

## INTERNATIONAL MARKETS NEWSLETTER

# Soviet Congress Adopts A World Development Policy

Developments at the 25th Congress of the Communist Party of the Soviet Union now taking place in Moscow, combined with direct evidence of Soviet diplomatic initiatives around the world signal a decisive shift. The Kremlin leadership has now committed itself to a policy of expanding world trade and development as the basis for strategic thinking.

In his opening report, party leader Leonid Brezhnev announced that the Soviet Union rejects absolutely a hands-off attitude to global economic and ecological problems, such as the exhaustion of energy resources and the spread of disease. (Quoted extensively, page 5.) In implementation of the Brezhnev directives, the Soviets have already begun open diplomacy in the Third World in support of revolutionary and pro-development forces, highlighted by strong statements of support to revolutionary developments in Africa in the Soviet press.

The Brezhnev report followed a rapid-fire series of pro-trade statements by influential Soviet government officials in the days preceding the Congress. Brezhnev went out of his way to stress that a unified approach to "politics, economics, diplomacy, business, industrial production, and trade" in foreign economic relations is the view of the **entire Central Committee of the party**. The practical implications to the Oblomovists — victims of the ideological disease of hiding under the blankets from the reality of the "outside" world — could not be clearer.

The Soviet Union is now better able than ever before to implement this internationalist outlook, previously put forward as the core of the Soviet open diplomacy response to the threat of nuclear war in the spring of 1975. The dramatic break of the NATO-run Western Communist Party leaderships from Moscow, which has become the pivot of the Congress, removes a considerable block from Soviet strategic thinking. The Soviet leaders no longer have to be hampered by worries over anticipated French or Italian "Communist Party" reactions to their political moves. With their hands freed in that respect, the Soviets are simultaneously getting the message that the non-aligned countries, especially, require crucial Soviet backing against the Atlanticist debt-extractors.

### Open Diplomacy

The collapse of world trade this week provides the urgent context for the following diplomatic steps in the developing sector, taken in coordination with Brezhnev's report and aimed at an increased, leading Soviet role in organizing world triangular trade and development:

In Peru, in the aftermath of Henry Kissinger's visit there, the Soviet ambassador held an extraordinary press conference citing the strong relations between the Soviet Union and Peru. The ambassador called for further economic

cooperation and in this context pointed to the Comecon trade and development agreements already signed with Iraq and Mexico.

Simultaneously, the Czech daily Rude Pravo carried an East German-authored attack on the World Bank, and especially the Inter-American Bank for Development, as the U.S.'s tool to loot Latin America. The article recommended taking the IABD out from under U.S. control and instituting it as a Latin American-controlled bank capable of dealing with other industrial capitalist countries like Japan and Western Europe — and implicitly Comecon. This kind of suggestion is pointing directly at a tri-sector trade perspective.

The Soviet ambassador to Zambia, Dimitrii Belokolos, released a statement on the occasion of the 25th Party Congress in which he said that economic aid for development is a crucial part of Soviet support for southern African liberation struggles. Exactly the same point was made by Cuban leader Fidel Castro in his address to the Moscow Congress. Castro stressed that due to the existence of the socialist community and the changes brought about in the world by the October Revolution and the defeat of fascism, more than 100 colonial countries around the world have been able to achieve independence.

Although Soviet and Comecon negotiations with advanced sector capitalists have a much lower profile, it is known that Soviet Chamber of Commerce head Boris Borisov, who visited Italy to push East-West trade earlier this month, is now touring Chicago, Atlanta, New York and other U.S. cities with a large delegation.

### Prior Deployments

In the two weeks prior to the opening of the 25th Congress, Comecon and Soviet trade officials gave encouragement and an opening to pro-development industrialists in Western Europe. It is this openness that Brezhnev has now given his authoritative backing.

At a Moscow press conference Feb. 18, Comecon Secretary Nikolai Faddeev revealed the details of Comecon's proposal for cooperation to the European Economic Community (EEC). These included:

- \* A joint study of currency and finance questions, in anticipation of permitting both sides to grant credits under most favorable conditions;

- \* Development of agricultural trade between the two halves of Europe on a long-term basis as well as more standard provisions for "non-discriminatory" trade.

Faddeev, who is usually the spokesman for major Comecon initiatives, had not called a press conference since announcing Comecon's proposals for trade and development agreements with non-member countries in last summer. This led to treaties with Iraq and Mexico.

At the same time, the Soviet government daily Izvestia ran two important interviews.

On Feb. 19, Soviet Foreign Trade Minister Nikolai Patolichev explained why the Soviet economy precludes an isolationist policy. "At the present time," he told Izvestia, "there is practically not a single branch of the national economy of the USSR which is not linked with foreign trade...The Soviet Union strives to successfully utilize all the advantages of the international division of labor." Patolichev referred to successful bilateral cooperation of Sovyet industry with Japan and Italy in particular, with the implication that much more cooperation is needed.

Just before the Congress opened, Izvestia interviewed Gerhard Weiss, a Comecon executive official from the German Democratic Republic who last week delivered Comecon's proposal for cooperation talks with the European Economic Community (EