcomed some 56,000 experts from other CMEA countries to acquaint them with Soviet production experience and, in turn, sent some 32,000 Soviet experts to these countries.

If, at the beginning, the Soviet Union transferred its technical experience and specifications in considerably larger amounts than it received, now the other CMEA countries, thanks to their accelerated economic development, are increasingly able to exchange technical experience with one another and to transfer it to the Soviet Union.

The mutual assistance between the socialist countries in promoting science and technology is also manifested in the working out of designs for new enterprises, the training of experts, the rendering of technical assistance in constructing and commissioning new industrial and agricultural enterprises. The principal role here belongs, once again, to the Soviet Union, which fulfils its internationalist duty to the working people of fraternal countries by giving them far-reaching help in their socialist construction. The opportunity to rely on the support and experience of this mighty socialist country in

implementing national plans for economic construction is a great advantage for the fraternal countries that have taken the socialist path, compared with the Soviet Union's own economic reconstruction; being the only socialist country after the October Revolution, it could only rely on its own strength and potential.

Scientific and technological cooperation among the fraternal countries is not confined to the exchange of achievements and experience in science and technology. The fraternal states have made increasing use of other forms of cooperation as their economic, scientific and technological potential has grown and as the mastering of the attainments of modern scientific and technological progress has become a more complex task.

From the mid-1950s, there has been cooperation between related research organisations of the socialist countries; this is expressed in the division of labour, the joint solution of certain scientific and technological problems and the exchange of experience in research work. An important part has been played in this cooperation by CMEA sectoral standing commissions, as well as bilateral inter-governmental commissions and the special CMEA agency which, today, is known as the CMEA Committee on Scientific and Technological Cooperation.

The fraternal countries are also setting up joint research and design groups and organisations to tackle scientific and technical problems of mutual interest.

Thus, the Soviet and Czechoslovak governments agreed to set up an interim Soviet-Czechoslovak research and design body to work on developing spindleless spinning, in which experts

from both countries produced a qualitatively new technique and constructed and tested a spindle-less pneumatic spinning machine. The results of this work arose a great deal of interest throughout the world, since they were considered to have far surpassed current world attainments in that sphere.

An international group of experts from Hungary, the GDR, Poland, the USSR and Czechoslovakia worked for several years on designing an automated long-distant telephone communications system based on the application of semiconductors. As a result, they created a highly efficient new apparatus that is being used in telephone communication between the capitals of the fraternal countries. Joint research is thus becoming an important sphere of interaction among the CMEA countries in tackling the urgent problems involved in scientific and technological progress.

New forms based on profit-and-loss principles and shared participation in the cost of joint research began to develop in the mid-1960s in the scientific and technological cooperation among the CMEA countries; this enabled them to enhance their efficiency and mutual advantage substantially and to link scientific and technological cooperation with production cooperation more closely.

Stricter planning principles in scientific and technological cooperation were boosted by the introduction, about the same time, of bilateral and multilateral coordination of research.

From 1964 onwards, the multilateral scientific and technological cooperation among the CMEA countries began to be based on medium-term plans, enabling them to determine its major

problems and themes, to single out the leading organisations and coordinating countries, to define work programmes and the degree of participation of individual countries and research organisations in them, the ways and means of cooperation, and to eliminate duplication in research.

The scale of these activities may be judged from the fact that the master plan for 1964-65 included 43 problems and 154 themes, while that for 1966-70 covered 50 problems and 185 themes, on which some 700 research and design organisations of the fraternal countries worked together.

Scientific and technological cooperation on a multilateral basis through coordination and joint research then began to be conducted by the academies of sciences of the socialist countries and within the framework of international economic organisations, like the Railway Cooperation Organisation, the Organisation for Cooperation in Communications, the Organisation for Cooperation in the Bearings Industry, and Interchim.

The Joint Institute for Nuclear Research at Dubna in the USSR has been operating successfully for over twenty years; here scientists from socialist countries work together, in excellent conditions, on vital theoretical and practical problems in the sphere of nuclear physics. Besides this Institute, there are a number of other international institutes, like the CMEA Institute of Standardisation, the International Institute for Economic Problems of the World Socialist System, the International Centre for Scientific and Technical Information, and the International Research Institute on Management Problems.

The new forms of cooperation in science and technology have enabled the CMEA countries

to make broad use of the advantages of the international socialist division of labour and of cooperation in research, to concentrate the efforts and resources of interested countries on performing the most complex and high-cost jobs. This helps them speed up scientific and technological progress and enables them to tackle this important task for the further economic development of socialist states with the necessary savings on resources and time.

Bilateral and multilateral cooperation between the fraternal countries in science and technology is closely interconnected and complementary. Exchange of research results, in accordance with the multilateral coordination plans, takes place through bilateral cooperation channels. The countries implement many recommendations on scientific and technological cooperation adopted by CMEA agencies and other international organisations of these countries on a bilateral basis.

The multiple forms of scientific and technological cooperation allow any fraternal state to determine for itself which of them conforms most to its national interests and characteristics, to progress steadily from simpler to more complex forms as it creates the necessary conditions.

No matter what forms and directions their scientific and technological cooperation takes, it is invariably based on the tried and tested principles on which all economic ties between the socialist countries are built—those of complete equality, respect for the sovereignty and national interests of other countries, non-interference in their internal affairs, mutual benefit and comradely mutual assistance.

The move by several CMEA countries in the

1960s to build a mature socialist society by intensifying economic development required, besides the introduction of improved methods of national planning and management, wider use of the rational division of labour in their interstate economic relations, increased efficiency and mutual advantage of economic, scientific and technological cooperation within the socialist community.

In the sphere of scientific and technological relations, this was largely manifested in a relative reduction in the importance of the exchange between countries of already accumulated attainments and experience in science and technology and an increase in the importance of resolving major new problems of technological progress by concerted efforts, above all by means of coordinated research, specialisation and cooperation in research, the creation of joint scientific and technological organisations and centres. This helped resolve problems in science and technology in countries whose lag behind the world level could not be eradicated by the exchange of existing achievements.

For their extensive effective application, these new forms of cooperation required agreements between participants and corrections to the organisational and financial principles of cooperation; the countries now began to add to their uncompensated forms new, paid forms of scientific and technological exchange, including licensing relations.

With the adoption, in 1971, of the Comprehensive Programme for socialist economic integration, a new, higher stage began in the development of the international socialist division of labour, including in science and technology.

The transfer to integration was linked with organisational substantiation of those new trends in the scientific and technological cooperation among the CMEA countries that had characterised its development in the preceding period, as well as the implementation of several effective new forms of joint research and the introduction of its results into practice.

Joint planning in science and technology often manifests itself in consultations on issues concerning science and technology; these are intended to help in the elaboration of common strategy in this area. Cooperation is expanding in scientific and technological forecasting, which serves as an important condition for expanding joint planning and orienting it on new attainments in science and technology. Scientific and technological interrelations are becoming a major factor in the coordination of national economic plans, in joint planning, and in making them increasingly comprehensive.

As well as developing research coordination, the CMEA states are promoting scientific and technological cooperation; this is backed up by corresponding agreements of an inter-state and economic type and it is growing more and more into comprehensive scientific and production cooperation. Coordination centres set up on the basis of leading research institutions relating to given problems are becoming its organisational form; their work is being directed by authorised councils. Wider use is being made of another way of combining the personnel and material resources of the cooperating countries—that of provisional international groups of scientists and experts formed on the basis of a particular research or design centre, combined laboratories

and departments. Finally, international institutes and scientific and production bodies are taking the shape of international scientific and technological organisations. All this testifies to the development of the law-governed process of scientific and technological integration of the CMEA countries as a paramount link in their integrational process.

An essential feature of the socio-economic development of the fraternal CMEA countries today is the strengthening of integration ties in different areas of economic activity.

A distinguishing feature of the present stage in the economic development of the fraternal countries is the policy for its comprehensive intensification and improvement of the efficiency and quality of management. This is possible primarily through the broad utilisation of scientific and technological achievements and a faster rate of scientific and technological progress. The complex problems related to this may be successfully resolved only by pooling CMEA countries' national efforts and potential, by clear-cut coordination and cooperation of their scientific and technological capacities and by concentrating resources on jointly defined priority projects. That is why joint measures in science and technology that guarantee effective practical use of the potential of modern science and technology are acquiring particular importance among the whole complex of integration measures.

The Coordinated Plan for Multilateral Integration Measures is a new step in promoting the integrational process. It covers the biggest and most important cooperation projects that are being primarily guaranteed by resources

specially earmarked for the purpose in national plans.

The high degree of efficacy of CMEA scientific and technological cooperation is obvious, though it cannot always be defined in precise quantitative terms, especially in fundamental research.

The high effectiveness of the combined efforts of the fraternal countries at the very forefront of the scientific and technological revolution has found a clear embodiment in the first international space flights; these were carried out within the framework of the multilateral Interkosmos programme. Multilateral cooperation in electric welding is also producing good results. Thus, the use of the electron beam welding technique on steam turbine rotors produces a saving of 500,000 roubles a year. The multi-shed weaving loom of a continuous type, produced jointly by Soviet and GDR specialists, brings in a saving of 1.4 million roubles. The joint Soviet-Czechoslovak work on the smelting of square section ingots results in a saving of 9 million roubles at the Sërov iron and steel works. The new technological plant for manufacturing gas-proof membrane walls, created by Soviet and Polish experts, has brought a saving of 6 million roubles to the Krasny Oktyabr (Red October) works.

To be successful, the scientific and technological revolution requires immense material resources, a large army of highly qualified experts, and powerful scientific and production facilities. That is why there is a worldwide trend towards a deepening of international cooperation and division of labour in science and technology. Of course, under capitalism this trend serves as

a means for imperialist expansion, aimed mainly against the small and economically less developed countries. The monopolisation of knowledge is becoming a major weapon in the competitive struggle and conquering of new markets, the forcing on trading partners of disadvantageous terms of participation in the international division of labour. Particularly typical in this respect is the expansion of US transnational corporations, which is based primarily on superiority in the scientific and technological field.

The development of international cooperation in science and technology is quite different in character under socialist conditions. The consistently equal character of this cooperation, founded on the principles of socialist internationalism and mutual assistance, is a prerequisite for overcoming the limitations of national resources and the potential for gaining scientific and technological achievements; it is based on the collective acquisition and use of these, the consistent specialisation of national scientific and technological development supplemented by mutual advantage in this area. Essentially, scientific and technological cooperation, like the whole sphere of economic interaction among the fraternal countries, which today is characterised by ongoing socialist economic integration, acts as a means for resolving the task of combining scientific and technological achievements with the advantages of socialism.

The present era is characterised by an intertwining of powerful revolutionary changes in the socio-economic, scientific and technical areas, which are radically and visibly changing the face of the Earth and are having a most profound effect on the fate of peoples and the development

of all human civilisation. The scientific and technological revolution of the second half of this century, which has led to cardinal shifts in the structure of productive forces and international economic relations, presents fresh demands on the relations of production and the entire superstructure; it lies at the centre of the competition between the two systems. Under present-day capitalism, the attainments of the scientific and technological revolution are used comparatively widely in the competitive struggle, for increased exploitation of the working people and for external expansion, and for unleashing an unprecedented arms race. Even so, socialism has proved to be the social system able and destined to provide scope for the scientific and technological revolution in the interests of peace and creative endeavour, to turn its achievements and potential to resolving essential social human problems, to creating the material and technical basis for future communist society.

The 31st CMEA Session examined the results of the scientific and technological cooperation among the CMEA states for 1971-76 and laid down the basic guidelines for its further development. It noted the successes scored in the joint resolution of several major problems of considerable practical significance for the countries. Over this period, combined efforts resulted in more than 1,500 new machines, mechanisms and instruments, over 1,300 types of new materials, products and preparations, and more than 1,200 technological processes were worked out and improved. Multilateral programmes are being implemented to speed up scientific and technological development in Mongolia and Cuba, to create a modern scientific and technological in-

frastructure in these two countries. All this testifies convincingly to a deepening of the integrational process in science and technology, which is the major prerequisite for a successful fulfilment of the historical task of combining scientific and technological achievements with the advantages of socialism, equalising the development levels of the fraternal countries, including in the sphere that plays a mounting part in creating the material and technical basis of mature socialism and communism, and in competition between the two systems.

At the same time, the Session underlined the need to improve the planning of scientific and technological cooperation, closely combining it with economic cooperation, concentrating on weighty problems in material production and introducing the results obtained into the economy.

In planning this means elimination of the continuing duplication and dispersal of resources; it means forming an unbroken chain in the various forms of joint planning: science-technology-production-marketing. This must combine perfectly, in economic and organisational terms, the scientific-technical, production-economic and investment-market links in the integration measures, orient them on the latest attainments of science and technology, on the most urgent problems of socio-economic development.

A number of CMEA countries have drawn up long-term programmes for specialisation and cooperation of production, as well as LTSPCs; these are setting up the conditions for an organic unification of scientific, technological and economic measures, for multilateral and bilateral cooperation.

In recent years, the CMEA countries have concluded more than 100 multilateral agreements on scientific and technological cooperation in the major problems of a fundamental and applied nature.

At the present time, in the field of scientific and technological cooperation, extensive initiative lies with the ministries and departments, their research and production organisations, which have established direct contacts with related ministries and organisations of the fraternal countries. The strengthening of these contacts and mutual responsibility for pledges undertaken are all important conditions for promoting scientific and technological cooperation and its enhanced efficacy.

No less important is development of cooperation in the sphere of scientific and technological information, inventions, personnel training, and standardisation. New agreements have been signed on this of late: for example, on a uniform CMEA standard, on mutual recognition of patents and other protective documents. An international system of scientific and technological information has been set up; cooperation in training scientific personnel is being improved. All this creates a reliable infrastructure for deepening scientific and technological interrelationships, extending mutually advantageous exchanges, gradually forming an integrated scientific and technological potential in the community, within the bounds of which each country would enjoy the greatest and mainly specialised development of its internal scientific and technological resources and potential, supplemented with the advantages of close interaction and cooperation both in science and technology and

in the practical use of the mounting opportunities they present.

Cooperation in science and technology and the deepening of the integrational process are paramount prerequisites for the CMEA countries to carry through the scientific and technological revolution, to combine its achievements with the advantages of socialism, and to strengthen the positions of the community in the decisive sphere of competition between the two systems.

Basic Guidelines for Improving Economic Cooperation

The formation within the bounds of CMEA of a mechanism for economic cooperation and the gradual progression of this into integration is a natural result of socialism's spread beyond the confines of a single country and the appearance of a new level of socialist relations of production—international economic relations that successfully serve the economic interrelationships between the socialist states. The development of the international socialist division of labour and the appearance on this basis of an exchange of activities among the socialist states, like social labour within national economic complexes, require a certain amount of coordination and 'a directing authority, in order to secure the harmonious working of the individual activities, and to perform the general functions that have their origin in the action of the combined organism, as distinguished from the action of its separate organs'.²

The essential community of both subsystems of socialist production relations (international

and intra-state) determines the unity of the basic features appearing in management systems. At the present time, this is apparent both theoretically and practically in the whole development of the ways for administering economic cooperation.

The main principles of the joint administration of economic cooperation among the socialist countries are largely identical to the principles of intra-state economic mechanisms. This includes mainly economic development according to plan; account for social goals and criteria; the use of financial instruments, material stimuli, etc. By virtue of this, the external economic mechanism of cooperation may be viewed as emanating from national forms of management. The mechanism of economic cooperation among the CMEA countries grows out of their national systems of planning and management.

The derivation of methods for administering the economic cooperation among the socialist countries from national economic mechanisms is vividly manifested in, for example, the interrelationship between their separate elements. Thus, the functions being performed by joint planning in the economic cooperation among the socialist countries are based on the determining role of centralised planning within the national economic management systems. The CMEA countries can only make various types of joint forecast through the development of forecasting within the individual countries. The compilation of LTSPCs relies on the experience of using integral programme planning on a national scale, on compiling specific national planning programmes.

Of course, the derivative character of the

external economic mechanism should not be overestimated. The reliance of international economic cooperation on national economic management systems does not mean that there exists between them only a one-sided dependence and that national management systems wholly determine the instruments of international cooperation. In fact, because of the qualitatively unique nature of external economic cooperation, to some extent it develops autonomously and, in turn, creates an impetus to further national economic management systems. The appearance in the CMEA states' five-year and annual national economic development plans of a special section concerned with integration measures is a result of the development of socialist economic integration and well illustrates this possibility. Thus, the development of national economic mechanisms not only affects socialist economic integration, but is itself affected by this process.

On the whole, however, the derivative nature of the external economic cooperation mechanism cannot be doubted; it results in the following.

First, the prospects for the system for administering economic cooperation depend greatly on the development course of national economic mechanisms. The management mechanism of economic cooperation can develop only through national planning and management systems. Changes introduced into national economic mechanisms ultimately rebound on forms of cooperation and the methods for managing them. The positions taken by the 25th Congress of the CPSU and by congresses of the other fraternal parties in respect to improvements in planning, to orientation of all management activity towards final national economic results and to

more sensible use of economic stimuli and levers essentially determine directly the development of the mechanism for managing integrational processes and its dynamics.

In the second place, the forms of cooperation that rely directly on corresponding elements of intra-state economic mechanisms are both viable and effective. Other forms of international economic cooperation would be neither effective, nor even able to function.

At the same time, the uniqueness of the object of management (the inter-state exchange of activities) and the subject (sovereign states) means that a whole range of specific features distinguishing it from intra-state systems of planning and management are inherent in the economic cooperation among the CMEA countries.

It should be emphasised first and foremost that the mechanism of economic cooperation, including its integrational form, is an inter-state one. Its creation does not require the transfer to autonomous institutions of any functions that are being performed by the socialist states in organising and controlling national reproduction processes. On the contrary, the state sovereignty of the CMEA countries gains further in strength in the course of socialist economic integration. The experience of cooperation accumulated during the years CMEA has been in existence has confirmed the possibility of implementing any measures on an agreed planned basis, without creating any supranational institution, and with the integrating countries retaining full state sovereignty.

By dint of this, first, all forms of socialist economic integration management are based on methods of coordination of actions. Joint (agreed)

recommendations and proposals are the result; these are reinforceable on a voluntary basis by the participant countries in the form of specific treaty obligations. Second, the mechanism of economic cooperation must ensure the mutual advantage of the integration measures applied and equivalent exchange between the countries. Uncompensated assistance to any country is given only by specially agreed decisions, on the basis of the internationalist policy pursued by the socialist states. Third, the socialist states themselves, being the principal cooperators, play the leading part in integration. All the salient agreements on cooperation are concluded on a governmental level and constitute the basis for establishing direct contacts between the production and the scientific and technological organisations of the CMEA countries. As the integrational processes develop, the number of such contacts increases and their importance grows. Direct ties between production teams in the various CMEA states occur and gain in strength and they exchange know-how and business visits; they also expand socialist emulation. Yet, given the importance of direct ties on a micro-level, the decisive role in the mechanism of socialist economic integration belongs, as before, to forms of inter-state cooperation, this being one of the qualitative features of socialist economic integration.

Coordination of five-year plans provides the basis for and is the most extensive form of planning cooperation. With its help interaction is established in the development of separate branches of the CMEA economies; it strengthens the position of a given national economic complex in the international socialist division of

labour. By coordinating plans, the countries obtain an aggregation of all the external economic obligations of each country and their simultaneous inclusion in the system of national planning. This enables them to determine the magnitude of the national resources being used to fulfil obligations assumed in the sphere of cooperation and to tie in the external and internal factors of economic growth. Thus, this form of joint planning helps to achieve a balanced economic development for both individual CMEA countries and for the entire socialist community.

At the present time, the work on coordinating five-year national economic plans is carried out in two stages. First, ministries and departments prepare their proposals for promoting cooperation in their branches. These serve as the basis for working out draft plans for the development of these branches. Second, the proposals compiled by sectoral management bodies are coordinated with each other and with other sections of the national economic plan; finally, they are agreed on between the countries involved.

Coordination of five-year plans is completed with the signing by the chairmen of national central planning agencies of bilateral protocols which pinpoint the most important obligations of the countries and, above all, the amount of supplies of major commodities for the coming five-year period. The realisation of the obligations occurs through the conclusion of five-year foreign trade agreements and the establishment of appropriate targets and indicators within national plans for socio-economic development.

Thus, the coordination of five-year plans as

a form of planning activity is distinguished by an organic combination of a sectoral and national economic approach to the development of cooperation, the external trading and production aspects of cooperation, the establishment of interrelations between international and national planning.

As integration develops, the coordination of five-year plans continues to gain in depth and to improve. If, at first, it amounted mainly to coordinating the product ranges and volume of mutual supplies, it now increasingly means direct agreement on developing the production sphere and the joint resolution of major production-economic problems. For example, the coordination of five-year plans for 1976-80 involved the joint resolution by the CMEA states of paramount national economic problems such as those of increasing the production of fuel and energy and raw materials, the further development of production cooperation in the main areas of engineering, and the more active development of the scientific and technological aspects of working out ways to extend production cooperation.

The scope of joint planning among the CMEA countries is such that it can no longer be confined to a single form, even to as broad a form as the coordination of five-year plans. Other forms have therefore come into use in planning cooperation between the socialist countries. Among the most important are consultation on major questions of economic policy and the preliminary, though extremely important, stage of joint planning. Of late, such consultations have been taking place more and more regularly at various levels, both multilaterally and bilaterally.

ally. During these there is a wide exchange of varied information; the participants define the common tasks, single out unresolved issues and mark out possible ways of resolving them.

The CMEA countries are carrying out a great deal of joint work in the area of forecasting, the results of this being now an important requisite both for compiling national plans and for promoting cooperation. Between 1971 and 1978, CMEA agencies prepared some 200 joint forecasts on selected problems in accordance with the Comprehensive Programme.

They worked out forecasts of the needs of these countries in regard to fuel and energy in the long term, forecasts for the development of power engineering, the iron and steel industry, transport, engineering, non-ferrous metallurgy and the chemical industry, as well as for certain major spheres of science and technology.

The Coordinated Plan for Multilateral Integration Measures clearly defines the obligation of each country taking part in constructing a given project to deliver, on prearranged terms, the specific list of commodities (equipment, building materials and means of transport) to the country where the project is being constructed.

The first Coordinated Plan for Multilateral Integration Measures of the CMEA countries for 1976-80 was adopted at the 29th CMEA Session. The overall estimated cost of the joint projects was approximately 9,000 million transferable roubles. On the basis of the obligations undertaken by the member states in the Plan, they envisage earmarking the necessary material, financial and labour resources in their own national economic plans. Thus, Bulgaria, Hungary, the GDR, Cuba, Mongolia, the USSR

and Czechoslovakia have, in their national economic plans, special sections reflecting the measures agreed during plan coordination and, above all, contained in the Coordinated Plan.

In recent years, the CMEA countries have accumulated experience of joint planning. They have signed a whole number of agreements on cooperation in the joint planning of certain types of lathe, container system, electronic computer, bearing and the production of certain kinds of chemicals. This experience shows that joint planning enables them to take a more profound and comprehensive approach to drawing up measures relating to the creation and development of highly efficient, sophisticated production in various branches of the economy.

Thus, the practice of cooperation among socialist countries convincingly demonstrates that the mechanism for managing socialist economic integration is, in its very essence, a planning one, hinging on joint planning. The commodity-money relations that play an extremely important part in the economic cooperation among the socialist states (they help in determining the economic effectiveness of cooperation and, accordingly, the advantages for each party taking part in it), function successfully only when they are geared to realising the planned forms of cooperation and are based on them. The development of integration throws up new requirements, above all on joint planning; the fulfilment of the new tasks takes place through the development and improvement of the forms of planning cooperation.

At the same time, the forms of joint planning cannot perform their tasks successfully unless they are reinforced by commodity-money instru-

ments and the corresponding forms of management. Because of this, it is vitally important to synchronise the development of all the elements in the mechanism of socialist economic integration and, above all, to ensure a simultaneous improvement of the forms of joint planning and the commodity-money instruments of cooperation, among which contract prices are particularly important.

The system for setting prices which determines the value effect of integration measures, considerably affects the selection of projects and spheres of cooperation. This selection, taking into consideration the growing scale and terms of cooperation, the magnitude of the national resources used on integration measures, and the significance of these measures for optimising national reproductive processes, is acquiring increasing importance.

The CMEA countries have accumulated substantial experience in the planned organisation of price formation in mutual trade, in using contract prices in the interests of individual countries and of the community as a whole. Contract prices, as defined by the Comprehensive Programme, are established 'on the basis of world prices, but are purged of the harmful effect of competitive factors on the capitalist market'.³

The direct connection between the prices of mutual trade and world prices derives, among other things, from the way the CMEA economy does not yet constitute a sufficiently deep internally integrated reproduction complex; even more importantly, it does not yet take a big enough slice of world production and trade to enable exchange on the world socialist market to be

regulated by its own internal efficiency criteria or to enable these criteria to determine the world level. Moreover, the need for strictly equivalent exchange between the socialist countries, as the sovereign possessors of all their national resources, defines the special value of the accounting function of prices and the establishment of contract prices in accordance with socially necessary expenditure and world efficiency criteria. Prices on mutual trade among the CMEA states have never, however, been oriented solely on world prices: the CMEA countries have always introduced certain corrections into them for the sake of the planned development of their own economies. It is indicative that the rapid growth in world prices that begun in 1973-74 did not directly influence the contract prices. On the contrary, a decision was taken to go over to the new prices gradually. By mutual agreement, the prices on mutual trade within CMEA in the period up to 1980 were established as follows: in place of the former determination of prices for the whole coming five-year period, they were corrected annually on the basis of the average annual prices on the main world markets for the previous five years. For example, in 1976 the basis for determining contract prices were those for 1971-75, and in 1977—the 1972-76 prices, etc.

The sliding scale used in fixing mutual trade prices did much to shield the CMEA economies from the shocks in the world capitalist economy. Once again this demonstrates the advantages of the planned nature of socialist economic integration over the spontaneity of the capitalist market. At the same time, it is clear that the solutions now being found to the problem of

price formation are not perfect, and a further improvement in the practice of fixing contract prices is vital to the development of the economic mechanism of cooperation.

The process of developing and improving the management of economic cooperation depends objectively on the very essence of socialist economic integration. Contradictions or a lack of proper synchronisation between the development of the system for managing integration and the process of reinforcing interrelations between national reproduction processes are being removed through the objective course of economic processes, given the active role of the subjective factor—the purposeful policy pursued by the communist and workers' parties and governments of the CMEA member countries.

Experience of developing the forms of planned cooperation management among the CMEA countries reflects the considerable dynamism and flexibility of socialist integration. This is seen in the increased number of cooperation forms, especially after the Comprehensive Programme's adoption, and in their more effective utilisation. It is apparent, however, that the development of the system for administering socialist economic integration has reached a level at which it is no longer effective simply to add new forms of cooperation. The main thing now is to make proper use of existing ones. In other words, integration had moved from the initial 'extensive' stage in its development to the next, higher 'intensive' stage. This does not, of course, preclude the possibility of new forms of cooperation.

The development of the forms and methods for managing economic cooperation, including

their very core—joint planning, depends directly on the material content of cooperation and serves as a means for fulfilling specific economic tasks. Under present-day conditions, when the intensity of the use of all production factors comes to the fore, all forms of joint planning must be orientated on substantially enhancing the effectiveness of economic interrelations, on deepening international production specialisation and cooperation, on speeding up scientific and technological progress and on better utilising natural resources.

In the light of this, the following major directions have been mapped out for the development of joint planning. First, fuller agreement on the basic goals of socio-economic development and the determination, on this basis, of the priority cooperation spheres. Second, greater emphasis on the long-term nature of the main objectives and forms of cooperation. Third, greater coordination in the use of the countries' resources, their concentration on the joint solution of key economic problems.

The main way of tackling the major economic tasks advanced by contemporary cooperation is becoming the combined efforts of the CMEA countries in implementing their key LTSPCs.

The structure of the long-term specific programmes for cooperation is as follows:

1. Each programme includes basic cardinal trends determining the agreed strategy of the CMEA countries.

2. The LTSPCs include specific subprogrammes set. The subprogrammes name the countries interested in implementing the relevant measures, and the corresponding CMEA agencies.

Thus, the realisation of measures agreed in

LTSPCs is effected through multilateral and bilateral agreements, which determine the volume of material and financial resources necessary for their implementation, as well as the financial aspects of cooperation, including foreign trade prices.

The elaboration of such agreements has already commenced. Thus, on the basis of decisions taken at the 31st CMEA sitting, the member states started preparing agreements on multilateral international and cooperation specialisation in production and mutual supplies of equipment for nuclear power stations for the 1981-90 period. The Master Plan for the Future Development of the CMEA Countries' United Power Grids up to 1990 was signed in 1977. Various aspects of such agreements may, in turn, be specified in the multilateral and bilateral agreements on the basis of which foreign trade contracts will be concluded.

Thus, a whole set of special agreements are coming into existence on the basis of the LTSPCs; after their conclusion, the CMEA countries can get down to implementing the measures determined within their framework.

Like all joint planning generally, the long-term specific programmes for cooperation are of a non-directive nature and do not constitute any sort of supranational plan. They are drawn up on the initiative and in the interests of the CMEA countries themselves and are based, like other forms of joint planning, on proposals made by the countries.

These decisions are expressed in the form of agreements as eventually is any form of joint planning. Only after countries sign the relevant agreements and contracts do they finally decide

the measures and specific forms of their participation in each of the long-term programmes. The conclusion of master agreements is a major stage in the implementation of the LTSPCs; at present, planning work relating to the long-term programmes is shifting its centre of gravity to precisely this field.

The LTSPCs, like national programmes, are concrete forms for using specific programme planning methods. Yet there are considerable differences between them, based on the difference between joint planning and national planning. It would be quite wrong, therefore, to compile long-term specific programmes for cooperation in the same way as national specific programmes. It is just as incorrect to assess the extent of the introduction of specific programme methods of planning into cooperation among the CMEA states by the experience of national programme planning. The LTSPC is a qualitatively new form of specific programme planning which contains its own features. For example, the international programmes have no chief executor of the programme possessing an aggregate of the resources for attaining the programme targets. At the same time, they are characterised by the system of agreements and contracts.

A major feature of the LTSPCs is that their fulfilment will help the actual gradual evening out of the economic development levels of the CMEA countries. The 32nd CMEA sitting made a special point of underlining the need to take comprehensive account, in implementing the long-term programmes, of gradually levelling up the economic development of the CMEA member states, giving support and help in speeding up

development and raising the efficiency of the economies of Cuba and Mongolia.

Elaboration and realisation of the LTSPCs considerably enhances the comprehensive nature of economic cooperation among the CMEA states. Moreover, this is not only because of the closer scientific, technological and production collaboration tied in with foreign trade exchange, and because of the comprehensive way in which each problem is backed up with resources, but also because individual LTSPCs and their subprogrammes are mutually connected and form a certain integral system. These interrelationships have both a purely organisational character (unity of the principles employed in working out the long-term programmes, identical terms for their action, etc.) and a material foundation.

The role of the material 'fulcrum' of the system of LTSPCs belongs to those in engineering. In fact, the realisation of most of the measures agreed on by the countries within the framework of other programmes is related to the use of modern plant and equipment; they therefore depend on the scale of cooperation in engineering. A particularly important task is to meet the CMEA countries' requirements in plant for nuclear power stations, the extraction of solid fuel, deep oil refining, as well as in certain types of machinery for agriculture and the consumer goods industries. This, in turn, requires modernisation and re-tooling of engineering.

LTSPCs in engineering thus require special attention; as does the conclusion on their basis of agreements and treaties. This provides the basis for extending international production specialisation and cooperation in engineering,

for creating and manufacturing new types of plant and machinery.

The joint elaboration of LTSPCs is unprecedented in the scale of the work involved; it has made it possible for the first time ever to define the possible scale of cooperation over the coming decade, to determine the areas of cooperation in which all the countries are interested, and to single out the prime problems. The compiling of these programmes has made it possible to evaluate long-term export and import needs for the major products, above all basic types of raw material, fuel and energy, as well as the amount of resources necessary for the cooperation projects, pinpointing the sources of funds and defining the forms in which they are to be expended on integration goals.

What has been done is, of course, only the beginning in the formation of that new form of joint planning among the socialist countries. For the programmes to reveal their advantages to the full, much more work has to be done; the CMEA countries need to resolve a whole range of complex theoretical and practical issues.

These issues include a closer coordination of the physical and value aspects of the measures included in the long-term programmes. This problem existed previously in the various forms of economic cooperation, but the LTSPCs intensify the importance of resolving it.

At present the aims of the programmes are spelt out in physical terms, while the financial ones for their attainment are agreed at a later stage through the conclusion of multilateral and bilateral agreements. Cost calculations, particularly at the first stage, are, therefore,

essentially preliminary estimates by national planning bodies, based on their ideas of the possible prices of mutually supplied products, the conditions for financing joint projects, etc. It is natural that such estimates might subsequently differ from the actual cost proportions determined once the countries have agreed on the economic terms of cooperation, particularly on foreign trade prices.

There is no doubt that it would be best to ensure a closer coordination of the physical and the value aspects of the LTSPCs at earlier stages than at present. In our view, this could be done by agreeing, for example, on the price margins when the technical and economic grounds for the measures are determined, and by compiling joint forecasts of price movements, etc. Coordinated estimates of efficiency could, in future, be made on that basis.

This presumes that the advance of economic cooperation among the CMEA countries beyond the limits of usual trading to the joint exploitation of natural resources, the joint building of big industrial complexes, long-term planned cooperation between enterprises and industries of the CMEA countries, necessitate an improvement in the ways to resolve price and fiscal problems.

The LTSPC system cannot be seen as set once and for all. The possibility must be allowed of their future development on the basis of the emergence of new possibilities and requirements by countries, for example, under the influence of new scientific and technological achievements, the exploitation of new mineral deposits, and so on. Moreover, it would be sensible periodically to supplement and extend the terms of the programmes. In 1985, for example, the

terms for the operation of the main LTSPCs may be extended for five years beyond 1990 in order constantly to give cooperation among CMEA states a long-term planning perspective.

In future it may prove expedient to increase the number of programmes and to make certain changes to their types. A particular system of programmes, consisting of at least two types, is already taking shape within the framework of the five main LTSPCs: master programmes defining the major objectives and ways of resolving global economic problems, and local programmes that tackle narrower tasks of both national and international importance.

These local programmes are being used mainly as a means for implementing the targets of the main (master) programmes. Accordingly, the local programmes are included as subprogrammes within the framework of these master programmes. In the longer term individual local long-term specific programmes will probably arise relatively independently of the master programmes for the purpose of tackling certain scientific and technological, production and regional problems. For example, the need for long-term programmes is increasingly apparent in tackling specific problems in the field of scientific and technological progress and in fitting out the CMEA national economies with up-to-date technology.

Long-term programmes for promoting specialisation and cooperation of production are presently being drawn up on a bilateral basis alongside the LTSPCs; their basic principles and objectives are often identical with the latter's aims. Thus, in the near future a whole system of multilateral and bilateral long-term coopera-

tion programmes will begin to function within the framework of joint planning; this system will do much to determine both the prospects for and rate of integration, and the ways in which a considerable part of production capacities, and of the labour, natural and financial resources of the CMEA countries, are used. In this connection, the organic coordination of bilateral programmes for specialisation and cooperation of production with the long-term specific programmes for cooperation is acquiring increasing importance.

Despite the major importance of the LTSPCs, they cannot replace the other methods of joint planning which provide the basis for the former. Let us note also that, even in the distant future, the LTSPCs will not cover all the economic cooperation measures. What is more, these programmes do not tackle the problems involved in balancing the external economic part of national economic plans.

It is therefore a matter of cardinal importance to strengthen the organic interrelations of the LTSPCs with other forms of joint planning, especially with the coordination of plans and the Coordinated Plan for Multilateral Integration Measures of the CMEA Countries, which are now largely becoming 'executors' of the long-term specific programmes for cooperation. With their help, the CMEA states can also implement a balanced coordination of the obligations undertaken by them within the framework of various planning programmes for cooperation. Thus, these forms of joint planning will fully retain their importance in the future.

The objective need for the leading role played by the coordination of the national economic

plans of the socialist states within the system of joint planning forms stems mainly from the fact that, in the foreseeable future, there will remain a national-state exclusiveness of the socialist national economies and autonomy of their national interests. It is precisely this form of joint planning that covers the national economy as a whole; it is with its aid that is ensured a unity of the production and foreign trade aspects of the measures being coordinated, as well as a balancing of the foreign economic part of national plans, a transformation of the indicators of measures agreed upon among states in regard to the targets of national plans.

The specific methods for coordinating plans are likely to change somewhat. Above all, the major spheres of coordination will depend directly on measures included in multilateral and bilateral cooperation programmes (long-term specific programmes for cooperation and long-term programmes for promoting production specialisation and cooperation). Let us note that the 31st CMEA Session established, as the major task for the coordination of national economic plans for 1981-85, an agreed solution to the most important economic problems singled out in drawing up the LTSPCs and being of mutual interest.

The coordination of national economic plans will, in future, become a complex activity, including problems of a socio-economic, scientific and technological, production and trade character and embracing the whole reproduction cycle. It is particularly important to strengthen the unity of scientific and technological and production cooperation.

As the integration process gains in depth,

the trend towards an enhanced role for multilateral coordination of plans will increase. At the same time, bilateral forms of relations will retain their importance.

By retaining the leading role of the government, including planning agencies, in the organisation of cooperation, and particularly in the coordination of plans, cooperation on a national economic level may be combined more effectively with that on the level of corresponding CMEA agencies, ministries, departments and groups of enterprises, with the increasingly effective use of direct relations between sectoral organisations.

It will be desirable in the future to make wider use of both physical and value indicators in the coordination of national economic plans, so as to make calculations of efficiency a more important element in plan coordination. The use of value indicators in this furthers the possibility of concluding trade agreements on their basis, ensuring a considerable conformity between the indicators agreed upon in coordinating the plans and the terms of the trade agreements.

The establishment of links between a long-term specific programme for cooperation and the Coordinated Plan for Multilateral Integration Measures is of particular importance. With the aid of this planning document it will be possible to ensure an aggregation of the obligations undertaken by all the CMEA countries. This is essentially a 'code' of their pledges in carrying out integration measures, above all in the joint construction of integrational projects. The compilation of the Coordinated Plan enables them, first, to control precisely the realisation of planned cooperation measures and, second, to

coordinate joint planning directly with national planning in the CMEA countries. The Coordinated Plan indicators are synchronised in the integrational sections of the CMEA countries' national economic plans.

These two main functions of the Coordinated Plan retain their importance when an LTSPC is being drawn up and put into effect. Moreover, this plan will evidently acquire yet another important feature: it will make it possible to single out a five-year period within the long-term integral cooperation programme; this is of exceptional importance, since the basic form of national planning in the CMEA countries is the five-year plan. As a result, coordination (within the five-year period) of the obligations undertaken by the countries on different long-term programmes will be ensured. Accordingly, the range of measures included in this plan will be extended.

Thus, all forms of joint planning are likely to develop harmoniously, and this will make cooperation among the CMEA countries even more effective as they carry through their plans to build socialism and communism.

**CMEA AND PROBLEMS OF PEACEFUL
COEXISTENCE AND THE DEVELOPMENT OF
ECONOMIC RELATIONS
BETWEEN THE TWO WORLD SOCIAL SYSTEMS**

**The Policy of Peaceful Coexistence
and the Development of Economic Relations
Between the Two World Systems**

The modern age is one in which mankind is making the transition from capitalism to socialism and building communism. The development of human society is being increasingly determined by the major historical trend of this age—the falling away of one country after another from the world capitalist system and their adherence to the world socialist system. Mankind's advance along the road of social progress is accelerating.

Neither the revolutionary social transformation of the world nor mankind's transition to socialism take place overnight; the process takes many decades. Lenin came to the conclusion that states of the different socio-economic systems—socialist and capitalist—would coexist during this period. He formulated the principle of peaceful coexistence as the basis for the mutual relations between them, stressing that peaceful coexistence was a vital necessity and objective possibility, but that it could not be guaranteed automatically. In order to ensure it, the countries of socialism would have to be strengthened comprehensively and a struggle

waged against imperialism's aggressive aspirations.

The principle of peaceful coexistence presupposes, primarily, the maintenance of peace among states. The essence of this concept is not, however, exhausted by this alone. As well as rejecting war as an instrument for resolving issues of contention, peaceful coexistence also signifies the promotion of equal and mutually advantageous relations between states with different social systems in the political, economic and cultural spheres. It presupposes and requires respect for the sovereignty of each country and observance of the territorial integrity of states, non-interference in one another's internal affairs, recognition of the right to self-determination and choice of path of social progress, and the shaping of international relations on the basis of equality and mutual benefit.

Elements of cooperation alone are not all that make up peaceful coexistence. Parallel with cooperation, a struggle is being waged between the different social systems in the economic, socio-political and ideological spheres. Peaceful coexistence dialectically combines both cooperation and the class struggle. This is essentially a struggle for the interests of the working class and all working people in the socialist countries and, at the same time, a struggle for social progress and a peaceful future for all mankind.

Peaceful coexistence does not remove the antagonistic contradictions between the opposing social systems; they will only be cured by radical social transformations and the triumph of socialism throughout the world. The objective of the socialist countries, of the international

communist and workers' movement, and of democratic world public is to ensure that the struggle between the two world systems takes place peacefully, through the exposure and comparison of their historical potential. Socialism as the advanced social system has no need of international armed conflicts to secure its victory.

Economic ties between countries of the two opposing social systems can and, indeed, are bringing tremendous mutual economic gain. At the same time, they are easing international tension and helping to create the material basis for lasting peace.

The strengthening of this basis meets the vital interests of all peoples, but it does not suit the foes of detente, those who, acting in a cold war spirit, strive to employ economic relations to put pressure on the socialist states and discriminate against them. Business relations between East and West are the subject of an acute political struggle. The countries of socialism are safeguarding the interests of universal peace and social progress; they act for the democratisation of world economic relations in accordance with the objective requirements of the age.

The policy of the capitalist powers on this issue is distinguished by two conflicting tendencies: a desire to impose an economic boycott upon and to discriminate against the socialist countries in order to hamper their progress, and a desire not to forfeit the substantial advantages that accrue from business links with them. Yet the economic relations between the countries of the two opposing systems ultimately depend on the requirements of the objective internationalisation of economic affairs, on the will of the

peoples of the world for detente and equitable international cooperation.

The drive to structure world economic relations on just and democratic lines corresponds to the requirements of the objective laws of social development, which are preparing the ground for radical changes in the structure of the world economy. They are acting to enhance the role of the socialist states and the commercial links between countries of the two systems.

At present, vital popular interests related to these problems are more and more insistently requiring the expansion of regional and even global cooperation among states. The ongoing scientific and technological revolution is lending a new impetus to the extension of the international division of labour and engendering new forms. All this dictates the need to promote economic ties between states of the opposing systems, ones that would be free of artificial restrictions, based on mutual benefit and would serve the vital interests of all mankind.

In bourgeois literature, it is sometimes affirmed that socialism contains a tendency towards autarky, towards isolation from the remainder of the world economy. This is just as fundamentally wrong as the assertion that only the socialist countries are interested in promoting economic links with capitalist states, while the latter can allow themselves to ignore the advantages of cooperation with the socialist ones.

For the socialist states, the policy of active participation in international economic relations stems from both a desire to give a lasting material basis to detente, and from their readiness to make full use of the advantages of extensive international economic cooperation. This policy

also underlies their long-term conceptions of their national economic development. Socialist economic integration and the creation of an integrated international complex of the CMEA countries' national economies do not partition off these countries from the rest of the world. On the contrary, they enhance their role in the world division of labour. More and more frequently the capitalist countries are also exhibiting considerable interest in working out and implementing long-term economic cooperation with socialist countries. The forms of economic link between them are also being enriched. Trade under long-term contracts has developed, as have cooperation in the building of large-scale industrial projects on the territory of one of the parties to the agreement, and the treaties on production cooperation.

An analysis of the state of the capitalist economy shows that capitalist, as well as socialist, states are objectively interested in overcoming the great lag in the share of the socialist states in international trade (some 14 per cent) behind their share in world industrial output (approximately 40 per cent). Despite the contradictory nature of the capitalist states' attitudes to trade with the socialist countries, this being a result of their fear of competition on world markets, the requirements of the development of world productive forces and the urgent economic needs of the capitalist states all make the latter show a greater objective interest in marketing in the socialist countries and receiving from them both raw materials and many manufactured goods, including advanced technology, and in taking advantage of the economic benefits of specialisation and cooperation with the socialist coun-

tries, etc. The considerable absorptive capacity of the socialist markets and, above all, the large investment programmes aimed at speeding up the development of various industries encourage the expansion of such ties. The socialist states are increasing purchases of machinery, patents and licenses on capitalist markets. Machinery constitutes approximately a third of the socialist states' total imports from the economically developed capitalist countries. The rise in living standards in the socialist states leads to a rise in the demand for various consumer goods imports. The development of these mutually beneficial ties presupposes an increase in the amount of crediting of the socialist countries' imports, mainly those of equipment. The fact is that an increase in trade credits accompanies the development of present-day international trade. World trade has entered a new development stage at which credit competition supplements and sometimes even replaces price competition. The terms on which credit is granted and has to be repaid and the rate of interest have become major characteristics of exporter competitiveness. In recent years, credit terms have been exerting an increasing influence on the volume and structure of international trade. The CMEA countries also grant credit to the economically developed capitalist states, as well as to the developing nations.

Trade with the socialist countries makes high demands on capitalist states, and by no means all Western exporters are capable of withstanding competition on this market. For some key industries and firms of the big West European states, agreements on exports to CMEA countries have become an important production incentive.

Thus, the Soviet Union is the largest importer of French engineering goods. Participation in creating large-scale construction projects on the territories of the CMEA countries, such as the huge motor works on the Kama River, are becoming important production and scientific programmes for many large Western firms.

Economic ties with socialist states can also be an important factor in the use and expansion of productive capacity in the industries of the neutral states of Western Europe that are striving to retain their sovereignty. For these countries, economic independence is very much a guarantee of their political neutrality. Within the bounds of European cooperation they can specialise in those spheres that correspond to their industrial potential.

The export of goods from capitalist to the CMEA countries is also of importance in the light of the unemployment problems that bedevil the capitalist states. According to some estimates, exports from the United States to the value of 1,000 million dollars create jobs for 60,000 American workers. Current trade between the socialist and capitalist states provides work for over two million people in the industrially advanced capitalist states.

The capitalist states are extremely interested in receiving larger quantities of raw materials and fuel from the socialist states. Oil and oil products, gas, chemical raw materials, ferrous and non-ferrous metals, chrome, manganese, timber, diamonds, asbestos and other raw materials from the socialist states are important items in international trade.

Owing to the shortage of energy and raw materials in the world, the role of the socialist

states as prospective suppliers is very great. Western states are interested in cooperating in the extraction, transportation and refinement of oil and gas, in the extraction and production of metal ores, chemical raw materials and timber resources. The Soviet Union can, first and foremost, be a major supplier of these products, since it has a larger volume of raw materials, fuel and energy than other countries of the world.

The mounting interest of the capitalist states in promoting relations with CMEA has found vivid confirmation in several important joint undertakings, some of which are precedent and provide the basis for a further expansion of mutual trade. They include, for example, the enormous trans-Europe gas pipeline stretching for 5,000 km, and with a capacity of 30,000 million cubic metres of natural gas a year; big firms from West Germany, Italy and Austria took part in its construction and financing. Other such projects were the building and modernisation of the motor works in Togliatti, Izhevsk and on the Kama River with the participation of American, West German, Italian and French firms; construction of the complex for producing mineral fertiliser in the USSR with the participation of American firms; the design of the large iron and steel plant in Kursk; the proposed building of a gas pipeline between Iran and West Germany, which is to pass through Soviet territory and is to be built with West German technical assistance; the participation of French firms in setting up a petrochemical complex and a large plant for producing aluminium; and participation by Japanese firms in developing the coal and timber-processing

industry in the Soviet Far East. The product-pay-back basis of most of these projects is a convenient and mutually beneficial form of agreement that meets the short- and long-term interests of the partners. As a result, Western partners receive large, long-term orders for supplying a wide range of equipment, as well as the chance to secure for themselves, on a long-term basis, the products they require from the socialist countries.

Agreements on industrial cooperation with the West cover various forms of relationship between the production, scientific and technological potentials of the partners. They include the following:

1. provision of licenses on a product-pay-back basis;
2. supplies of sets of equipment for enterprises with payment for them in the form of the output produced (agreements of a product-pay-back type);
3. joint production and specialisation;
4. joint experimentation, design or construction of projects, including in third countries.

The most widespread form of cooperation is joint production by which a long-term exchange of parts and assembly units develops and the output of the final product is arranged for each partner; these constitute some 10 per cent of all agreements.

The CMEA countries have already concluded over 1,200 agreements with Western firms on long-term economic cooperation with regular trade exchange, exchange of technical expertise and cooperation in marketing. This form of cooperation between socialist and capitalist

states, the proportion in their mutual relations being relatively low, is nonetheless also of mutual interest.

The capitalist states also show a growing interest in learning the results attained in certain advanced areas of science and technology in the socialist countries. This applies mainly to achievements in the aircraft industry, ferrous and non-ferrous metallurgy, nuclear technology, power engineering, electronics, some branches of instrument-making, the production of certain synthetic materials, medicines, etc., and the building of supertransmission lines.

At the same time, it is worthy of note that most of CMEA's West European partners, especially those of the Soviet Union, are interested, on the one hand, in further increasing supplies to the Soviet market of their own manufactured goods, and, on the other, in boosting imports of fuel and raw materials. This approach will often be unacceptable to the CMEA countries, in so far as they intend increasingly to raise the share of manufactured industrial goods in their own exports.

The mutual exchange of manufactures, including engineering goods, between socialist and capitalist states, and the expansion of this exchange in recent years are no chance affair; international experience has demonstrated that such exchange, particularly under intra-sectoral production cooperation, enables the partners to make large savings on social labour. The most diverse commodities can be the subject of agreements on cooperation. In the trade between socialist and capitalist countries there are cooperation supplies for the production of cars, buses, steam generators, metal-processing lathes,

compressors, rail transport equipment and other engineering products.

An analysis of the trends in the capitalist economy indicates that the interest the capitalist countries are showing in promoting economic relations with the socialist states is no short-term affair. The prospects for cooperation with the socialist countries, the unparalleled scale of possible cooperation projects and the capacity of the socialist markets are all becoming weighty factors to which the government agencies and firms of capitalist countries will pay increasing attention in the long term.

In the 1970s, trade between socialist and industrially developed capitalist states had been one of the most dynamically developing sectors of world trade. Between 1971 and 1976, trade turnover between CMEA countries and such capitalist states increased in current prices by approximately 250 per cent to reach 44,300 million roubles in 1976. The same year, the industrially developed capitalist countries accounted for 31 per cent of the total volume of the CMEA member states' foreign trade (*Table 12*).

Of course, the growth in the physical volume of trade estimated on the basis of constant prices was less than that shown in *Table 12*. The world index of export prices of all commodities grew by 2.5 times between 1960 and 1976 (and by 2.2 times between 1970 and 1976 alone). Yet even taking into account the price increase, the rate of growth of the trade between East and West considerably outstripped that of world trade as a whole.

At the same time, it is obvious that more than a few outstanding problems lie in the path

Table 12

**Foreign Trade Turnover of CMEA Countries
with Industrially Developed Capitalist States**

(in millions of roubles and prices for corresponding years)

	1960	1970	1976	1976 as a % of 1960	1976 as a % of 1970
Total	4,908	13,036	44,339	903	340
Including EEC countries	2,943	8,045	23,221	789	286
of which:					
West Germany	1,082	2,627	8,488	784	323
Italy	370	1,395	3,523	952	253
France	356	1,114	3,912	1,099	351
Britain	667	1,623	3,454	518	213
USA	217	493	4,236	1,952	859
Japan	134	950	2,982	2,225	314
Finland	353	676	2,370	671	350
Austria	358	836	2,478	692	296

of extending economic ties between socialist and capitalist countries. The main difficulties are obstacles artificially set up by certain imperialist circles. CMEA economists rightly note that the refusal by United States Congress to extend most favoured nation terms to the Soviet Union and several other CMEA countries does much to hinder the normal development of economic ties between the United States and those countries. The offering of such terms, as well as state credit, was, in fact, hedged around by unacceptable political conditions. This situation cuts across the interests of all sides, casts a shadow over the atmosphere of detente and requires immediate normalisation.

Normalisation of relations between the two integrating groups in Europe could make a considerable contribution to the development of

business cooperation; but the commercial and political regime of the EEC does not favour economic relations between the socialist and capitalist parts of Europe or improvement in the trade structure of CMEA exports, in which fuel and raw materials, as well as farm produce, still predominate. The common tariff barrier protecting the EEC from the rest of the world has a particularly acute effect on the most promising forms of export from CMEA states—manufactured goods with a high degree of processing. Difficulties also arise in the retention of quotas and other quantitative limitations on the imports of many CMEA goods that enjoy considerable demand in the West; further ties are hampered by administrative procedures; mutual trade is complicated by all sorts of hard-line agricultural protectionism; other measures hinder the sale of goods from the socialist countries to Western Europe. At present, there are still some 240 commodity items in the uniform EEC tariff that are not liberalised for the socialist states, and another 100 that are only partially liberalised. Tariffs on certain promising finished products are being retained at a level of 12-18 per cent.

All the same, CMEA is consistently advocating an extension of equal and mutually beneficial economic ties between states that adhere to the different social systems. This principle was underlined when CMEA was formed and is reflected in its Charter, which states that the CMEA member states confirm their desire to develop economic ties with all countries on the principles of equality, mutual benefit and non-interference in internal affairs, irrespective of their social and state system. The Basic Prin-

ciples of International Socialist Division of Labour emphasise that the international socialist division of labour takes account of the world division of labour, that by developing economic relations with all countries in the world, the socialist countries reinforce the material basis of peaceful coexistence between the two world socio-economic systems. The Comprehensive Programme for further deepening and improvement of cooperation and the development of socialist economic integration states that the CMEA member countries will continue to promote economic, scientific and technological relations with other countries, irrespective of their social and state system, on the principles of equality, mutual benefit and observance of sovereignty. This is in accord with the socialist countries' policy of peaceful coexistence and is in the interests of social progress. This undeviating policy of the CMEA countries serves to consolidate peace.

CMEA and European Economic Cooperation

The prospects for European security are invariably connected with the creation on the European continent of business partnership, and a strengthening of economic relations between various countries—i.e., a situation that would help objectively to consolidate the material foundations of detente. A major step in this direction was the European security and cooperation conference that was held in Helsinki in August 1975. The Conference was the result of an enormous amount of political work requiring patient mutual effort, careful account

of the interests of all parties, and the working out of mutually acceptable decisions reflecting present-day realities and opening up favourable opportunities for the further development of international cooperation in all areas of human activity. The main contours of a future peace in Europe were hammered out, as were the standards of international conduct that can and must ensure for all states, irrespective of their social system, stable and reliable conditions for peaceful, creative endeavour and mutually beneficial cooperation.

The economic potential of modern Europe within its natural boundaries is markedly greater than that of any other region or continent. Europe produces about half the world national income; it accounts for about 55 per cent of world industrial output. The states of Europe annually invest colossal sums in new construction: at present, the annual investment of the East and West European countries is over 500,000 million dollars. Over half of all the world's scientific workers are engaged in European states. Europe traditionally holds the leading place in world trade and international cooperation: the share of European states in world exports is now about 55 per cent.

The opportunities for mutually advantageous economic relations between European countries are based on the historical traditions of the peoples of Europe, on the variety of the European countries' natural resources, on the opportunities for mutually supplementing their industrial and scientific and technological potential, and the diverse communications between the European states. The scientific and technological revolution that began in the mid-twentieth

century added fresh objective stimuli contained in the very nature of present-day economic and technological progress to the traditional factors in the European division of labour.

The policy pursued by the CMEA member states and their Council agencies is perfectly clear-cut: not to allow any restriction on European cooperation so that this, in turn, might not lead to a dangerous confrontation on the continent, so that both integrating processes might be inscribed in the overall picture of detente and strengthening of good-neighbourly relations between the peoples of Eastern and Western Europe.

It is obvious that the integration trends have different political and social orientations in the East and West of the continent and, given the present status quo, their roles for the future of Europe are far from identical. In these circumstances, it is particularly important for both the EEC and CMEA countries to adhere to a policy that meets the interest of peace, security and economic progress on the European continent. Unfortunately it has to be said that, up till now, the EEC members in many respects have been much less prepared for active involvement in European cooperation than the CMEA members.

To a certain extent, this is due to the class nature of the West European integration grouping, to the goals its participants set themselves, and to the mechanism of the integration process in its capitalist form.

West European integration arose as a closed customs union geared to removing as many administrative and economic barriers as possible that stand in the way of mutual trade among

its member countries, as well as to protecting the EEC domestic market by means of a customs and tax shield against competition from producers in other countries and regions of the world. The initial name of the West European integration group was the Common Market; it defined the aims of the EEC and the main methods for its formation fairly accurately. Subsequently, it proclaimed its major objective to be the creation of an economic and currency union of member countries by 1980; this meant the unification of national conditions for the transfer of capital, goods, man power, science and technology within the bounds of the community.

The state-monopoly control of economic processes within the EEC framework was, from the very beginning, based on spontaneous private property foundation, and its major task was to stimulate market forces automatically leading to a capitalist rationalisation of production, greater concentration and the promotion of a dense network of close cooperation ties among the firms of the EEC countries. Owing to the internal contradictions inherent in capitalism, integration led to a sharp exacerbation of the social problems in Western Europe: capitalist integration develops mainly in the interests of monopoly groupings; rationalisation of the structure of national economies takes place mainly at the expense of the working people; as this happens, entire social strata, economic areas and branches of production are actually doomed to suffer and expire. At the same time, the results of 'market' integration have only a weak effect on the main national economic proportions of the EEC countries; they have mainly affected only the micro-economic level.

The practical experience of the EEC shows that planned regulation of economic processes is organically alien to capitalism, even if its productive forces have reached a high level of concentration and even if it has created such joint administrative institutions as supra-national community agencies. All attempts to raise the level of state-monopoly regulation to that of joint resolution of structural material and financial problems, and somehow to coordinate the major aspects of national economic policy among EEC countries, have fallen at the first hurdle, as happened during the 1974-75 crisis that embraced the whole industrial capitalist world at once. The EEC countries have had to contend with a sharp exacerbation of such problems as the fierce struggle with American and Japanese monopoly competition, galloping inflation, a 12-19 per cent decline in industrial production, higher unemployment in Western Europe, embracing up to 5-6 million people, shortages of energy and raw materials, mounting balance of payments deficits and the collapse of the post-war currency system.

Capitalist integration has not created, in essence, any means of overcoming these phenomena; quite the opposite, it has only intensified their destructive effects. On the one hand, capitalist integration has undermined the opportunities for using levers of national regulation of foreign economic relations in all the EEC countries and, on the other hand, it has so far proved incapable of creating effective interstate and supra-state levers for state-monopoly control of these relations. In many instances, this has led to an intensification of the spontaneous development of the capitalist

economy and to an increase in its instability.

The EEC has had to give up the objectives it set for 1980. As the *Economist* put it on August 7, 1976, 'Nearly three years after the energy crisis, the community is little nearer to any kind of energy policy. Economic and monetary union has never seemed more remote. The common agricultural policy has not yet been reformed... The regional and social funds are too starved of cash to do much and can expect to get little more out of next year's budget.'

The economic failures and slow progress of integration forced the EEC leaders to work out a new policy. It would seem that it comes down, in essence, to two basic elements: first, all-out 'politisation' of the EEC and, second, extension of the geographical sphere of the community's influence.

The policy of political convergence of the EEC countries, of their performance as a single entity in regard to the outside world, in the words of the EEC Secretary-General Léo Tindemans, presupposes an intensification of the EEC common policy in relation to third states, the creation of new common political institutions of the community and, for the future, the possible drawing up of a common policy on military affairs.

Another direction in the contemporary development of the EEC lies in expanding the number of its participants through the acceptance of new members, as well as the gradual enticement of economically less developed countries into the reproduction processes within the community framework and extension of its influence to other West European states remaining outside

the EEC. At one time, the EEC founders had planned its future development on a scale embracing all Western Europe but, as the West German researchers Christoph Royen and Eberhard Schulz note, it became apparent fairly soon that 'the initial hopes that the EEC would embrace all of Europe [i.e., Western Europe—*Ed.*] have no chance of success in the long term'.¹ Some element of that strategy, however, appears to remain in force up to the present. It would seem that EEC membership may increase somewhat in the near future. In all fairness it has to be said that this question cannot be considered settled yet by any means. There are within the EEC and outside it powerful opponents to the idea of expanding the community. As *The Times* wrote on March 17, 1977, acceptance of new members 'will increase the economic and social diversity within the Community, widening the gap in living standards between the richer and poorer member-states. This of itself will slow down the already snail-like pace of economic convergence and integration within the Community.'

In July 1977, the EEC and EFTA removed customs duties on mutual trade for most manufactured goods, and this brought a marked deterioration in the competitive position of other world exporters of these goods on EEC markets. The conclusion of a series of preferential agreements with Mediterranean countries provided a new boost to the export expansion of the EEC countries in that region and, at the same time, made the position of other exporters of those agricultural and industrial products on EEC markets worse. Similar consequences followed from the signing of an agreement in Lomé with

46 countries from Africa, the Caribbean Basin and the Pacific, as a result of which these industrially backward countries found themselves even deeper drawn into the political and economic orbit of the EEC.

The protectionist barriers thrown up around the West European integration grouping are having an adverse effect on many areas of international trade. In particular, they impoverish the structure of the European division of labour and reduce its effectiveness owing to an irrationally high degree of self-sufficiency in various regions of Europe. As the British economist Phil Leeson has pointed out, the EEC policy 'has over the years almost certainly had the effect of discouraging production in other, potentially more efficient, parts of the world'.² Such, for example, are the results of the artificially high degree of self-sufficiency of the EEC in farm produce, which currently amounts to 100 per cent in practically all its forms, with the exception of maize, soy beans and tropical crops.

The protectionist, discriminatory policy of the EEC has a particularly adverse effect on economic relations between the countries in the East and West of Europe. Right from the early years EEC policy invariably had a clearly expressed anti-socialist accent. At present, there is the prospect of a gradual weakening of the closed nature of the grouping in regard to neighbouring countries of Western Europe and a whole number of states in other regions of the world. In relation to the socialist states of Europe, however, the EEC maintains, and in certain instances even reinforces, the system of discriminatory measures and restrictions that often

paralyse normal economic relations with them. As noted above, obviously contradictory trends exist in the capitalist countries on this issue: implementation of measures aimed at economic boycott and discrimination against the socialist countries in order to hamper their development, on the one hand, and on the other, a desire to obtain the substantial benefits from business contacts with them.

The first trend is still manifest in EEC policy in the most varied forms. EEC countries as NATO members continue, for example, to adhere to the COCOM proscribed lists that put an embargo on the export to socialist countries of some 150 trade items of which the bulk are mainly for peaceful purposes, including equipment for the nuclear power industry, metal processing, chemical, oil, electrotechnical and transport equipment, scientific instruments, etc. The EEC has established tariff barriers aimed at the most promising exports from CMEA countries—that is, manufactured goods with a high degree of processing. The EEC maintains quotas and other quantitative limitations on imports from Eastern Europe; at present, these restrictions greatly hamper the development of trade between CMEA and EEC countries in many commodities that could be exchanged. Bearing in mind the export structure of the CMEA states, a real liberalisation would affect only 50-60 per cent of their exports to EEC markets. The EEC countries also apply arbitrary, so-called anti-dumping, bans and restrictions: during 1978 this particularly affected Bulgaria, Poland and Czechoslovakia. There has been a step-up in inflexible agrarian protectionism shielding West European producers from normal competition from the socialist

countries' produce. Over the last ten or so years, the average compensatory duty amounted to 35 per cent of the cost of corresponding produce and, in certain years, between 40 and 50 per cent or even 100 per cent. In 1974-75, the EEC resorted to a direct embargo on the import of meat from certain socialist countries. Agrarian protectionism in the EEC narrows the opportunities for promoting trade between Western and Eastern Europe.

The socialist countries take full account of the prevailing realities in Europe, one of which is the process of West European integration. The socialist countries' policy of promoting European cooperation is by no means aimed at undermining integration in the other part of Europe. Noting the maturing need to extend European cooperation, Leonid Brezhnev has said: 'This leads to the following question: is it possible to find a basis for some forms of business-like relations between Europe's two interstate trade and economic organisations—the Council for Mutual Economic Assistance and the Common Market? Such a basis could probably be found, if the Common Market countries refrain from all attempts at discrimination against the other side, and if they help to develop natural bilateral ties and all-European cooperation.'³

It is impossible, however, to ignore the fact that certain West European circles try to present the EEC in its present form as an alternative to cooperation on an all-European basis. *The Times*, which, on the whole, opposes all-European cooperation, wrote on February 19, 1974: 'The Nine must have the courage to show the countries of Eastern Europe that East-West cooperation

can only develop if it is clear to them that pan-European projects will not be allowed to inhibit integration in all fields chosen by the Nine.' It is clear from this that not the socialist countries, but certain forces in the West pose the question of 'either-or', thereby causing appreciable harm to the interests of Europe as a continent. This position is coming in for mounting criticism in the West European countries themselves.

Progress in economic relations between the socialist and capitalist countries of Europe will greatly depend on whether the EEC leaders want and are able to adapt their organisation to the requirements of the new Europe—the Europe of trust and cooperation. It would undoubtedly be in the interests of East and West to have smooth relations of cooperation between the two European integrated groupings in order to resolve common economic, scientific and technological and ecological problems.

The proposition from the CMEA countries to conclude an agreement between CMEA and EEC on the principles for mutual relations between them certainly meets these objectives. The initial draft of such an agreement was sent to the EEC Council of Ministers on February 16, 1976. Under present circumstances, the absence of a treaty basis regulating relations between the two powerful integrated groupings has become an obvious anachronism. The CMEA initiative accords fully with the general spirit of the steps being taken by the socialist countries to implement the decisions of the Helsinki Conference for the purpose of further refurbishing relations between all European states. The declaration of Warsaw Treaty States 'For the Further Advance-

ment of Detente and for the Consolidation of Security and Development of Cooperation in Europe' stressed: 'The establishment of equitable commercial relations between the Council for Mutual Economic Assistance and its member countries, on the one hand, and the European Economic Community and its members, on the other, would accord with the interests of both sides.'⁴

The draft agreement presented by CMEA to the Common Market envisages the following: the application by the CMEA and EEC states in relations with one another of most favoured nation treatment; development of economic, scientific and technological cooperation between CMEA and EEC nations on a non-discriminatory basis; acceptance by all parties of measures to prevent mutual trade from damaging home markets for those goods; the provision of credit by member states of both organisations to their partners on the most favourable terms. According to the draft agreement, CMEA and EEC must do what they can to see that the development of trade in farm produce between EEC and CMEA countries takes place on a stable, long-term and fair basis.

The draft agreement envisages that specific aspects of trade and economic relations be regulated by bilateral and multilateral agreements among these countries and their organisations. The draft further envisages that CMEA and EEC would maintain contacts so as to improve trading conditions, develop mutually useful relations in working on standardisation problems, environmental protection, statistics and economic forecasting.

The reaction of the ruling circles of the EEC

to these proposals has varied. Although they have not rejected negotiations and contacts with CMEA agencies, the EEC leaders obviously want an extremely restricted agreement between the integrated groupings and to keep the existing system of discrimination against the socialist countries in various forms.

The fairly wide range of objections being put forward inside the EEC against the conclusion of an extensive agreement with CMEA may be reduced to the following major elements. First, the ruling EEC circles would like to reinforce the inequitable scheme of relations in Europe by which the EEC would act as a single entity, while each socialist state would act individually. This became clear from an interview by Henri Simonet, President of the Council of Ministers of the European Community and Belgian Foreign Minister, to the magazine *Impact* (July 1977). Second, as *Le Monde* wrote on September 22, 1977, the EEC leaders do not wish the CMEA-EEC agreement to contribute to reinforcing cooperation within CMEA and enhancing the prestige of its leading agencies. Third, as the Paris *Les Échos* asserted in its issue of February 23, 1976, soft-peddling on discrimination in the EEC is impossible without appropriate compensation, which presupposes a systematic growth in exports from the EEC states to the socialist countries.

These arguments put forward by those who oppose a normalisation of relations between the two European groupings seem to be the consequence of at least an underestimation of latter-day realities. The CMEA countries represent a powerful political and economic entity, and they will never agree to such a scheme of rela-

tions aimed at weakening and splitting them in the face of the biggest grouping of the capitalist world. As Andrej Barčák, Foreign Trade Minister of Czechoslovakia, has written, the socialist countries are repelling 'attempts by the Common Market to impose a formula of relations where, on the one hand, there is a grouping of capitalist countries connected by strict discipline and subordinating national bodies to their decisions and, on the other, an individual socialist state'.⁵ The unity of socialist countries and the extension of their mutual cooperation rest mainly on the community of their aims and interests, on the community of the class nature of their social systems, on the principles of proletarian internationalism.

There is also no sense in the argument that the CMEA countries need more imports from EEC countries as some form of compensation for possible concessions in the trade and political regime. During the 1960s and 1970s, CMEA imports from the industrially developed capitalist countries rose no slower, and often even faster, than their imports from the CMEA region: between 1961 and 1965, the respective average annual indicators were 8.8 and 9.3 per cent, between 1966 and 1970—12.2 and 8.5 per cent, between 1971 and 1975—31.0 and 18.0 per cent. These indicators, incidentally, remove any real grounds for asserting that the CMEA countries practise counter-forms of discrimination against their partners in the West, including the EEC.

Finally, questioning the powers of CMEA agencies is undoubtedly groundless. The CMEA Charter in articles III, XI and XII mentions directly the right of CMEA to conclude international agreements. This right has already been

exercised more than once, as is evidenced by agreements with Yugoslavia, Finland, Iraq and Mexico.

Normalisation of relations between CMEA and EEC is an important element of the European system of security and cooperation. A constructive reply by the EEC to the CMEA initiative would constitute a major contribution to improving relations between Eastern and Western Europe; it would be an important step in furthering detente. In 1976, trade between EEC and CMEA exceeded 30,000 million dollars. According to the British economist John Pinder, trade with CMEA countries 'is important to the Community, being not much less than its trade with the United States'.⁶ Yet the opportunities for extending mutual cooperation between the EEC and CMEA both in trade and in other areas are obviously far from exhausted provided effective measures are taken to remove existing barriers.

Considerable progress in the division of labour between East and West is only conceivable, of course, if the markets of the West are opened up to exports from socialist countries, all discriminatory restrictions are removed, and agreements on mutual cooperation are made as long-term as possible. Neither party can allow lengthy balance of payments deficits; the socialist, like the capitalist, countries cannot continue purchasing for long without selling roughly the same amount of value. Clearly, an extension of the opportunities for the socialist countries to sell on West European markets is a major condition for a further growth of their imports from countries of that region.

Stimulation of economic cooperation between Eastern and Western Europe has profound ob-

jective reasons behind it. The prospects for economic relations between European states belonging to different social systems are inseparably connected with a further development of the present-day scientific and technological revolution. In the decades to come, the world economy will evidently continue to exhibit a growth in the scale of specialised large-serial production, more complex solutions to energy and raw material problems, the appearance of new types of industrial product, and increased research costs. These processes will no doubt increasingly enhance the benefit of international specialisation and cooperation of production, and the coordination of national production and research programmes.

Detente creates a favourable political climate for the joint utilisation of the considerable new sources of economic growth in the interests of all European peoples. The economy of Europe could, in the long term, enjoy considerably greater economic benefits based on the mutually complementary structures of the economies of its individual states. The promotion of cooperation on European scale could be accompanied by combined long-term efforts in various spheres of economic, scientific and technological development by both Eastern and Western Europe, particularly to implement certain investment programmes. This would enable them to create a more rational system of the international division of labour in Europe, using the natural and technical-economic conditions of individual national economies.

The events of recent years have shown that progress in socialist integration opens up new opportunities for expanding cooperation between

Eastern and Western Europe. The West European partners have taken or are taking part in implementing a range of very large projects of great importance for the whole CMEA region. This applies, in particular, to the building of the Volga and Kama motor works, to the laying of the trans-Europe gas pipeline and the Iran-West Germany gas pipeline systems across the territory of the USSR and Czechoslovakia, to the construction of a new iron and steel plant near Stary Oskol and the Ust-Ilimsk pulp-and-paper works, and other projects. The extension of the business contacts of the International Investment Bank of CMEA is creating new opportunities for expanding the financing of mutual cooperation. It is also noteworthy that the international production, scientific and technological organisations of the CMEA countries are always open for cooperation with interested partners.

The partial similarity between the national industrial structures of the countries of Eastern and Western Europe also enables them to develop cooperation in intra-sectoral specialisation and cooperation. This is demonstrated, for example, by the growing similarity of the export-import structures of most industrially developed states. Already today agreements on industrial cooperation between East and West number over 1,200. It is perfectly feasible that, as scientific and technological progress accelerates, the role of intra-sectoral specialisation and cooperation will grow even more.

Account must also be taken of the common nature of many contemporary problems engendered by technological progress; these demand collective international efforts for their resolu-

tion. Among such problems are the exploitation of energy and other natural resources, the development of transport and communications, environmental protection, elimination of the most widespread diseases, and the conquest of space and the World Ocean. That is why the international public have greeted with such interest the Soviet proposals to convene all-European congresses on the problems of cooperation in the field of energy, transport and environmental protection.

The Belgrade Meeting of representatives from the 35 countries that had participated in the Helsinki Conference showed without a doubt the mounting need to put these proposals into practice. The socialist and the capitalist countries of Europe are equally interested in working out a constructive programme for international action on resolving problems of an all-European significance. Evidently, such a programme would be bound to include such major issues as the following: *in power engineering*—the need to combine electric power and pipeline systems on the European continent, creation of new international fuel transportation systems, the possibility of developing large fuel and energy complexes, the need to acquire new sources of energy and joint research in this area, measures to save on energy; *in transportation*—prospects for the development of an all-European mainline transport system, including railways and highways, the creation of an all-European network of waterways, development of fast transport systems with a large traffic-carrying capacity; *in environmental protection*—problems of transcontinental spread of polluted air, joint action to protect seas and rivers, elaboration of special measures to eliminate the harmful effects of the widespread

use of mineral fertilisers, joint research into the creation of wasteless production techniques. In this connection, considerable interest undoubtedly arises from the proposals put forward in the materials of the United Nations European Economic Commission on creating new financial institutions to promote all-European cooperation, in particular, the setting up of a common fund for economic cooperation between socialist and capitalist countries of Europe, as well as a bank for Eastern and Western Europe.

Closer commercial relations between the two European groupings could also play a certain positive part in resolving such issues. Given all the specific features of and differences in their regional interests, they must be an important stimulus rather than an alternative, to the promotion of all-European cooperation.

The active participation of the socialist countries in the world division of labour, in equitable, stable and mutually beneficial international cooperation is the firm policy of the Communist Party of the Soviet Union and the ruling parties of the other fraternal countries. As Leonid Brezhnev underlined in his speech to the Berlin Conference of the Communist and Workers' Parties of Europe in 1976, the CPSU has 'never separated the destinies of the Soviet Union from the destinies of other countries of Europe and the world'.⁷ This policy fully meets the interests of world socialism and all progressive forces of modern times. It corresponds to the fundamental interests of the peoples in all countries and on all continents, to their aspiration for a lasting peace, security and social progress.

**A Promising New Form of Economic,
Scientific and Technological Relations:
Agreements Between the Council
for Mutual Economic Assistance and
Countries with Other Social Systems**

Up to the 1970s, the economic relations between CMEA and non-socialist countries were almost exclusively bilateral. The bilateral form of relations was the most acceptable arrangement in the specific circumstances of the 1950s and 1960s, when economic, scientific and technological cooperation between the two groups of countries began to develop intensively. Initially, the partners had a fairly poor understanding of the mutual opportunities; they were often beginning virtually from scratch and did not yet have sufficient experience of cooperation between countries with different levels of development and different social systems. The bilateral basis for relations enabled them gradually to form an economic mechanism reflecting the specific nature of the partners' participation in world trade and the international division of labour, taking into consideration the interests of individual countries, including in the sphere of international accounting. The bilateral principle of cooperation has helped to give cooperation a long-term character, and to tie it in with plans and programmes for the development of the partners' national economies.

A number of factors operate today in the world economy that dictate the expediency of making wide use of multilateral forms of relations as well. The success of the multilateral principle in cooperation between states with different social systems, being based on mutual benefit and the interests of all participants, requires that a specific mechanism be created for economic

cooperation. In other words, both sides need to carry out a set of measures on the macro- and micro-economic levels in order to pave the way for long-term joint activities on a large scale, for a further improvement of legal norms and an institutional mechanism for multilateral cooperation.

A characteristic feature of multilateral cooperation between the CMEA states and countries with other social systems is the way it takes shape through the supplementation and development of bilateral relations and the improving of economic and legal principles that have formed in mutual relations, not at their expense.

The foreign economic ties of the CMEA countries and socialist economic integration have never been visualised as a process isolated from the world economy. At the 25th Party Congress, Leonid Brezhnev made this very point: 'The might and cohesion of the community of socialist countries have been growing stronger through economic integration. Cooperation with the developing states is facilitating the restructuring of their economy and social life on progressive principles. Lastly, economic, scientific and technical ties with the capitalist states are consolidating and broadening the material basis of the policy of peaceful coexistence.'⁸

The CMEA member states envisage organisational-legal conditions enabling them to promote economic, scientific and technological relations with countries outside the Council.

The CMEA Charter envisages the possibility of accepting into the Council the countries that share its aims and principles and agree to abide by the obligations they assume. The acceptance of members is by decision of CMEA sessions

on the basis of official requests from countries wishing to join (Article II, para. 2.). Article XI of the CMEA Charter states: 'The Council for Mutual Economic Assistance may invite countries which are not members of the Council to take part in the work of the Council's agencies or to cooperate with them in other forms. The terms on which non-member countries may participate in the work of the Council's agencies or cooperate with the Council in other forms shall be determined by the Council in agreement with the countries concerned, as a rule, by concluding appropriate treaties.'⁶ Article XII of the CMEA Charter provides for the establishment and maintenance of relations with various international organisations; moreover, the nature and form of these relations are determined by the Council on agreement with the relevant bodies of the United Nations and international organisations, particularly through the conclusion of agreements.¹⁰

A flexible organisational-legal mechanism of cooperation between CMEA and countries that are not members of the organisation has helped to increase its membership and spread cooperation beyond the bounds of the region. The subsequent entry of Mongolia, Cuba and Vietnam to the Council turned it into an international organisation representing countries of three continents. Some countries (for example, Angola, Laos and Ethiopia) are cooperating with CMEA, enjoying the status of associate members; this enables them to get an idea of the Council's activity, to take part in the meetings of various agencies, to develop cooperation with individual CMEA countries, as well as to extend the mutual exchange of economic information.

The Comprehensive Programme, marking the link between the international socialist division of labour and the world division of labour, notes that CMEA member countries 'will continue to develop economic, scientific and technical ties with other states, irrespective of their social and state system, on the principles of equality, mutual benefit and observance of sovereignty'.¹¹ Here lies the possibility of full or partial participation by any non-Council member in the implementation of the Comprehensive Programme. The terms for participation imply that an agreement must be concluded between CMEA and the relevant country. Participation conditions may be determined, if need be, in the implementation of individual measures envisaged by the Comprehensive Programme.

Thus, the system of agreements on various levels is becoming the main organisational-legal instrument through which third countries participate in various forms of multilateral cooperation with the CMEA countries. Such a way of regulating trade and economic relations enables them to adapt the partners' differing mechanisms as they organise long-term cooperation, while additional measures are envisaged for relations with developing countries, the aim being to help them create a modern independent national economy, overcome backwardness and carry out progressive transformations in the interests of the working people.

Long-term multilateral cooperation between CMEA countries and non-member states, as practice has shown, proceeds along two channels: on the basis of agreement between CMEA and a non-member on the latter's participation in the work of CMEA agencies (in 1964, such an

agreement was signed between CMEA and Yugoslavia) and on that of agreement on cooperation between CMEA and a non-member of the Council.

The first case covers the regularisation of relations between CMEA and a socialist country. The regulation of relations in the process of organising and implementing multilateral cooperation between CMEA and a non-socialist country is evidently more acceptable for the partners through a special agreement on cooperation. A particular feature of cooperation in the second instance is that the partner does not take part in the work of CMEA agencies. A special economic instrument—a cooperation commission—is set up to implement agreements.

The Government of Finland, wishing to take fuller advantage of the opportunity for an equitable and mutually beneficial division of labour with the CMEA countries through the promotion of multilateral relations, proposed that CMEA hold talks on defining ways and means for mutual cooperation and preparing appropriate agreements between Finland and CMEA. As a result of these negotiations, a draft agreement was signed on May 16, 1973. The aim of the agreement, as spelt out in Article I, was to promote multilateral economic, scientific and technological cooperation between Finland and the CMEA countries on questions of mutual interest.

In accordance with Article II of the agreement, the organisation of the cooperation between Finland and CMEA was put in the hands of an *ad hoc* body—the Cooperation Commission for CMEA and the Republic of Finland, consisting of representatives from Finland, nominated by the country's president, and representatives

from the CMEA countries, nominated by the appropriate bodies in those countries. The Commission was also charged with regularly studying ways to further multilateral economic, scientific and technological cooperation between the said countries.

To discharge the tasks entrusted to it, the Commission was accorded the necessary powers, similar to those enjoyed by corresponding CMEA agencies. In adopting recommendations and decisions, the Commission was to act on the 'principle of interestedness' that operates as a Charter principle in CMEA bodies. The annual meetings of the Commission confirm the recommendations prepared by its standing work groups. At present, there are five such groups: for foreign trade, engineering, the chemical industry, transport, and scientific and technological cooperation. Proposals on cooperation spheres and projects are studied by corresponding work groups which usually meet several times a year.

The recommendations adopted by the Commission are presented for examination by the competent bodies of the countries concerned. All interested countries are informed of the results. The adoption of recommendations by the CMEA countries and Finland means their final approval within the framework of the Commission. Realisation of the recommendations adopted presupposes their juridical formulation as international legally-binding acts—i.e., through the conclusion, in each specific case, of multilateral or bilateral agreements between the countries, their agencies, organisations and institutions or some other agreed procedure. Such a procedure makes it possible for account to be taken of differences in the socio-economic systems of the parties

and for their interests to be coordinated in the process of cooperation.

The Fourth Meeting of the Cooperation Commission for CMEA and the Republic of Finland, held in Helsinki in October 1976, stated that this mutually beneficial economic, scientific and technological cooperation was going ahead successfully. Trade between them had reached 2,100 million roubles in 1975, as against 1,800 million roubles in 1974 and 900 million roubles in 1973; it had therefore been developing particularly rapidly in recent years. In 1977, it had increased to 2,600 million roubles, and the share of the CMEA countries in Finland's foreign trade had increased to 23 per cent against 15 per cent in 1973. A further improvement is taking place in the structure of mutual supplies.

In 1976, Finnish exports of plant and machinery to CMEA countries stood at some 46 per cent of the total, 19 per cent being accounted for by other manufactured goods and almost 14 per cent by chemical products. The bulk of the output of the Finnish shipbuilding industry and engineering for the pulp-and-paper industry was exported to the USSR. Most imports from CMEA countries were fuel and raw materials (some 80 per cent in 1976).

Finland is cooperating with CMEA countries in implementing certain measures under the Comprehensive Programme. It has supplied part of the equipment for the Ust-Ilimsk timber complex, the Norilsk plant and some other projects.

At the present time, through the Commission's agreements and recommendations, the partners have moved on to implementing several bilateral and multilateral cooperation projects in the

field of transport, the chemical industry, engineering, trade, standardisation and statistics. Agreements were signed in 1975 and 1976 between departments and organisations of Finland and CMEA countries; these included long-term agreements and contracts on mutual deliveries of products of the pharmaceutical and paint-and-varnish industries. On the basis of the Commission's recommendations, in 1975 inter-governmental agreements were signed between Finland and European CMEA countries on the technical servicing of commercial road transport. In order to promote cooperation on transport, the Commission made recommendations on cooperation in regard to container carriage and the organisation of a controller service for road transport on routes linking Finland with CMEA countries. The same year, the countries signed the first agreement on multilateral scientific and technological cooperation in the development of technology for soda-oxygen woodpulp cooking; Finland's partners in this were the USSR, Poland and Czechoslovakia. Multilateral agreements on engineering are being prepared on specialisation and cooperation in the production of certain types of hoisting equipment. Work is still going on to elaborate general terms of supplying goods in trade between Finland and the CMEA states; the results of this work were reviewed at the Commission's fifth meeting. Special attention is being focused on problems of multilateral scientific and technological cooperation in the development of new products and technological processes. Virtually half the Commission's work is accounted for by the working group on scientific and technological cooperation. Five main areas of scientific and technological cooperation have

appeared so far: forestry (selection and genetics of timber species); the comprehensive utilisation of timber materials; using Finnish techniques and certain other processes; environmental protection; oil and gas; construction and the production of building materials. Proposals are being made for spreading scientific and technological cooperation to other areas.

The statute on the Commission envisages the possibility of non-CMEA members taking part in its work, but only on the basis of special agreements. This, for example, opens up additional opportunities for extending trade-economic and scientific-technological ties between Yugoslavia and Finland.

As noted above, the agreement of May 16, 1973 also allows for the Commission to implement recommendations not only through agreements, but through certain other forms, by arrangement between Finland and interested CMEA countries. Some experts consider that one of most promising ways of implementing the Commission's recommendations is for the state to adopt them (through its competent agencies) without formulation of an agreement, and for the CMEA Secretariat to inform the other interested countries subsequently. This practice is employed in the Soviet Union and other socialist countries. With some modification it may be useful, these experts believe, in cooperation between Finland and CMEA states.

While the smooth development of bilateral ties between Finland and the CMEA countries proved to be a condition for advancing to multilateral cooperation, this cooperation, in turn, is becoming a stimulus to trade, production cooperation and scientific and technological re-

lations on a bilateral basis. For example, the long-term programme for the development and deepening of trade, economic, industrial, scientific and technical cooperation between the USSR and the Republic of Finland till 1990 has laid down that 'the Parties shall endeavour to include in the sphere of their mutual trade the deliveries carried out between the USSR, Finland and third countries, including those based on possible agreements within the framework of cooperation between Finland and the Council for Mutual Economic Assistance'.¹²

Multilateral cooperation between Finland and the CMEA countries is still in its initial stages, yet it has undoubtedly stimulated the development of both bilateral and multilateral relations between the partners in the trade-economic, production, scientific and technological spheres. Today, of great importance is the search for new forms, methods and trends of cooperation, in addition to those already in use, which will ensure high rates of its expansion and greater efficiency of joint measures.

A fuller use of the potential for multilateral cooperation between Finland and CMEA countries is linked with the need to intensify planning principles in economic, scientific and technological relations, with the enhanced role of Finland's state agencies in this, the involvement of medium-sized well-equipped firms in international specialisation and cooperation, improvement of financing, crediting and accounting, a study of the opportunities for using transferable roubles, joint actions in third countries, and the establishment of contacts and cooperation with international economic organisations of the socialist countries.

This experience of applying a specific mechanism for stimulating economic, scientific and technological relations between CMEA countries and a country of another social system on a multilateral basis was subsequently used in cooperation with developing countries.

In July 1975, an agreement was signed on cooperation between CMEA states and Iraq and, in August of the same year, a similar one with Mexico. The content of these agreements shows that the former was largely a result of existing ties which were fairly considerable in the volume and variety of trade-economic relations between CMEA countries and Iraq. The second agreement was linked with a mutual desire to create the conditions for the further extension and diversification of economic, scientific and technological cooperation between the CMEA states and Mexico on a bilateral and multilateral basis.

In fact, by mid-1975, in excess of 200 industrial enterprises and other projects had either been built or were under construction in Iraq with the help of CMEA countries; these constituted an important component part of the public sector of the economy. The countries of Eastern Europe account for almost a quarter of Iraq's foreign trade (excluding oil exports). The Iraqi Government's document drawn up for the Fourth Session of UNCTAD asserted that 'such cooperation had a decisive bearing on Iraq's attempts to assert its sovereignty over its natural resources and its simultaneous pursuit of production and consumption programmes. Also of benefit for cooperation was the investigation of mutual interests, not to mention the nature of the economic and social order prevailing in Iraq and the socialist countries respectively'.¹³

The agreement with Iraq stresses that its aim is to promote multilateral cooperation between the partners in various areas of the economy, science and technology; the major place in its mechanism belongs to a joint commission consisting of representatives from CMEA countries and Iraq. As experience accumulates, the parties envisage an improvement in the organisational forms, modes and methods of multilateral cooperation. The joint commission adopts recommendations and decisions, with the agreement of Iraq and interested CMEA countries, which are then implemented through the conclusion of multilateral and bilateral agreements between them, their agencies, organisations, etc. The working procedure of the joint commission is arranged so as to take maximum advantage of the possibility of multilateral cooperation. To this end, the maintenance of contacts is envisaged with representatives of CMEA agencies and international organisations of the socialist countries that have agreement ties with the CMEA, by offering these representatives the right to take part in meetings of the joint commission at its invitation. Similarly, by joint agreement, countries taking part in the work of CMEA agencies can participate in that of the commission.

It is noteworthy that, in defining the commission's functions, the agreement cites those industries whose possibilities for cooperation must be studied as a matter of priority: the oil and gas industry, the chemical industry (including the petrochemical industry), agriculture and foreign trade. A list of specific areas where a search is being made for ways to promote cooperation shows that the parties have already acquainted themselves fairly well with each other's

economic realities in the process of developing cooperation on a bilateral basis, and that they expect to obtain the greatest effect from advancing to multilateral relations precisely in the branches of the economy that they have indicated.

The first meeting of the commission in Moscow (24-26 November 1976) reviewed ways and means for promoting multilateral cooperation; it adopted decisions on setting up the first working groups, mapped out areas for cooperation and examined future long-term direction for its development.

In addition to working groups, the commission called a meeting of experts on agriculture, irrigation and the construction of food enterprises. The possibilities for cooperation are also being studied for other areas, above all in energy.

A second meeting of the CMEA-Iraq commission took place in 1977; it continued its work on the problems involved in extending the spheres of multilateral cooperation and examined proposals from the working groups.

The results of the development of the trade, economic, scientific and technological cooperation between Iraq and CMEA countries show that a combination of bilateral and multilateral forms is a powerful catalyst to cooperation, leads to a growth in its volume, makes relations long-term and gives them the features of a stable division of labour for the common good. Indeed, the CMEA countries have been helping Iraq build over 350 projects which form the nucleus of the country's modern economy. Essentially, Iraq's national economic complex is largely taking shape as a result of cooperation with the

socialist countries. In the period 1971-76 alone, the amount of economic assistance given by the CMEA countries to Iraq increased 3.5 times. What is more, ties between Iraq and all CMEA states expanded rapidly over that period. A particularly large amount of work is being carried out in cooperation with the Soviet Union. Already in operation are an electrical engineering plant in Baghdad, the largest engineering works in the country—the agricultural machinery factory in Iskanderia, glass and pharmaceutical plants, a cotton plant and knitwear mill, etc. After the commissioning of power stations with a total capacity of over 2 mln. kw, the national industry will gain reliable sources of energy. The large-scale irrigation projects will make a marked contribution to improving the country's food supplies. The national oil industry is a vital sphere of cooperation; other CMEA countries are helping in its development as well. These other CMEA states have helped to build such big projects as an oil refinery with a capacity of 3.5 mln. tonnes, a mine for extracting 1 mln. tonnes of sulphur a year, enterprises in the light and food industry, cement factories and engineering enterprises, etc. The German Democratic Republic and Iraq have set up a joint planning committee for transferring cooperation to a long-term basis.

In our view, the further development of multilateral relations may also pave the way for cooperation with Iraq in other measures of the long-term specific cooperation programmes being carried out and drawn up today by the CMEA countries.

The agreement between CMEA and Mexico is somewhat different, among other things owing

to the fact that relations between the European socialist countries and this Latin American state are not yet very large in scope; however, both sides are displaying interest in the further development of these relations. Thus, the agreement underlines the need to create the conditions for a further improvement and extension of cooperation between Mexico and CMEA states on both a multilateral and a bilateral basis. It is pointed out that the agreement pursues the basic objective of establishing and encouraging the development of multilateral cooperation. To fulfil this aim, a mixed commission is being established, rather than a joint one as in the agreement with Iraq. Its tasks have also been formulated somewhat differently. It is charged with studying and analysing the possibilities for intensifying multilateral cooperation in such areas as the use of new technology, the development of foreign trade, and questions of finance, as well as in economic sectors within which joint enterprises can be set up, particularly in industry, agriculture, mining and sea transport.

Bearing in mind the relatively small volume of trade-economic relations between the CMEA countries and Mexico and the poor acquaintance with each other's potential for arranging multilateral cooperation, in agreement with the Mexican side CMEA sent to Mexico a group of experts to study promising spheres of economic, scientific and technological cooperation and the holding of talks with local organisations and business circles. During these contacts, the Mexican side proposed iron and steel, engineering, sugar, pulp-and-paper, mining and the petrochemical industry, energy, shipbuilding and agriculture as possible areas of cooperation.

In May 1978, the Mexican President, José López Portillo, gave a speech at the meeting of the CMEA Executive Committee in Moscow. He spoke of the advantages to Mexico of promoting relations with CMEA states and of the need to pool efforts in resolving the problems that hampered broader trade and exchange in other spheres, as well as of the search for ways to enrich forms of mutual cooperation. In his opinion, attention should be concentrated on measures to increase trade and economic ties and reinforce multilateral elements in all spheres of cooperation. The President emphasised here the exceptional importance for Mexico of the experience of international cooperation of the CMEA countries in achieving important national economic objectives.

Both agreements envisage that recommendations and decisions be made with the consent of interested CMEA countries, and Iraq or Mexico, respectively. They do not extend to CMEA countries that have declared no interest in the given issue. Yet, any of these countries may subsequently adhere to the recommendations and decisions adopted by CMEA countries and Mexico or Iraq on the terms that they have agreed. Thus, the agreements create a very flexible structure enabling all the partners to cooperate, while observing national interests and precluding participation in projects that at the given moment do not interest a particular country or do not ensure observance of the principle of mutual benefit.

At the present time, some developing countries are maintaining contacts with CMEA in order to reveal the possibilities of applying multilateral forms of relations, including through

the conclusion of special agreements on cooperation. In our view, the conclusion of each agreement must be preceded by a careful analysis of the state of and prospects for relations between the corresponding developing country and individual CMEA states, the potential for promoting multilateral ties, as well as determination of the measures that each side must carry out at home in order to establish favourable conditions for developing multilateral cooperation, methods for adapting the differing economic mechanisms of the partners to the requirements of long-term large-scale cooperation on the basis of a stable division of labour. Such adaptation may, in several instances, continue for a fairly lengthy period; nonetheless, it would seem sensible, ultimately, to help achieve the best results as quickly as possible by reducing the organisational period once the agreement has been signed.

The first agreement on cooperation between CMEA and a country with a different social system was signed in 1973, while other agreements were signed even later. That is why it is still difficult to comprehensively analyse this new form of international cooperation or fully assess its possibilities. Yet, the development of trade, of economic, scientific and technological ties with the countries that have signed such agreements with CMEA shows that they undoubtedly have a stimulating effect on international economic cooperation, lending it aspects of a stable division of labour and expanding the area of mutual interest. The prerequisites arise for promoting contacts between CMEA and integrated groupings in the non-socialist world, and then also organising relations with them on a long-term basis in order to pool efforts in tackling

crucial regional and global problems. Agreements on multilateral cooperation between CMEA and non-socialist countries raise relations between them to a new level, meet the interests of all participants and serve the cause of detente and the strengthening of peace throughout the world.

CMEA AND THE RESTRUCTURING OF INTERNATIONAL ECONOMIC RELATIONS

Socialism and Capitalism in the World Economy

At present, the development of the world economy involves the coexistence of and competition between the world socialist economy and the world capitalist economy. Each develops in accordance with its own specific objective laws. At the same time, some common trends and processes within the world economy determine their mutual points of contact and, in certain circumstances, have a positive effect on their development and ultimately encourage mankind's overall progress. This applies above all to the development of science and technology, the related processes of the international division of labour and internationalisation of economic affairs.

The international division of labour is the hub of and objective condition for the existence and development of the world economy. It should be understood as a unity of the material and social facets of social production, a process which manifests the dialectical unity of productive forces and relations of production. The partition of the world into different social systems objectively determines, therefore, the existence of the international socialist division of labour and

the international capitalist division of labour.

The world international division of labour and the internationalisation of the economic affairs developing on its basis objectively determine and make possible economic ties between countries with opposing socio-economic systems—i.e., between socialist and capitalist countries. This applies, of course, only to mutually advantageous ties that in no way infringe upon the state sovereignty of the contracting parties and are not oriented against the interests of others. The essence of the exchange of activities between socialist and capitalist states is reflected precisely by the formula of 'mutually beneficial economic relations'. Naturally, this essence cannot be adequately expressed by a concept of cooperation that, in the full sense of the word, is immanent only in socialism, linked with a unity of objectives and community of interests of the working class and all working people in the socialist states; it expresses mutual assistance as well as mutual advantage as a principle of interrelations between the countries developing under the guidance of Marxist-Leninist parties.

The existence of a global international division of labour in no way denies the existence and specific nature of independently developing socialist and capitalist division of labour within the framework of the two opposing world systems. What is more, there is a growing tendency for the world socialist economy and the international socialist division of labour to increase their influence; this also applies to the effect of the socialist countries' economic ties with states of the other social system on the development of the world economy and on its capitalist sector. This influence encourages the struggle by the

young national states for independent positions in the world economy; it promotes other progressive shifts within it, particularly since the emergence of the world system of socialism and as a result of the constant increase in its prestige and role on a world scale. International economic integration within the socialist community will do much to encourage these qualitative changes.

The historical superiority of the socialist over the capitalist type of international economic relations becomes particularly apparent when the integrational processes within the world socialist and capitalist economies are compared. From the techno-economic standpoint, international economic integration is similar under both socialism and capitalism. From this point of view it is manifest as a tendency towards ever broader and deeper socialisation of production, beyond the bounds of individual countries. Yet a socio-economic analysis reveals that capitalist relations of production cannot create the conditions for progressive socio-economic development either within national economies or regionally, let alone on the scale of the capitalist world. Only socialism is capable of creating such conditions. This is also evident from an analysis of the essence, character and aims of the integrational processes under socialism and capitalism. In the world of socialism, international economic integration is ultimately subordinate to the constantly rising living standards of the working people through full employment and the planned, proportionate development of all the component parts of the economy, while the maximum social effect is obtained from labour expended, as well as the highest quality of the aggregate activities of all working people.

Within the capitalist world, integration is subordinate to the monopolies' gaining the maximum profit by intensifying exploitation of the working people under the conditions of the spontaneous crisis-ridden development of production.

The establishment and development of the socialist type of international economic relations and socialist integration constitute the only possible way for international economic cooperation to gain in depth and for the objective requirements of the socio-economic development of society in the international sphere to be realised naturally and harmoniously; it is the only possible way for the contradictions in the development of the world economy to be resolved in the interests of all peoples. This course has never been a smooth and easy one, yet the past three decades of development of the world socialist economy bear witness to its correctness and productiveness, to the scientific nature and effectiveness of the principles, methods and instruments employed. The scientific revolutionary theory of Marxism-Leninism is a reliable compass along this road; the scientifically-grounded policy of the Marxist-Leninist parties and their guiding role in socialist society guarantee that the optimum conditions and requisites for the general advance will be created. The setting up of CMEA was part of this policy, as were, too, the deepening of the economic cooperation between its member countries and the transition to socialist economic integration. This path involves the increasingly full and effective implementation of the principles of cooperation and mutual assistance, which are only possible in relations among socialist countries.

The planning development of economic coope-

ration among socialist states is the only means that corresponds to socialism and the only effective basis for realising these principles. Joint planning is the mainspring of socialist economic integration. Socialism has also engendered a radically new character of the value instruments of economic cooperation, their use invariably being linked with and subordinate to the planned nature of cooperation. Finally, socialism has also created fundamentally new organisational forms of cooperation, legal foundations, etc. The experience of the CMEA states in carrying out socialist economic integration promotes a constant improvement of all these component parts in the cooperation mechanism. This improvement, in accordance with the dialectics of the development of the part and the whole under socialism, effectively helps to bring about quantitative and qualitative progressive changes in the development of each participant country's economy, a consolidation of the entire economy of the world socialist community, while simultaneously having a beneficial effect on other areas of society.

International economic integration, which is a manifestation of the development of mankind's productive forces and of economic progress in the world, has become a reality both in the world of socialism and in the world of capitalism. Depending on which social system it occurs under, however, its potential for social progress is realised to different extents. Under capitalism, its progressive significance manifests itself only in the techno-economic aspects of production development and it is far from universal (there are countries and regions of the capitalist world in which international capitalist integration

hampers the development of productive forces while in others, besides having a stimulating effect, it also exerts a distorting influence on the structure of production). Moreover, its progressive manifestation occurs spontaneously, periodically, not only accelerating the development of production, but also frequently intensifying its cyclical nature and deepening its crises. For the working people the principal result of integration is an intensification of exploitation, higher labour intensity, greater uncertainty about the future and higher unemployment.

International economic integration has not and cannot alter the essence of capitalism. The grafting of the monopolies on to the state to varying degrees on both a national and an international scale, which is a major aspect of capitalist economic integration, leads only to a deepening of capitalism's contradictions throughout the capitalist system. Integration for the world capitalist economy as a whole operates to intensify the unevenness of the development of individual countries and global contradictions.

Capitalist economic integration means a further advance of the multinationals against national sovereignty, against the national economic interests of the smaller and economically less developed countries. This integration also means a deepening of the partitioning of the world capitalist economy into rivalling integrated groupings. Under capitalism, it is virtually impossible to create a single international economic organisation of an integration type and, within the development of integrated groupings, the competitive struggle and instability intensify. The monopolies of large imperialist countries

also penetrate deep into integrated groupings, striving to gain from the integrational processes. There are a multitude of such examples. Thus, within the EEC, which is a regional integration of ten European capitalist states, the influence of multinational corporations is immense; the biggest of them are run by overseas monopolies.

Capitalist economic integration is distinguished by its instability. Agreements on integration, frequently based on compromises, are broken when the conditions under which the monopolies pursue their interests and the balance of power change. As this integration progresses, conflicts inevitably occur; they sometimes lead to crises in the integrating organisations and the collapse of their programmes.

In so far as the formation of regional groupings among capitalist countries is both a consequence of technological progress and a result of the interaction of a whole number of other political, strategic and ideological factors, a change in these factors greatly affects the development of a particular grouping, the degree of integration between the countries taking part in the regional organisations, and the future of capitalist economic integration itself. This integration may even go into reverse before it achieves a certain level. For example, the present level of development of productive forces does not, in itself or as a matter of principle, exclude the possibility of individual countries leaving the EEC, re-establishing their own national customs boundaries and returning to the use of other means of economic protection, if their interests so dictate. Certain circumstances, for example, political shocks or a recession, may prevent an integrational process from developing from cus-

toms union into an economic union. A similar effect may result from extreme unevenness in the development of some countries participating in the integrational process. A slowing down of the integrational process may also stem from an excessive expansion of its boundaries or the joining of the Common Market by countries with considerably different interests from those of the other member states. It is well known, for instance, that Great Britain's membership of the Common Market brought a large number of structural problems in its wake.

The actual activities of the EEC differ fundamentally from what was envisaged by the Treaty of Rome. The Common Market has strayed a long way, particularly from what was envisaged and planned in regard to strengthening supranational institutions. It should be borne in mind that customs barriers and quotas are not the only means for limiting the growth of international trade. Within the Common Market framework, countries are using covert and more devious limitations. The various licensing laws, standards, specifications and bans relating to government purchases are the most substantial from the technical viewpoint. National standards and the rules operating in the countries normally presuppose the conscious provision of privileges to domestic suppliers. It must also be noted that there are differences in technical specifications, product liability, safety standards, etc. The technical limitations in foreign trade are a hindrance equal to customs tariffs, and they are often deliberately increased after a reduction in or removal of tariffs. The importance of national markets in Western Europe also increases as a result of government purchases, the share

of which is fairly great, considering the role played by the public sector and the state budget in the economies of these countries. In all the states of the Common Market, state enterprises making various types of purchase give privileges to domestic suppliers.

In conformity with the nature of monopoly capitalism, West European capitalist integration is based, in principle and practice, on the desire of the stronger states and groupings of monopoly capital to impose their will on the weaker ones. This naturally leads to a protective reaction which manifests itself, in particular, in attempts by some countries to safeguard their national rights in the area of decision-making. The struggle of opposing directions has more than once resulted in crises within the EEC.

Clashes of interest may lead to the disintegration and reconstruction of capitalist integrated groupings. At the same time, there is an equal danger of regional groupings retaining existing restrictions and even creating new ones that hamper the process of wide-ranging internationalisation of economic affairs.

The CMEA countries, individually and as an international community generally, demonstrate a high rate of economic development and success in bringing their levels of economic development closer together. The community of CMEA countries has become the most dynamic and rapidly developing region of the world economy, free from economic crises and stagnation. The main result of the joint efforts by the CMEA countries is an uninterrupted rise in living standards.

In the course of socialist economic integration which meets the common and the national interests of the CMEA countries, the state sover-

eighty of these countries is consistently respected. The mechanism of their all-round interaction and its effectiveness are improving; the concepts of socialist economic integration contained in the Comprehensive Programme are being unswervingly implemented. The CMEA countries can mark up more and more successes along the road to their planned objectives. In contrast, the EEC concepts contained in the Treaty of Rome are proving increasingly untenable; their implementation is encountering growing conflicts of interest among the member countries and obstacles created by the cyclical development of the capitalist economy.

The countries of socialism and capitalism also demonstrate different approaches to the development of commercial relations between them. The Council for Mutual Economic Assistance and its member countries invariably act to extend these relations, the contacts between CMEA and EEC, to overcome obstacles and to resolve the problems existing in this area. The position of the capitalist countries is inherently contradictory, unstable and frequently conflicts with the objective requirements for expanding world trade and deepening the world division of labour. The fundamental difference in the positions of the countries in the socialist community and the industrially developed capitalist countries is also patently apparent in regard to the cardinal problems involved in restructuring international economic relations, which has become an insistent requirement of the present.

**The CMEA Countries' Campaign
to Restructure International Economic Relations
in a Progressive Way**

The problems involved in restructuring international economic relations occupy a key place in the international problems of the contemporary world. For many decades, the economic relations between the various countries of the capitalist world have depended on the imperialist states and their monopolies that dominate the world capitalist economy. The imperialist states created a mechanism for exploiting the peoples of other countries and appropriating their natural resources. The selfish policy of the imperialist powers raises obstacles to resolving vital world economic problems, such as mass starvation in a number of states, the plunder of natural resources, and the difficult economic position of most developing countries. Imperialism also artificially restricts the economic ties between states of different social systems. The creation of closed economic groupings and the pursuance of a discriminatory policy based on political and other considerations hamper the development of the international division of labour.

Events themselves testify that the problem of overcoming economic backwardness in the developing countries has become even more acute in recent decades.

The UN document 'International Development Strategy' contains an analysis of the growth rate that would have been necessary during the 1970s to secure a certain improvement in living standards in the developing countries. It reckoned that, given a mean annual growth of per capita real incomes of less than 3.5

per cent, the situation of the poor sections of the population would not alter under the existing system of income distribution. With the present scale of the population increase, this rate of advance in per capita incomes would be secured with a growth in gross national product (GNP) of no less than 5.5 per cent (naturally, even the highest growth rate would not bring automatic changes in the condition of the poorest sections. This could only come from radical socio-economic reforms). There is another approach to analysing the problems of the developing countries, from the standpoint of the dynamics of employment. In an average developing country, the urban population grows by about 4 per cent a year. Industrial development usually secures an employment rise corresponding to half the rate of industrial production growth. Just to ensure an employment rise in step with urban growth, industrial production would have to rise by an average of 8 per cent a year. Industrial production usually increases 25 per cent faster than the GNP, so the average annual growth in the GNP must be no less than 6 per cent.

Although these guidelines are only approximate mean indicators, there can be no doubt about the conclusion when they are compared with actual rates of growth: up to now, development has enabled the developing countries generally to secure only a relative invariability in their economic position.

In fact, the GNP of the developing countries grew by 5.5 per cent on the average during the 1960s, and there has been no fundamental change in this rate since. The quantity of real goods and services in the developing countries has increased at less than 5.5 per cent a year.

In statistics, the GNP growth indicator includes an increase, for example, in the army—that is, in non-productive expenditure. The indicator of GNP growth does not reflect the dynamics in the actual volume of goods and services for certain other reasons, too. Thus, actual economic growth cannot, in essence, secure a higher standard of living for a considerable part of the population.

Two-thirds of the world's population live in countries where gross per capita production is less than 300 dollars a year; for almost a thousand million people, it is only 100 dollars a year. At the present stage of their development, these countries take some 28-30 years to double their scale of production.

If these countries were to maintain the average world growth rate of 3.2 per cent, attained in the last twenty years, they could reduce the period it would take to double production to twenty years; but even then it would take them twenty years to reach a level of only 200 dollars. Comparing the dynamics of per capita consumption in the economically advanced capitalist countries with those of the developing states, the backwardness of the latter is all too plain. The per capita personal consumption of the population for 1951-75 grew in the economically advanced capitalist countries by approximately 110 per cent, and in the developing countries by 98 per cent. These discrepancies in dynamics should be viewed in the light of the fact that, taking the per capita consumption level in the industrially advanced capitalist states for 1970 as 100, in the Asian countries it stood at only 7 that year, in the African states at 5 and in the Latin American at 22.

It is important to bear in mind that in the bulk of the developing countries differences in income distribution have grown considerably worse. The modest fruits of development have improved the situation mainly of the wealthy sections. Social polarisation has intensified.

Data exist on income distribution for forty countries. In 21 of them, the per capita incomes of the poorest 20 per cent of the population stand at 28 per cent of the average level.

A considerable proportion of the population have an average income of less than 100 dollars a year in the so-called 'wealthy' developing countries of Brasil, Colombia, Mexico and the Lebanon, where the average per capita income is much higher than 100 dollars a year—i.e., higher than the international poverty level.

The differences are growing in economic development levels between industrial capitalist countries and the developing states: in 1950 the difference between the average levels in the developing and the developed capitalist countries was more than 11-fold, while in 1975 it had widened to more than 14-fold.

Relations between the developing countries and the world capitalist economy in the last quarter of a century have given rise to serious new problems in the economic development of these countries. The state of their foreign trade and balances of payments not only make it difficult to buy plant and machinery—i.e., to create new capacities and develop an infrastructure, but has also restricted the import of the raw materials, semi-finished products or spare parts required by existing enterprises; this has, therefore, brought an increase in idle productive capacity. It has also hampered the development

of agriculture, since it has restricted the purchase of artificial fertilisers, herbicides and insecticides, tractors, etc.

No matter how much Western literature harps on the part played by foreign loans and various forms of economic aid from the industrial capitalist states, it remains a fact that economic growth in the developing countries is taking place mainly through their own efforts. According to the combined statistics of international organisations and regional economic commissions, the share of investment in the national income of the developing countries reached 18 per cent by the 1970s, of which 16 per cent came from internal resources and only 2 per cent from foreign ones. The share of internal sources has increased and that of external ones diminished, yet, both are still patently inadequate for overcoming backwardness.

Many unresolved problems in the developing countries come from their position in the world capitalist economy. Statistics on international trade show that the position of the developing countries is still characterised mainly by the traditional division of labour that took shape under the colonial system.

According to data on the first half of the 1970s, in 18 out of 60 developing countries, one or two types of raw material accounted for more than 75 per cent of exports, in 24 countries over half and in 10 countries more than a third. Over 50 per cent of the exports of developing countries consisted of seven types of raw material, while 60 per cent of the exports of industrial products came from the textile, clothing, food and timber industries. The economic growth of the developing countries is also becoming increasingly

uneven. Some (8-12) countries in this group developed at a quicker pace, while the rest fell further and further behind them. About 75 per cent of the exports from the developing countries came from 10 countries, while three quarters of export increments in the last ten years were accounted for by only six countries.

Price rises on oil and other raw materials in world trade have not led to any substantial shift in the overall position of the developing countries; in fact, those changes that have occurred can hardly be considered stable. Even the advantages enjoyed by oil-producing developing countries can, in one way or another, be cancelled out by the imperialist states.

The dependence of developing countries on their foreign currency inflow is growing; any increase in this is inhibited by the limited export potential of these countries, the outflow of currency, etc. Their debts are piling up fast. They increased from 10,000 million dollars in 1955 to 20,000 million dollars in 1961 and over 250,000 million dollars in 1979. During the 1960s, indebtedness rose, on average, by 14 per cent a year, while related payments to cover debts and interest increased by an average of 17 per cent a year. At the end of the 1970s, the burden connected with the repayment of foreign state debts continued to mount. At present, several developing states have to pay out up to 20-30 per cent or more of their export revenues just to pay profits to foreign investors and interest on various types of foreign debt.

In 1971, the inflow of private capital (net) into the developing countries amounted to 3,900 million dollars, according to the figures of the Organisation for Cooperation and Economic De-

velopment; in 1970, 6,200 million dollars went to the advanced capitalist states as income from private foreign investment in the developing countries. This sum was received mainly in the oil industry and in the extraction of raw materials. Every year 1,500 million dollars were paid out to cover interest; what is more, 3,700 million dollars was the sum exacted from developing countries through load repayment. An important element of capital exports is the part of the income of the oil-rich sheikhs or entrepreneurs in Latin America, Asia and Africa that they do not use at home, but invest in shares in the industrially advanced capitalist countries or employ for providing short-term credit on capitalist markets (altogether some 4,000-5,000 million dollars a year). To this must be added losses from the so-called brain drain, which, although the rate slowed down during the 1970s, did not cease.

Thus, the trend towards the internationalisation of production in the world capitalist economy, as applied to the developing countries, is still evident mainly in a recurring economic dependence on the developed capitalist countries; in certain spheres this dependence is being considerably undermined, but it is still very strong. That is why the developing countries are increasingly advocating the creation of international economic relations that would enable them to eliminate the colonial character of the division of labour and its burdensome consequences which were imposed on them in the past and still largely dominate their situation. Nonetheless, the implementation of the progressive principles proclaimed at the Sixth Session of the UN General Assembly in 1974 is only possible

through a persistent struggle centred on the demand for faster economic growth of the developing countries. It would be unrealistic to count on a substantial change in the position of the developing countries within the system of international capitalist division of labour without a radical transformation of the socio-economic structure.

Bearing in mind the international situation in the second half of the twentieth century, it may be supposed that the rate of progress of the developing world in the coming decades will not continue to depend on the vicious circle of the past and that the peoples of the countries now experiencing deprivation will not calmly remain in lethargy waiting for whole centuries to pass before economic progress arrives. That means that the peoples of the developing countries will make the necessary effort to campaign for their social and economic progress.

The Declaration of Warsaw Treaty Member States adopted at a Meeting of the Political Consultative Committee in Moscow in November 1978 stressed the particular importance for the progress of all humanity of the fight to eliminate underdevelopment, reconstruct international economic relations on a just and democratic basis, establish a new international economic order, renounce all discrimination, and remove exploitation of the natural and human resources of the developing countries by the imperialist monopolies. The Meeting declared that this was a direct continuation of the struggle against colonialism and imperialism and advocated the most active and equitable participation of all states, irrespective of their social system, geographical location, size, economic or

military might, in the resolution of the urgent problems of world development.

The countries represented at the Meeting expressed their conviction that their clear-cut and principled policy on issues relating to the popular struggle for freedom, independence and social progress, would further the consolidation of peace and the success of the great cause of the liberation of peoples.

It is plain that, in the present age, imperialism is increasingly unable to dictate its will. The contemporary world economy is no longer a sphere of undivided rule by imperialist monopolies. The major trends in its development are taking shape under the mounting influence of world socialism, newly independent states and all progressive anti-imperialist forces.

The general world economic situation has largely changed in step with the growth in world socialism and the changing balance of power in socialism's favour. The political and, partly, the economic positions of the developing states have grown stronger during the persistent struggle for a national independent economy, stronger cooperation between socialist countries and developing states, and given the great help provided by the socialist countries in the fight against imperialist discrimination, for affirmation of sovereign equality in world economic relations, and for non-interference by imperialism in their internal affairs. As Leonid Brezhnev has said, 'It is quite clear now that with the present correlation of world class forces, the liberated countries are quite able to resist imperialist diktat and achieve just—that is, equal—economic relations.'¹

The socialist countries advocate speeding up

the progressive restructuring of international economic relations in a spirit of equal rights for states and peoples, and helping liberated countries that have inherited a considerable imperialist-imposed economic backwardness.

The socialist countries uphold the initiatives of the developing countries on reconstructing international economic relations. Important documents have consequently been adopted in recent years at international forums; to a considerable extent they reflect the needs of the developing countries. In particular, the Sixth Special Session of the UN General Assembly in May 1974 adopted the Declaration on the Establishment of a New International Economic Order. The programme for restructuring international economic relations is contained in a special document of the UN General Assembly adopted in September 1975; it was entitled 'Development and International Economic Cooperation'. These and many other international documents contain international legal principles that provide the basis for working out a set of measures for restructuring international economic relations. The documents clearly formulate the need to do away with the old principles governing their development, ones that had been formulated under the coercive influence of the imperialist powers, and to ensure the democratisation of international economic relations, to remove discriminatory restrictions, to eliminate the dominating influence of the selfish interests of the multinational corporations, and to enhance the role of an equitable international agreement on resolving the problems of world economic development.

In favouring a restructuring of international

economic relations, the CMEA countries primarily draw attention to the need for general international recognition of the full sovereignty of states over their natural and other resources; they uphold the proposals of the developing countries on the creation of an effective international mechanism for regulating foreign trade prices, on securing new sources of finance, etc.

The Soviet Union and other countries in the socialist community consistently take a clear-cut and responsible line on these problems, one that meets the interests of all peoples. In a speech to the Sixth Special Session of the UN General Assembly, the Soviet Foreign Minister Andrei Gromyko said: 'The Soviet Union declares its readiness to participate in both bilateral and multilateral discussions of ways of overcoming the crisis situation in the field of energy, bearing in mind that in this the interests of all states should be safeguarded.... In this sphere, as perhaps in no other, there has become a pressing need for a restructuring of existing international economic relations and for the affirmation in them of the principles of truly equal and mutually advantageous co-operation.'²

It is of immense importance for the successful and consistent struggle for a genuine democratisation of international economic relations that the countries in the socialist community, like many developing countries, should refute the false Maoist notion of world partition into North and South, into rich and poor countries; this has to be replaced by the scientifically grounded notion of the partition of the world into two social systems.

What is more, the socialist countries and all

world democratic opinion reject as false and harmful for further world development the notion of the equal obligation of all economically advanced countries to the developing states, no account being taken of the historical fact that it was the imperialist, not the socialist, states that for so long built their prosperity on exploitation of colonies and still appropriate unilateral benefits from their relations with developing countries.

The process of a fundamental, progressive restructuring of international economic relations is only in its initial stage. Yet this is a very important period of development, since from the very outset, the Western powers have been striving to direct this process in a way that is beneficial to them and to trample upon the democratic meaning of this restructuring. It has to be borne in mind that fulfilment of the tasks involved in restructuring international economic relations is a global problem affecting all states. The development of economic ties between states of the two world social systems plays a considerable part in this process. The importance of these ties goes far beyond the bounds of the economic relations of individual states, inasmuch as it is very much a moral, political and material basis for the further development of international economic relations on democratic principles. In their campaign for a restructuring of international economic relations, the CMEA countries advocate extending most favoured nation treatment and equitable relations between all countries in the world; and oppose discriminatory restrictions and the use by the imperialist states of economic relations for political purposes.

The CMEA countries are active participants in the restructuring of international economic relations. They are exerting a considerable positive influence on the internationalisation of economic affairs and the deepening of the international division of labour, as well as on the development of science and technology; they are taking part in eliminating the economic backwardness of young sovereign states. The CMEA countries is a model of the equal and mutually beneficial international economic relations that they have established and of help in raising the economic level of newly liberated countries. In favouring the restructuring of international economic relations, the CMEA countries believe that this will fully accord with the interests of international peace and security, detente, and the social and economic progress of the peoples who have cast off colonial tyranny.

The CMEA countries well appreciate all the difficulties involved in democratising international economic relations. In March 1977, delegations from several socialist countries presented the United Nations with a special document underlining that the very existence of forces that refused to fulfil earlier agreed decisions on promoting international economic cooperation makes a restructuring of international economic relations on democratic, just and mutually advantageous principles hardly possible. According to the document, the socialist countries believed that the complex problems relating to the establishment of a new international economic order based on equality and mutual benefit could not be discussed in isolation from general political issues of crucial international importance. Discussion of the problems involved in

establishing a new international economic order had to cover such fundamental factors of international development as detente and disarmament.

By deepening socialist economic integration, the CMEA countries are creating new conditions that are conducive to restructuring international economic relations in the world economy. A communiqué on the 32nd CMEA Session emphasised that 'long-term integral cooperation programmes, which meet the interests of CMEA member states, at the same time fully accord with their consistent and invariable policy of promoting cooperation on the principles of equality and mutual benefit with all countries, irrespective of their social system, including in implementing large-scale projects of international importance in the field of power engineering, industry, transport, protection of the environment, etc'.³ The Session also stressed the CMEA states' determination to expand equitable and mutually beneficial cooperation with developing countries, thereby helping them to carry out measures that meet their national interest in socio-economic and cultural development, the strengthening of their positions in the world economy, liberation from the oppression of imperialist monopolies and elimination of colonialism and neocolonialism in all forms.

The CMEA countries are consistently fighting to realise the principles contained in the Declaration on the Establishment of a New International Economic Order; these principles are to comprise the basis for the international economic order. Of particular importance among them are recognition of sovereign equality of states, the self-determination of all nations, the impermissi-

bility of the seizure of territories, recognition of territorial integrity and non-interference in the internal affairs of other states, the right of each country to adopt the socio-economic system it deems most suited to its own development, as well as other principles for the democratic formation of international economic relations.

The connection between the democratisation and progressive development of international political relations and the restructuring of international economic relations has a special role to play. At the socialist countries' suggestion, the Charter of Economic Rights and Duties of States adopted by the 29th Session of the UN General Assembly emphasised that all countries were bound to help implement universal and complete disarmament under effective international control and to use the resources thus released for their economic and social development; moreover, a substantial part of those resources were to be given in additional aid to developing countries for their development needs.

The CMEA countries base themselves on the idea that the democratisation of international economic relations should not be merely formal nor be restricted to a mere declaration or approval of principles. It should presuppose consistent fight to see them implemented, to meet the interests of all nations, including those creating an independent national economy. This means doing away with all forms of neocolonialism, racism and international discrimination. Further social progress leading mankind from capitalism to socialism is a paramount condition for the democratisation of international economic relations.

The Role of Cooperation with CMEA States in Improving the Economies of Developing Countries

The growing economic, scientific and technological links with developing countries of Asia, Africa and Latin America constitute an important sphere of the CMEA countries' foreign economic activities. These links comprise genuinely equitable cooperation. They have become an effective means for helping resolve the problems of the developing countries, for supporting the progressive forces of national liberation.

The problems of economic and social development in the countries of Asia, Africa and Latin America are acquiring increasing significance in the international relations of the world today. It was to these problems that the Sixth and Seventh special sessions of the UN General Assembly, the Second General Conference of UNIDO (1975), the Fourth Session of UNCTAD (1976) and the Fifth Session of UNCTAD (1980) were mainly devoted. The importance of international cooperation and foreign aid in resolving these difficult and complex issues has become even greater. CMEA countries are rendering developing states mounting assistance in tackling their problems through various forms of cooperation.

The policy of the Soviet Union and the other CMEA states in regard to the developing countries is thoroughly consistent in upholding the forces of national liberation and strengthening the alliance with them. Such a policy emanates from the very nature of the social system and Marxist-Leninist ideology of the socialist states, from the writings of Lenin on the need for those countries where the proletariat has been victo-

rious and which are advancing along the road of socialism, to draw closer to the peoples fighting against imperialism and various forms of colonialism, for full independence, and to give them assistance and support in their just struggle; this comes from the common nature of the fundamental vital interests of the socialist and young national states. In his Report to the 25th Party Congress, Leonid Brezhnev put it this way: 'We and the vast majority of the states that arose on the ruins of the colonial system are united by a deep common allegiance to peace and freedom, and aversion to all forms of aggression and domination, and to exploitation of one country by another. This community of basic aspirations is rich and fertile soil on which our friendship will continue to grow and flourish.'⁴

The community of fundamental interests of the two groups of countries has an extensive economic basis—the requirements for promoting productive forces, for resolving the problems of economic development and satisfying the population's demand for commodities; the mutually complementary nature of the national economies, the advantages of the international division of labour; mutual interest in equitable and mutually beneficial international cooperation, and in complete elimination of all forms of discrimination and artificial barriers.

The major shifts in the CMEA countries' internal affairs and in international politics help to strengthen cooperation with the developing countries. The most important are as follows: priority development of industry in the public sector, elimination of feudal landownership, nationalisation of expatriate enterprises aimed

at establishing effective sovereignty over national natural resources, and the formation of native trained personnel. At the same time, the planned nature of the socialist countries' economies and the introduction of elements of planning within the public sector in developing countries help to make their collaboration more purposive and advance it to planned principles.

The policy of consistently extending economic ties and cooperation with the developing countries is expressed in decisions of the 25th and the 26th congresses of the CPSU and recent congresses of communist and workers' parties of other CMEA member countries, in the Comprehensive Programme for socialist economic integration, in the decisions of the 28th (1974) and 30th (1976) CMEA sessions and in the Joint Declaration of Socialist Countries at the Fourth UNCTAD Session in 1976. The Resolution of the 28th Jubilee CMEA Session stated that the CMEA nations 'will continue to deepen cooperation with developing countries as part of the overall policy of alliance between socialism and the national liberation movement; they will continue to give them all necessary help in fighting imperialism and neocolonialism, and in safeguarding their inalienable right to dispose of their own national wealth in the interests of their own people'.⁵

Economic relations between CMEA countries and developing states are founded on just and democratic principles. They are based on such fundamental principles as equality of all parties, respect for sovereignty, territorial integrity and independence, non-interference in internal affairs, mutual benefit to the partners; in their essence they have acquired the character of genuine

cooperation. Its main aim is to promote the economic and social progress of friendly peoples, make it possible to take fuller advantage of the international division of labour in the mutual interest of all partners and, above all, for satisfying their demand for goods and services on a mutually advantageous basis, and, finally, the strengthening of relations of mutual understanding and friendship.

Economic relations with socialist countries serve as a support and foundation for the young national states in their struggle against imperialism and neocolonialism, and their efforts to create the foundations and accelerate the development of the national economy, attain economic independence and improve living standards. They make it possible to obtain modern capital equipment and techniques, as well as to acquire experience on terms that do not infringe upon their sovereign rights and national dignity. As Leonid Brezhnev noted at the 25th Party Congress, 'Cooperation with the developing states is facilitating the restructuring of their economic and social life on progressive principles'.⁶

Cooperation of CMEA member states with developing countries is based mainly on inter-governmental legal agreements, this considerably enhancing the reliability that the parties will fulfil their obligations and therefore ensure the stability of the ties. Agreements on friendship and cooperation that the USSR and other CMEA states have concluded with a number of developing countries help to expand economic ties and facilitate the search for mutually acceptable decisions in a given sphere. The long-term nature of agreements and treaties on trade, economic, scientific and technological coopera-

tion between these countries is extremely important as a condition for a reliable supply of the necessary imports and exports. It helps in the fulfilment of development plans and solution of economic problems and, at the same time, lessens the adverse effect exerted on cooperation and the economies of the partners by unfavourable factors and trends that might crop up in the world capitalist economy.

There are factors, however, that hold back economic relations between developing states and the CMEA countries. They include, primarily, the backwardness of the economic and social structure of many countries in Asia, Africa and Latin America; this predetermines the parochial nature of their market for goods from CMEA countries and the inadequacy of their export resources. In a large number of developing countries, a substantial hindrance to the promotion of cooperation with the socialist states remains the resistance put up by internal reaction, owing to still outstanding social problems, and by foreign capital, which holds strong positions in various economic spheres.

Under the impact of many complex factors, trends are forming in economic ties between CMEA countries and the developing states in general, and with individual states in particular. The most general trend is a relatively rapid and stable growth of ties. Thus, the amount of trade between CMEA states and developing countries grew from 1,700 million roubles in 1960 to 19,400 million roubles in 1979. Exchanges with developing countries have been a very dynamic part of the foreign trade of the CMEA states.

The quantitative growth in ties has been

accompanied by marked qualitative changes in the structure of commodity exchange and in the cooperation mechanism. The share of plant, machinery and other industrial products has mounted in the exports from CMEA member states to the developing countries, while there has been a relative decline in the share of consumer goods; at the same time, the proportion of ready-made goods and semi-finished products from the national industries of the developing states has risen in CMEA imports. Economic relations between CMEA states and the developing countries are increasingly acquiring a trade and production character. Trade between them is substantially a means for encouraging the economic development of the young states, and this is particularly apparent during periods difficult for the latter.

The community of interests determines the spheres of economic cooperation. Those developing states that have chosen the non-capitalist development path and are oriented on building a socialist society are the ones that have become the major partners of CMEA countries. In his report 'The Great October Revolution and Mankind's Progress', Leonid Brezhnev said that 'The socialist countries are staunch and reliable friends of these countries, and are prepared to give them all possible assistance and support in their development along the progressive path. This means not only moral and political, but also economic and organisational support, including assistance] in strengthening] their defences'.⁷

The progressive socio-economic changes being implemented by such states widen the basis for cooperation with the socialist countries,

while cooperation itself provides an important support for the revolutionary-democratic forces in their fight against internal reaction and the hostile policy pursued by the imperialist states and foreign monopolies. States with a socialist orientation now account for some 20 per cent of the total volume of trade of the CMEA countries with developing countries of Asia, Africa and Latin America.

The second major group of cooperation partners of the CMEA countries are those states that share a common border or lie in close proximity. Cooperation is of benefit to them because of such important additional factors as territorial proximity, the possibilities of making joint use of the hydro-electric resources of border rivers, setting up frontier production complexes of mutual interest, as well as carrying out measures to combat field and forest pests and animal diseases. Of course, the CMEA countries also actively cooperate with other developing countries that show a desire to extend ties.

From the structural point of view, the main cooperation sphere has been help in creating modern, dynamic national economies—the basis for genuine independence in the developing countries.

The national liberation movement has reached a qualitatively new stage, when the tasks of economic and social liberation have come to the forefront; Lenin regarded this as the major condition for complete independence.⁸

The complex problems now confronting the developing countries stem mainly from the lengthy colonial rule and domination by foreign capitalist monopolies. Considerable harm to their economies has been done by the chronic

non-equivalent exchange on the world capitalist market. This markedly hampered the economic and social progress of the newly liberated countries and, to a decisive extent, now accounts for the difficulties they are encountering in independent development. Despite the varied conditions and increased differentiation among the developing countries, many of them face similar problems. First in line are such problems as the implementation of industrialisation, higher employment and living standards of wide sections of the population, and particularly the improvement of food supplies. Closely connected with these are accumulation, the training of national skilled personnel, the study and development of natural resources. In various ways, the cooperation of the CMEA countries is helping to resolve such problems on a comprehensive basis.

The governments of many countries of Asia, Africa and Latin America see industrialisation as the main condition for setting up a highly developed, multisectoral national economy and overcoming their inherited backwardness. Help in tackling the set of problems linked to implementing programmes for industrial development has become a major sphere of cooperation between CMEA and developing countries. More than 70 per cent of the funds earmarked by the Soviet Union and other CMEA member states for economic and technological aid to developing states go on the development of industry and power engineering in the form of long-term credit on favourable terms, to the sum of some 15,000 million roubles. This credit has been granted for the building of more than 4,500 industrial enterprises and other projects in the developing countries, including some 700 power stations of

varying capacity and other electric power and electrification installations, approximately 180 enterprises in engineering and metal processing, more than 50 in the ferrous and non-ferrous metal industry and several hundred in the light, textile and food industries. The developing countries have built or are building over 1,150 of these enterprises and projects, many of which are very large, with the help of the Soviet Union. At the end of 1979, some 3,000 of those projects being built in developing countries with the help of CMEA countries, including nearly 650 with Soviet assistance, had been commissioned.

The importance of these enterprises to the national economies may be judged, above all, from their capacity. Their steel smelting, for example, amounts to some 30 mln. tonnes a year. The creation of a national iron and steel industry is a reliable basis for engineering. Enterprises in this sphere have been set up with CMEA help in India, Iran, Iraq, Afghanistan and Egypt. They have become the nucleus for forming this sphere in the national economies of these countries. Thus, the enterprises built in India with CMEA assistance provide 80 per cent of the engineering output. The heavy electrical plant factory in Hardwar can produce turbines, generators and other power plant to a total capacity of 2.7 mln. kw.

Cooperation with the developing states in creating a fuel and power base includes prospecting for sources of fuel and hydro resources, help in building enterprises in coal, oil and gas extraction and their refining, as well as power stations, electricity transmission lines and electrification. As a result of joint efforts, substantial deposits of oil have been located in India, Egypt

and Syria, gas in Afghanistan and Pakistan, and coal in Egypt and Iran. Assistance from CMEA countries has helped to put the prospected mineral resources at the service of economic development in the cooperating states. The enterprises built with the aid of CMEA countries are to produce some 60 mln. tonnes of oil, over 20 mln. tonnes of coal, and to refine over 30 mln. tonnes of oil a year.

Power stations with a total installed capacity of more than 16 mln. kw have been built or are under construction with CMEA assistance in developing states on the basis of hydro and thermal power resources; they will produce some 80,000 mln. kwh of electricity every year. Among the giant projects in the power industry of the developing countries, special mention must be made of the Aswân High Dam in Egypt, which provides 2.1 mln. kw. In 1976, it provided 60 per cent of all Egypt's electricity. The contribution to Syria's energy balance, at the beginning of 1981, from the first phase of the hydro-power complex As Saura on the River Euphrates was 70 per cent. The second phase will bring the capacity of the station up to 800,000 kw and it will produce no less than 2,500 mln. kwh of electricity a year; this is three times more than all the electricity generated in Syria in 1972.

Alongside the large- and medium-scale power stations, there are smaller ones, including diesel stations. They are comparatively important, since they are normally located in the most backward areas and provide the basis for their accelerated economic progress. Power stations are becoming the nucleus of centres of industrial development. The Aswân High Dam, for example,

has enabled Egypt to begin to set up a number of energy-intensive enterprises.

Another important place in cooperation belongs to help in promoting the consumer goods industries. In this sphere more than 500 enterprises in the light and food industries are being established, including modern textile, knitwear and footwear mills, canning and milk plants, elevators and refrigerators. Their output goes to both home and foreign markets.

As well as prospecting for energy resources, a great deal of help to the developing countries is being provided in prospecting for other mineral deposits. Joint efforts have resulted in the discovery of iron ore deposits in Afghanistan and Ghana, polymetallic ores and mercury in Algeria, phosphates in Iraq and Syria, sulphur in Iran, and uranium in Algeria. All the results of prospecting are handed over to the partner countries. Help is also being given in organising the development of the minerals discovered. An invariable component of cooperation in this field is the training of personnel and help in organising national geological services.

The principal directions of cooperation in agriculture have been irrigation schemes, the organisation of modern mechanised farms producing food and technical crops and livestock products, the setting up of factories making farm machinery and mineral fertilisers, the training of farming experts, the transfer of experience in running agriculture and organising a veterinary service. Some 300 projects are being built in this sphere with the help of CMEA countries. Their national economic importance is exceptional. For example, the reservoirs formed by the Aswân High Dam in Egypt and the Euphrates

Dam in Syria have made it possible to irrigate 600,000 hectares of land in each country. The increase in irrigated land through hydro-technical installations built with CMEA aid applies to Afghanistan, Burma and Iraq, too. Mechanised farms in Egypt, Afghanistan, the Republic of Guinea, India, Iraq and Mali not only provide output, they also confirm the possibility and necessity of creating modern highly developed enterprises under agricultural conditions in these countries. The farms have become national schools of advanced experience and training.

The importance of the high dams on the Nile and the Euphrates goes beyond their effect on the industrial and agricultural development of Egypt and Syria. Their construction has improved the conditions for navigation on these rivers. The dams have become a powerful safeguard against flooding, causing tremendous losses to the economy, especially in Egypt. The high national economic efficacy of these projects is plain to all. Thus, all the expenditure on building the Aswân Hydro-Technical Complex was recouped in just a few years and it now brings in some 200 mln. Egyptian pounds annually, while the aggregate income from it by the end of 1974 had reached 2,000 mln. Egyptian pounds. As a result of the Euphrates hydro complex Syria's national income is to rise by 750 mln. Syrian pounds a year, or by 15 per cent over the 1970 total.

An invariable part of cooperation between CMEA states and developing countries has, from the very first, been the training of national personnel, both experts and skilled workers. This is being done through a wide system of training centres, on-the-job training, and through

a network of secondary and higher special educational institutions (over 30 already), organised with the aid of CMEA countries and vocational training colleges, which numbered over 150 in 1979.

Citizens from developing countries are now being trained as specialists on a considerable scale in educational institutions of the CMEA countries: in 1980 these colleges had over 41,000 students, postgraduates and men and women on practice from 102 countries of Asia, Africa and Latin America. All students from the developing countries in the CMEA countries receive their tuition free of charge. Most of them, moreover, receive grants from their host country. In order to expand the training of skilled personnel for the developing states, in 1973 CMEA set up a scholarship fund, which is being expanded each year. In 1980, 2,500 citizens from developing countries received CMEA grants. Altogether, in excess of 1 million specialists and qualified workers from developing countries have been trained with the help of CMEA states. Moreover, CMEA countries take part in the training of personnel for the developing countries under UN aid programmes.

A rise in employment is among the most pressing tasks for many developing countries, especially those with a large population. Their cooperation with CMEA states helps resolve this problem. Hundreds of thousands of workers and specialists have received work in enterprises that have been built or are under construction with CMEA assistance, and many more in enterprises related to them by deliveries of raw materials, component parts, by the utilisation of their output and the provision of various

services to these enterprises. Hundreds of thousands of peasant families have received land irrigated with the help of hydrotechnical projects built with the assistance of CMEA countries. State farms and peasant cooperatives have arisen on the irrigated lands. The increase in employment and the rising qualifications of workers constitute a reliable way of raising the income and prosperity of wide sections of the population in young states.

The cooperation of CMEA countries with developing states is taking place predominantly through the public sector; this helps consolidate its position in the national economy and expands the possibilities for reproduction on a national basis and, correspondingly, narrows the sphere of influence of foreign monopoly capital. A strong public sector put at the service of wide sections of the population is important in fighting for economic independence.

A characteristic feature of economic relations of CMEA with developing countries is that the CMEA countries, in the 1970s, have increasingly displayed a comprehensive approach to cooperation with developing states. This finds its practical manifestation in the fact that, wherever possible and expedient, the CMEA countries try to offer aid in creating not separate, even large-scale, enterprises, but whole complexes of a sectoral, territorial-production or agrarian-industrial character, so as to do everything possible to promote the formation of a rational national economic complex in a particular developing country. Sectoral and territorial-production complexes built with CMEA help already exist in India (in the iron and steel, engineering and the medical industries), Iraq (in the oil industry), Iran

(in engineering and iron and steel), Afghanistan (in the gas industry) and Egypt (in iron and steel and in the power industry). Implementation of a comprehensive approach facilitates the concentration of resources and efforts of the partners towards cooperation, the fuller and more rational utilisation of the natural wealth of the developing countries in their own national interests, and leads to an increase in the effectiveness of economic ties.

The high effectiveness and mutual benefit deriving from economic ties constitute a guarantee of their further expansion. Cooperation with the developing countries enables the socialist states to meet better their raw material needs for industry and the population's demand for commodities, to increase the efficiency of production by expanding exports to the markets of the developing countries. The latter are the main suppliers of certain goods (natural rubber, coffee, cocoa beans, citrus fruit, jute and jute products, etc.) to the socialist market. In addition, they supply oil, gas, iron and steel, conserves, fabrics, clothing and other ready-made goods from industry. The advantages to the CMEA countries from the exchange arise exclusively from those benefits, which stem from the international division of labour by virtue of the prevailing differences in production conditions.

By pursuing a consistent policy of extending economic cooperation with the developing countries on a bilateral and multilateral basis, the CMEA countries invariably support internationally the aspirations and determination of the developing countries to free themselves completely from imperialist exploitation, to gain absolute control over their own national

wealth. This support has, of late, acquired the character of joint and agreed actions in campaigning for a restructuring of international economic relations, for the complete elimination of all forms of discrimination and artificial barriers, for equitable and mutually beneficial international cooperation. As Leonid Brezhnev put it at the Berlin Conference of Communist and Workers' Parties of Europe in June 1976, 'The struggle for equal political and economic relations and cooperation between the developed countries and the former colonial and dependent countries—relations which have long been established between the latter and the socialist states—is an important part of our Parties' common international responsibility'.⁹

The movement advanced in recent years by the developing countries for a new international economic order is a sign not only of these countries' mounting role in the world economy and international politics, but also of the great importance of the experience of developing a new type of relations between socialist and developing countries. The Declaration on the Establishment of a New International Economic Order and the Programme of Action approved by the Sixth Special Session of the UN General Assembly in May 1974 constitute, essentially, a consolidated programme of the demands of the developing countries. The USSR and other CMEA countries uphold the just demands of the developing countries for a restructuring of international relations. The common stand of the socialist countries on this issue is expressed in their Joint Declaration at the Fourth UNCTAD Session held in Nairobi in 1976, in the document adopted by the Berlin Conference

of Communist and Workers' Parties of Europe and in the Communiqué of the 30th CMEA Session in July 1976.

The Communiqué issued at the 30th CMEA Session noted that, 'In accordance with their socialist principles, CMEA member states fully support the legitimate aspiration of developing countries to attain and consolidate their political and economic independence and will, with all determination, do what they can to implement the aims expressed in the Declaration on the Establishment of a New International Economic Order and in the Programme of Action, as well in other UN decisions on this issue.'¹⁰

The comprehensive programme for restructuring international economic relations on a democratic and just basis was handed to the United Nations in a Soviet Government declaration of October 4, 1976. Back in 1922, the declaration noted, the Soviet Government had worked out and put forward a programme of action that had mapped out ways to resolve world economic problems on a rational basis. After the establishment of the United Nations, the Soviet Union had frequently come forward with initiatives aimed at normalising international economic relations and reorganising them on new principles. At the First UNCTAD Session in 1964, the USSR and other socialist countries had put forward principles for international economic cooperation, principles that showed the way to a radical restructuring of international economic relations. These principles constitute the basis of the above-mentioned declaration.

The declaration expressed the readiness of the Soviet Union to continue to expand cooperation with developing countries on a long-term, stable

and mutually beneficial basis, with the accent on implementing comprehensive projects. At the same time, it stressed that there were and could be no grounds for making the same demands on the USSR and other socialist states as on the advanced capitalist states. The socialist countries had not exploited and were not exploiting the developing countries and did not bear responsibility for their economic backwardness. The developing countries' demands for greater resources in helping them to overcome their backwardness and speed up economic growth had to be met primarily from the profits of the capitalist monopolies, including the multinational concerns, and from reductions in military expenditure.

Further practical steps towards detente, improvement of the international climate and a strengthening of security would enable all countries to redirect that part of the resources they currently spend on increasing armaments for development purposes. A reduction in military expenditure would open up enormous opportunities for resolving the urgent problems of the day, including that of boosting real help to the developing countries. The developing countries themselves could, given detente, reduce their own military outlays; and that would enable them to raise their expenditure on development from their own accumulation funds. Thus, disarmament, with the socialist countries in the vanguard, can act as a strong accelerator of economic and social progress for the developing countries.

As well as the direct effect of a growth of productive potential, cooperation with socialist countries provides the developing countries with

the indirect effect deriving from this cooperation's influence on the relations between the developing and capitalist states. The emergence of aid programmes from the Western powers was related to no small degree to the expansion of the ties and strengthening of the friendship between the socialist and developing countries. By relying on the support of the socialist states, and bearing in mind that cooperation with them has undermined the former monopoly of the West over capital equipment and credit, many developing countries are now obtaining much better terms in their economic relations with Western powers.

The CMEA countries not only take part in various aid programmes for the developing countries through the United Nations and special institutions, they also try to increase the effectiveness of aid on an international basis through changes in its structure, a more rational use of existing funds, and a reduction in administration and other overheads.

One positive long-term factor is the active support provided by the socialist countries in the United Nations and other international forums for the young states' drive to strengthen economic independence through nationalisation, restrictions on the activities of foreign monopolies and acceleration of the development of productive forces in the public sector, as well as to determine a development strategy oriented on building a society free from exploitation and oppression.

The CMEA member states are doing a great deal to help the developing countries in their fight for the right to dispose of their own natural resources themselves. The real effect of this is

already quite considerable and will continue to increase. The full realisation of this right is a fundamental objective of the programme of the movement for establishing a new international economic order. Its attainment will depend mainly on the direction of the socio-economic processes in the developing countries and their joint activities with the socialist countries.

The great tasks involved in further extending and improving the effectiveness of economic ties with the developing countries have been inscribed in the decisions of congresses of communist and workers' parties of the CMEA states. Experience has shown that long-term objectives can only be attained on the basis of planned and balanced development of economic ties.

With this approach, the foremost problem is to form a deep and lasting international division of labour between the two groups of countries—the socialist and the developing. Economic ties between them began to take shape on the basis of their participation in the world division of labour, in which the principles and features inherent in relations in the world capitalist economy predominated. The prime condition for overcoming the adverse effect of the international capitalist division of labour on the developing countries is to speed up the growth of their social productive labour force. This, however, is a relatively protracted process, so the task at the moment consists primarily in weakening, as much as possible, the detrimental effect of certain factors and making fuller use of the rational elements of the prevailing division of labour. This is objectively aided by cooperation between developing and CMEA countries. At the

same time, the emergence of a new division of labour between these two groups, one that meets the aims, principles and conditions of their cooperation, will play an ever increasing role. In his Report to the 25th Party Congress, the Soviet Premier Alexei Kosygin made the point that 'The Soviet Union wishes its cooperation *with the developing countries* to take the form of a stable and mutually advantageous division of labour'.¹¹ Other CMEA countries also take the same stand.

The major ways in which this division of labour forms and gains in depth have already taken shape and, evidently, will remain as they are for the near future: an increase in the volume and range of mutually advantageous exchange of traditional goods; organisation of the production of new goods of mutual interest in the enterprises of the partners; organisation of the joint production of goods on the terms of various forms of cooperation. The planned nature of the CMEA economies and the strengthening of the public sector in the economies of their partners enable them to lend a purposeful character to the promotion of the international division of labour, proceeding from a common interest in seeing that cooperation has a firm economic foundation.

It has become necessary for promoting long-term stable economic relations to extend the existing industries in the CMEA countries and organise new ones, oriented on the markets of the developing countries and taking account of their specific requirements, and the processing of the raw materials and semi-finished products supplied by them or run on a cooperative basis, taking advantage of the division of labour.

One important direction in the promotion of ties is becoming the conclusion of long-term (10-15 years) agreements on trade, economic and production cooperation. The Soviet Union, for example, has concluded such agreements with Afghanistan, India and Iran.

Cooperation between the planning agencies of socialist and developing countries furthers the realisation of these agreements. It facilitates the drawing up of long-term programmes for economic, scientific and technological cooperation and concerted measures to implement them, measures that it is sensible to carry out by joint efforts or by the efforts of each partner. Conditions are being created under which it is considerably easier to agree on the volume of output for mutual supplies for several years ahead, and for improving production cooperation between the enterprises and organisations of the partners. Cooperation between planning bodies expands the opportunities for creating new elements in the mutually complementary nature of the economies involved; this objectively helps to deepen the division of labour. It should be recalled that cooperation between the planning agencies of CMEA states and developing countries does not mean the creation of supranational bodies, as is the case in the integrational groupings of the capitalist world. Any recommendations drawn up by joint commissions are, once ratified by the appropriate governments, put into effect through their national bodies.

Industrial cooperation and other forms of production collaboration are a promising form of cooperation between socialist and developing countries. Today, alongside labour cooperation in and between enterprises within individual

states, international production cooperation has become widespread. In its essence, this is based on the division of labour, agreements, the long-term, stable, and joint or concerted activities of partners from various countries in material production to their mutual advantage. It includes interaction by partners in developing new technology, and in organising production, supplying parts, assembly units and aggregates, with the aim of securing the output of ready-made products, and other joint efforts in the production sphere.

The CMEA and developing countries already use such forms of production cooperation as help in building enterprises and subsequently operating them, supplying assembly units and parts for production in a partner's enterprise, supplying raw materials and semi-finished goods for processing in a partner's enterprise, creating enterprises in developing countries on a product-pay-back basis and on terms of joint management. The CMEA countries are cooperating on production cooperation terms with India (in engineering, the textile industry, the production of film and other forms of production), Iran (in engineering and the utilisation of gas resources), Afghanistan (in the use of gas resources), Guinea (in the production of bauxite and in the fishery sphere) and several other countries.

Cooperation gives partners marked advantages. It enables developing countries to involve their natural and human resources more fully in the national economy and to use them more effectively, to employ their own productive capacities to the full and to create new ones, to increase the volume of exports and improve their structure through supplies to the stable markets of

the CMEA states. For the latter, cooperation increases the reliability of necessary imports at economically acceptable prices. Overall, production cooperation leads to a deepening of the division of labour between socialist and developing countries, and increases the effectiveness of their cooperation, which meets their mutual interests.

Besides improving bilateral relations, great opportunities reside in multilateral cooperation, which is taking only its first steps in the relations between CMEA and developing countries. The major advantage of multilateral cooperation consists in that it rests on a wider economic basis—on the production potential of several participating countries—and thereby encourages an increase in the volume of ties and their stability. Possible variants are as follows: directly between interested socialist and developing countries; between CMEA and individual developing countries—such as the agreements between CMEA and Iran and Mexico, which have already come into effect; between CMEA and regional integrational groupings of developing states; between international economic bodies of CMEA countries and those in various developing countries, as well as with the participation in cooperation of firms in the industrially advanced capitalist countries.

Conditions exist for promoting multilateral cooperation in building joint export enterprises, to be oriented on the markets of developing countries, by interested CMEA states; joint provision of technical assistance to developing countries; the pooling of forces in training personnel for developing states; the creation in those countries of enterprises making products

of mutual interest; the formation for these purposes of joint funds providing credit for the supply of equipment and technical services; the organisation by joint efforts of profit-oriented firms for providing technical services to the developing countries and imports to the CMEA states; the organisation of multilateral settlements on trade and other payments; and joint research into the problems of cooperation with the developing countries.

Integration processes have developed considerably among developing states within the mainstream of the general trend towards the internationalisation of economic affairs. There exist some fifteen regional and subregional integration groupings, and dozens of inter-state organisations. Some of these groupings and organisations are actually trying to protect the interests of member states, to reduce their dependence on imperialist monopolies, to extend equal relations with the socialist states and to establish direct ties with CMEA. These groupings and organisations may be prospective cooperation partners of the socialist countries and their economic organisations.

Multilateral cooperation extends the opportunities for combining the efforts of CMEA countries with interested developing states in finding comprehensive solutions to these countries' major economic tasks. In particular, this can be done by forming territorial-production complexes. Readiness to do this was expressed in the Joint Declaration of Socialist Countries at the Fourth UNCTAD Session. At the same time, this cooperation creates more favourable opportunities for developing countries to take part in the integration measures that are being implemented

in the CMEA region under the Comprehensive Programme for socialist economic integration, especially in the joint long-term specific cooperation programmes in the major sectors of material production. The mutual benefit deriving from that is self-evident.

CMEA and World Economic Problems

The problem of environmental protection and of rational forms of nature usage lies at the centre of general world economic problems. The danger of mankind irreversibly destroying the environment is growing considerably under the present-day conditions of a rapid growth in industrial production, industrialisation of new territories and technical re-equipment leading to an increased demand for natural resources. In recent decades, the world economy as a whole has changed from an agrarian-industrial to a predominantly industrial one. The volume of industrial output is nowadays five times greater in value terms than that of agricultural produce. The rapid expansion of industrial production is accompanied by an increase in population and the number of big cities. The increase in population density, in concert with intensification of urbanisation processes, has led to a disruption of the ecological balance in several countries.

Mankind's supply of natural resources and energy has also changed. Over the last hundred years, world energy consumption has increased on average by 5 per cent every year. The initial

period of this growth saw a rapid increase in coal consumption; subsequently oil and gas began to take up an increasingly large part of the fuel balance structure, to the extent that now they account for 70 per cent of the total volume of primary energy used.

According to recent assessments by the United Nations, between 1970 and the year 2000 the world consumption of mineral resources will accelerate considerably. Thus, it is reckoned that the demand for oil will grow 5.2-fold, of gas 4.5-fold and of coal fivefold. The demand for basic types of minerals is also likely to increase at an accelerated rate: the average annual consumption of copper is likely to rise 4.8-fold, for bauxite and zinc 4.2-, nickel 4.3-, lead 5.3- and iron 4.7-fold.

Even taking account of the fact that the rapid growth of consumption will intensify the need for a more rational use of these resources, the utilisation of raw materials will satisfy about half the demand; the consumption of basic forms of mineral raw materials over the last decades of this century will be three or four times greater than that of the whole preceding history of civilisation.

The world food production economy of recent years has also witnessed an unexpectedly large gap widen between the mounting demand for and limited supply of basic foodstuffs. This gap is due to several consecutive bad harvests (1972, 1973, and others) in the main producing and exporting countries, to a fall in the output of these products in a group of developing countries and to a rapid growth in world food imports. The shortage of the most important foodstuffs has caused an unprecedentedly sharp increase in

world prices. World prices of cereal crops, especially wheat, have increased three- or four-fold; the prices of meat, milk and other livestock products have also gone up sharply. Price increases on basic foodstuffs have become a paramount factor behind the overall price rises and have upset the balance of payment positions of countries importing foodstuffs.

The shortage of food products and the irreversible price rises have had a number of political repercussions, such as the intensified use of food aid by some imperialist states to exert political pressure, and retaliatory efforts towards an anti-imperialist consolidation by developing countries. For the first time in many years the exceptionally important part played by foodstuffs in the whole system of international economic relations has become apparent.

By dint of the earth's geophysical unity, the global economic problems affect all states, irrespective of their level of economic development or their social system. At the same time, it is patently obvious that the acuteness of these problems and the way they are manifested differ from one region to another and from one state to another. While the problems of environmental pollution, the balance of land under use, and the consumption of non-replenishable natural resources, especially fuel, have acquired the most urgency among the whole set of ecological problems for the industrially advanced capitalist states, the most pressing problems for most developing countries remain those concerned with food production: soil erosion, lack of fresh water, the exhaustion of natural sources of raw materials as a consequence of rapacious exploitation by the monopolies of the industrially

advanced capitalist states, and the terms of trade between these two groups of countries on the capitalist market.

Within the developed capitalist countries, the problems of conservation of the ecological environment and supplies of sufficient natural resources began to worry scientific and business circles several decades ago, but they acquired particular urgency in recent years, when the former mechanism of imperialist plunder of the natural wealth of the economically backward countries began to malfunction. With the beginning of the mass nationalisation of extractive industry enterprises in the early 1970s in developing countries, and the price rises on oil and other key minerals, it became clear that the era of the capitalist monopolies' undivided sway over the natural wealth of Asia, Africa and Latin America was coming to an end.

The growth of industry resulted in a practically uncontrollable increase in production and consumption refuse, and in some cases brought the level of pollution and of other interference with the balance of the environment to critical proportions. In such circumstances, the capitalist press began suggesting that the deterioration of ecological problems was bringing the world to its inevitable doom. The book market in the Western countries was flooded with a stream of 'research' works explaining the cause of the impending catastrophe as an inordinate rise in world industrial production and the population. Besides the various publications appearing in the United States and Western Europe, specialists from various walks of life began to form groups for the purpose of estimating possible variants of the future development

of the world economy. With the aid of mathematical models and econometrics, the researchers have been trying to determine the dynamics of population size and the world production and consumption balance for several decades to come, and then, by marrying up the data with the volume of known natural resources, some of them have come to the conclusion that there is absolutely no prospect for mankind's future existence. Such works include the following: Donella H. Meadows, *The Limits to Growth*,¹ E. A. Laszlo, *A Strategy for Survival*,² and M. Mesarovič and E. Pestel, *Mankind at the Turning Point*.³

The problem of the exploitation of world economic resources has acquired new political resonance owing to the movement by the developing countries to establish a new international economic order. Its dominant idea is to demand the establishment of more just economic principles for using the natural resources of the developing countries and easier terms for the trade in food, raw materials and fuel on the world market; it also involves respect for the full sovereignty of each state, over its own natural resources, and its independence in the economic activity associated with their use.

A consolidation of the forces of the developing countries in the campaign to realise these notions and their desire to bring about socio-economic change that would undermine the capitalist foundations are causing serious concern in the West, as is reflected in several works, the most celebrated of which are the 'Club of Rome' investigations. Despite slight differences in the treatment of global problems and assessments of their urgency, these documents all pursue

the common objective of providing an alternative programme for restructuring the existing system of international economic relations, and lessening the anti-imperialist orientation of the demands made by the developing countries.

All the treatises suffer from several fundamental shortcomings:

(1) they look at the development of mankind from the angle of technical-economic aspects, while ignoring problems of a socio-political nature;

(2) they treat technological progress and the internationalisation of social production only from the vantage point of the industrially advanced capitalist countries, proclaiming multinational monopolies to be the only bearer of progress and internationalisation;

(3) they ignore the theory and practice of socialist construction and socialist forms of the rational use of resources; the experience of international cooperation of the socialist countries in fulfilling the crucial tasks of economic development and implementation of socio-economic transformations receives no attention at all.

The effect of world economic problems on mankind's future development is discussed widely in both socialist and capitalist countries and at international forums; UN special institutions are focusing growing attention on examining these problems. During these discussions, the positions of the industrially advanced capitalist countries clash with those held by the countries of the socialist community, based on the Marxist-Leninist theory of the laws of human social development and on the need to harmonise this development with the requirements of nature. A study of the material relating to the interna-

tional debate on global economic problems prompts the conclusion that differences of principle exist in the treatment of world economic processes by the representatives of the two different social systems; these emanate from differences in the criteria of social progress and in the objectives of political and economic development.

Certain ecological problems also arise in the economic development of the socialist community. The growth of production in the CMEA countries is also related to an increase in the consumption of both renewable and non-renewable fuel and raw materials. The production techniques employed in the CMEA states do not always exclude pollution of the environment. It is also a fact that urbanisation processes are underway in the socialist countries, too. Furthermore, the socialist states face the problems of protecting water, land and the atmosphere from industrial pollution and household effluents, hard waste and industrial gases; they have to combat soil erosion; they have to protect and use natural resources in a scientific way; they must protect the animal world, replenish fish stocks and look after unique natural landscape.

Yet the nature and scale of these problems differ radically both from the ecological crises facing the industrially advanced capitalist countries, and from the chronic poverty caused by backward cultivation methods in many developing countries of Asia, Africa and Latin America.

The nature of socialist relations of production expressed in social ownership of the means of production, in scientific planning of balanced economic development, and in subordination of this development to both the national social

and common international interests of cooperation in this area, prevents the development of the above-mentioned processes into insoluble ecological crises. Socialist society, as distinct from capitalist society, enjoys all the necessary means for implementing government and public control over the rational structure of national consumption and the effect of society on nature.

As already mentioned, in capitalist societies there is a widespread vulgarised, deliberately simplified treatment of the problem of mankind's food provision. According to this approach, the increase in population size is outstripping that in agricultural production, this, therefore, being the chief cause of the food shortage.

CMEA countries decisively reject the idea that population growth is a factor adversely affecting the progress of society and engendering only an increase in social consumption. With planned public control over social processes, people are not only consumers; they are the main creative force. Population growth is a necessary condition for a dynamic growth of labour resources. The predominance of mankind's creative functions over consumption functions is convincingly borne out by calculations made in the Soviet Union. Over the period of a person's active life—approximately 45-50 years—he produces several times more than he actually consumes. In the Soviet Union, the values created are, on average, per person 400-500 per cent greater than those consumed.

The development of production, national and world economic progress and the rational utilisation of natural wealth depend primarily on people, their intellectual potential, professional qualifications, the extent of the social organisa-

tion and purposefulness in their actions. The level of technical development, the technological improvement of labour instruments and, finally, improvement in the organisation of social production are all the product of human efforts. The chief task of all humanity is not to limit the number of mouths that have to be fed, but to create the social conditions under which the increasing population would multiply the wealth of the world by its labour.

Guided by precisely that approach, socio-economic planning in the CMEA countries views the control of human resources—the material and socio-cultural conditions for their reproduction, occupational development and their territorial location—as the main function of economic management.

At the same time, according to expert assessments, a four- or fivefold increase in world food output is a perfectly attainable goal for mankind over the coming decades. The major directions in which the efforts of countries experiencing a food shortage should be guided are well known from the practice of socialist economic development in the CMEA countries. This involves, primarily, more rational use of existing food resources, an increase in consumption of the share of food from non-agricultural sources, higher labour productivity in agriculture, better power equipment for farm production, extension of cultivated land, irrigation and melioration, and the introduction of chemicals into agriculture.

For the potential in restructuring agricultural production to become a reality in the developing countries, however, they have to take decisive steps to carry through agrarian reform and

progressive social change, and to finance investment in a socialised agrarian sector. Under contemporary conditions, the division of the capitalist world into two groups of countries with an enormous and constantly increasing gulf between their economic development levels, the food problem has ceased to be a purely economic issue, it has become a social and political one, as well. In most countries suffering from a food shortage or lack of other resources, further economic and social progress is hampered by the backwardness of economic management. The patriarchal and tribal rural communes and the feudal relationships that still predominate in a whole number of economically backward countries have become a major brake on raising the productivity of their agricultural production and on making effective use of their natural resources. As practice has shown, the capitalist development path for agriculture in the young national states is incapable of radically solving the food problem.

The energy problem has also reached world-wide proportions. What is the actual present-day situation and the potential in regard to satisfying the growing demand for energy?

Oil and gas make up some 70 per cent of world energy output; in the general expert view, oil and gas will not continue to sustain such a large share of the world energy balance. They will gradually have to be replaced.

World deposits of coal are considerably richer, but the working of coal seams, as the most accessible seams are exhausted, will become steadily more expensive owing to more difficult technological accessibility. Mankind will, therefore, have to resort, in the long term,

to more effective and 'clean' non-mineral sources of energy owing to the limited resources of fossil fuels, the adverse effect of them on the environment and the large costs involved in their territorial distribution in relation to consumers.

This is resulting in fresh efforts to make wider use of all forms of hydro-power, wind and solar energy, all of which are practically inexhaustible. The gain from work in this direction in certain areas of the globe can be considerable.

Great hopes are pinned on the nuclear power potential that is opening up both as a result of the use of heavy nuclei splitting reactions, and with the aid of light nuclei synthesis. With the further improvement of breeding, the effectiveness of using uranium is likely to rise dozens of times.

In attempting to forecast development trends and technological improvements in accelerators, and bearing in mind the presently known modes for using splitting reactions, the potential resources in this area may be estimated as being in the order of $10,000^7$ - $10,000^8$ terrawatt years (one terrawatt hour= 10^9 kwh); this is an amount sufficient to satisfy all imaginable energy requirements for millions of years ahead.

Thus, scientists in the socialist countries believe that the energy resources of the earth do not constitute a factor restricting world economic development. True, the fact has to be reckoned with that the development of each new source of energy, particularly nuclear, demands for huge investments, and the problems of discovering these are closely related to overcoming backwardness in the socio-economic structure of many countries and regions. Taking account of this and with sensible and just in-

ternational cooperation, mankind will be able to use the earth's energy wealth and advance from wasteful utilisation to rational and effective use. As a result, the harmonious economic progress of society will not meet obstacles from nature.

The situation as regards minerals is neither grave. Geological successes in recent decades have secured a faster expansion of prospected deposits of major minerals than the growth in their extraction. At the same time, technological progress has moved back the frontiers of the economic accessibility of natural resources. As a result of improved extraction methods, it has become profitable to work deposits that were previously regarded as unsuitable for exploitation. Mankind has moved forward a considerable way towards creating substitute materials and techniques for using natural resources economically. Thus, there are no grounds for excessive concern over the exhaustion of natural resources.

In the capitalist world, a key aspect of the problem of natural resource provision is that of rationality in their use, the elimination of wastefulness in their expenditure. Extrapolation of the present rate of expenditure of natural resources into the future is meaningless in view of the tremendous scale of non-productive expenditure related to capitalist methods of management and to military purposes. The arms race and military preparations alone divert the best personnel, the latest technology, the most valuable materials and natural resources from tackling mankind's urgent problems. This unceasing drain on resources is growing even today. It has already reached huge proportions—a thousand million dollars a day, which is enough

to wipe out starvation and poverty altogether.

A solution to the problems of providing the growing world population with foodstuffs, mineral resources and energy requires a long-term economic strategy in which social interest would be the criterion for choosing the ways and means for making rational use of natural wealth. The socialist countries provide the model of a social structure that answers all the major issues concerning the interrelationship between society and nature.

The experience of existing socialism is convincing proof that a combination of the achievements of the scientific and technological revolution and the advantages of the socialist economic system provide the necessary conditions for a fundamental and global solution to the major contradictions between civilisation and nature, which made that civilisation possible.

Owing to the global nature of many ecological problems, however, they can only be solved by the concerted efforts of all nations. This requires planned international coordination of action and the establishment of new principles of concerted action in securing an optimum correlation between programmes for further economic growth, the possibilities of nature and the policies for protecting and better reproducing the environment.

According to the collective opinion of experts from socialist countries, the most important of these principles for the immediate future are:

(1) the forms and scales of human activity must be commensurate with the deposits of non-replenishable natural resources;

(2) the inevitable production waste must reach the biosphere in a form and concentration that

is harmless to both human beings and nature;

(3) the nature and dimension of mankind's impact on nature in the process of material production must be controlled by society, with account for the interests of future generations and the conditions of the natural reproduction of its quantitative and qualitative economic characteristics.

Natural resources do have their limits, although they are likely to be very much greater than mankind presently imagines. In these circumstances the need for a rational use of these resources is becoming more and more pressing, so that they serve the interests of economic growth and social progress as fully as possible.

These principles for an approach to solving general world economic problems find their embodiment in the specific economic practice of the countries of the socialist community.

The contemporary situation of the CMEA countries in terms of food supplies differs radically from the food problems of the capitalist world. The very first years of popular government saw an end, once and for all, to the problems of starvation and deprivation. Further, as already mentioned, they long ago solved the problem of providing the population with food according to rational norms of calorific diet. The food policy is viewed by the fraternal parties as a major component of the overall socio-economic strategy aimed at improving living standards, and the success of this policy is well illustrated by the results achieved by the CMEA countries in developing agricultural production. Between 1951 and 1979, gross agricultural output in the CMEA states grew 2.4-fold. The average annual growth rate of agricultural production was

3.1 per cent over the same period, while it was 2.2 per cent in the economically advanced capitalist countries, and 2.9 per cent in the developing countries. At present, the CMEA countries, which account for 10 per cent of the world population, are producing some 20 per cent of the world output of grain and pulses, meat and eggs, over 30 per cent of the milk, 25 per cent of the sugar and margarine, etc.

A solution to the tasks of food policy is aided by the intensifying system of the international socialist division of labour in the CMEA countries in the agrarian-food economy, based on mutual assistance in strengthening the material and technical basis of agriculture and the food industry, as well as on production specialisation among countries, in conformity with their natural and climatic conditions and traditions. A stable system of production specialisation in this area has already taken shape among the CMEA states; this specialisation finds its expression in the promotion of trade in foodstuffs among the CMEA countries. The share of agricultural raw materials and products from its processing in the exports and imports of the CMEA states amounted, in 1976, to 32.8 and 12 per cent respectively in Bulgaria, 26.8 and 6.9 per cent in Hungary, 10.2 and 24.9 in the German Democratic Republic, 82.9 and 13.7 per cent in Mongolia, 11.7 and 18.4 in Poland, 22.5 and 15.9 per cent in Romania, 11.9 and 28.4 per cent in the Soviet Union, and 7.2 and 17.4 per cent in Czechoslovakia.

Socialist integration in the agrarian-industrial sphere does not aim to isolate the CMEA countries from the capitalist foodstuffs market. On the contrary, cooperation in promoting agricul-

tural production makes it possible for the countries in the socialist community to take a more effective part in solving the world food problem through cooperation and joining forces in helping the developing countries. The CMEA states once again confirmed their readiness to establish stable economic ties with developing countries and to give them assistance in the Joint Declaration at the Fourth Session of the UN Conference on Trade and Development (UNCTAD) held in Nairobi in 1976; it pointed out that the socialist countries were ready 'to promote the development of their agriculture and the solution of their food problems by means, in particular, of hydroelectric projects, the construction of irrigation systems and the organisation of the production of artificial fertilisers, the development of fishing industries, the supply of agricultural technology, and the training of specialists'.⁴

Cooperation in the agrarian-industrial sphere by some CMEA countries with developing states on a bilateral basis has already reached considerable proportions, but the greatest opportunities for developing effective long-term and mutually advantageous economic ties in this sphere lie in multilateral cooperation. The coordination of the foreign economic policies of CMEA countries enables them to make wider use of all the advantages of multilateral cooperation, and paves the way for the establishment of stable supplies of agrarian-industrial products in both directions, where the socialist countries could act as the suppliers of their traditional foodstuffs, farm machinery, chemical fertiliser, food industry machinery, while developing countries would gain in the socialist states a stable

market for their tropical produce, raw materials for mineral fertiliser and products from agro-industrial enterprises built with the help of CMEA countries on a product-pay-back basis.

Another area where the economic policy of the CMEA states may serve as an example for solving economic problems on an international scale under conditions of socialist economic integration is the way the fuel and energy and raw material base has been developed in the countries of the socialist community.

The rapid economic growth in the CMEA countries is associated with a considerable increase in their energy and raw material requirements. Since the energy and raw material resources are distributed very unevenly over the territories of these countries, supplies come from two main sources: the rational use of all internal national possibilities and mutual trade.

Among the CMEA states, the Soviet Union is the biggest producer and exporter of energy, fuel and industrial raw materials. At the same time, the restricted nature of natural resources in the European countries of CMEA, with the mounting demand for these resources from their rapidly developing industries, is behind the increasing share of imports in the energy and raw material balances of these states. According to available forecasts, the provision of the CMEA countries (excluding the Soviet Union) from their own energy resources will continue to diminish in the future, and will fall from 70 per cent in 1975 to 50 per cent in 1990.

A great deal of attention is being focused in the CMEA member states on elaborating and implementing joint measures of a long-term nature for the rational use of resources, the intro-

duction of less energy-intensive technological processes, and the promotion of nuclear power engineering, as well as the location of energy-intensive production close to the major sources of fuel through the collective efforts of the CMEA countries.

Under this programme, during the last five-year plan period, the CMEA countries cooperated in building power stations with a total capacity of 13 mln. kw; this provided approximately 30 per cent of the total generation of electricity.

The production of electric power will continue to be based mainly on thermal power stations. The growth in output is envisaged through the new operation of turbo-aggregates with unit capacities of 200, 300-500 and 800 megawatts. 1980 saw the commissioning in the USSR of a block with a unit capacity of 1,200 megawatts. It is planned further to increase the generation of electrical and thermal power at thermal-electric centres.

It is also planned to achieve a substantial saving on fuel through fuller use of existing hydro-power resources in the CMEA countries. These aims are to be served, in particular, by the scheme for complex use of the hydro-resources of the Danube through the application of the joint efforts of interested countries in setting up the hydro-electric station complexes Gabčíkovo-Nagymaros (on the Hungarian-Czechoslovak sector), Iron Gate II-Džerdan II (on the Romanian-Yugoslav sector), and the Nikopol-Turnu-Magurele (on the Bulgarian-Romanian sector), as well as in building several other hydro-electric stations in the basins of the Danube and other rivers.

Plans to accelerate the development of nuclear

power hold a prominent place in the joint energy programme of the CMEA countries. For a faster development of nuclear power engineering, an international economic grouping, Interatomenergo, was set up in 1973, its main objective being to organise cooperation of production, supplies of plant and technical assistance in building nuclear power stations.

The joint efforts of CMEA countries are also helping to solve the problem of financing the development of fuel and energy sectors. The level of capital intensity needed in these sectors is five or six times higher than the average. Between 20 and 30 per cent of investment in material production is presently being channelled to these ends. In this connection, the practice of mutual credit provision is becoming increasingly widespread. Mutual investment credits are being used more and more in financing the development of oil and natural gas extraction, the building of new oil and gas pipelines, and international electricity transmission lines.

The implementation by the CMEA countries of their joint long-term programme for the development of energy and fuel and raw material sectors also opens up fresh opportunities for helping to solve the energy problem in industrially advanced capitalist and developing countries, on both a bilateral and multilateral basis.

International long-term specific cooperation programmes have become a new stage in improving the forms for the joint resolution by the CMEA states of paramount national economic problems, particularly those of long-term food provision, fuel, power and raw material supplies. The drawing up and implementation of these

programmes began in accordance with the decisions of the 29th and 30th CMEA sessions.

The main objective of the LTSPC for food is to help ensure an uninterrupted supply to the population of the CMEA countries of the main foodstuffs—cereals, meat, fish, milk, sugar, vegetables, fruit and the major commodities of the food industry. As became clear during the draft programme's elaboration, the following problems attract most interest from the countries cooperating within the framework of the programme in the first stage of the work: guarantees for the technical development of agricultural production; an increase in the genetic productivity of species and breeds of plants and livestock; supplies of chemicals for raising yields; production of animal feed concentrates with a high content of protein additives; intensification of the production of livestock produce in Mongolia; development of sugar and citrus fruit production in Cuba; and the working out of economic methods for stimulating production and mutual supplies of agricultural food products.

At the present time, the interested countries and agencies of CMEA are working on defining the forms and terms of cooperation, each country's share in it, the dates for fulfilling specific tasks, etc.

The designation of the international LTSPC for fuel and energy and raw materials is intended to provide the economies of the CMEA countries with major power carriers, ferrous and non-ferrous metals, chemical raw materials and electricity.

For example, in the development of power engineering, as well as the building of large-scale thermal, hydraulic and hydro-electric pump-

ed storage power stations on the territory of the CMEA countries, a further promotion is envisaged of the joint power grids of these countries, as well as an increase in the production of basic power facilities, through joint efforts. Besides helping to tackle common tasks in this sphere, cooperation in building nuclear power stations is oriented on carrying out fundamental changes in the structure of the fuel and energy balances in the CMEA countries by increasing the share of this new and promising energy source in the overall volume of energy produced and consumed.

The joint shaping of the export potential of the countries taking part in these programmes is a vital aspect of the LTSPCs. The creation of large food, power and raw material complexes with a high share of exports in their production through international socialist integration will open up new and wider opportunities for promoting mutually advantageous economic ties between CMEA countries and industrial capitalist states, and helping CMEA countries to encourage the economic progress of developing countries.

The CMEA countries are also building up experience in carrying through national and international measures with the aim of tackling ecological problems. Extensive legislation already exists in the socialist countries on the subject of environmental protection and the rational use of natural resources; it takes into consideration the specific features of each country and sets up a legal basis for the activities of state and public organisations. The fundamental principles of environmental protection are inscribed in the constitutions of the socialist states.

Finance for environmental protection in the CMEA countries comes from direct or indirect outlays; the state earmarks substantial sums for these purposes. In the Soviet Union, for example, state investment in nature protection programmes and the rational use of natural resources amounted in just one year, 1976, to 1,800 mln. roubles; in the period from 1976 to 1980 the figure was 11,000 mln. roubles. A great deal of money is allocated for these purposes in the other CMEA countries, too.

Marginal levels of the concentration of harmful substances in the atmosphere and water have been established in the Soviet Union and some other CMEA countries for the first time in world history. The observance of environmental protection requirements is strictly supervised. Any infringement of the laws entails prosecution and liability to a variety of measures within the terms of the law.

The CMEA countries take an active part in joint measures designed to protect and improve the environment and, related to this, to make rational use of natural resources; this is contained in the coordinated programme of cooperation among CMEA member states and Yugoslavia for the period up to 1980, adopted by the CMEA Executive Committee in October 1974. The eleven sections of the programme containing 155 topics embrace all the major aspects of environmental protection.

By implementing and expanding mutual cooperation, the CMEA countries are trying to promote ties in this area with other international organisations, as well. At present, steps are being taken further to link up measures in the protection and improvement of the environment

by CMEA, with those being implemented in this area by the European Economic Commission and other international UN organisations, and with measures envisaged in the UN programme on the environment.

At the same time, a study of the particular features of the approach by states with different social systems and different national volumes of material and natural resources to global economic problems reveals the difficulties that arise in cooperation between two social systems, these being due to fundamental differences in the way the causes of the emergence of these problems and ways to resolve them are treated. In most programmes presented by the West, the possibility of such collaboration is either rejected or hedged around by all manner of unrealistic demands, such as the notion of the allegedly inevitable need for an economic and political convergence of world socialism with capitalism. The Soviet Union and the other socialist states are firmly convinced, however, that the situation can be considerably improved today on some of these problems. It is possible that, at first, agreement can only be reached on a partial solution to a limited range of issues, but even a stage-by-stage advance will make it possible to avert or dampen many crises in this area.

Several party and government documents of countries in the socialist community have frequently stressed that the elaboration of a common conception in tackling global economic problems and a programme of joint action in this direction are perfectly feasible given a favourable political atmosphere in the interrelations between the countries and regions with different socio-

economic systems. At the same time, international tension and the arms race hamper or completely preclude any possibility of carrying out coordinated and effective measures.

Referring to the constant link between global economic and political problems, Leonid Brezhnev has emphasised that today 'energy, food and other problems are becoming more acute in many countries.... Every one of them requires the special attention and joint efforts of many states.

'One thing is certain: in order to successfully resolve all these problems it is imperative to ensure a durable peace, to develop and intensify detente.'⁵

The CMEA countries have traversed a long and hard road in fighting to reduce political tension and to normalise the conditions for international cooperation in tackling world problems. Their efforts have received universal world acclaim in several international documents, the most important of which was the Final Act of the Helsinki Conference. The initiatives of the socialist countries are well known in regard to the signing of international treaties and agreements on banning nuclear weapons from outer space and their location on the sea-bed and ocean floor, on banning any action on the natural environment and climate for war or other hostile ends. A number of constructive proposals in restructuring international economic relations, including conditions for production and trade in major forms of fuel, raw material and food, are contained in the Joint Declaration of Socialist States at the Fourth UNCTAD Session in 1976.

These initiatives testify that the socialist

countries are full of determination to achieve a solution to the paramount global economic problems; this will, at the same time, further the process of attaining political detente and will lend it a consistent and constructive character.

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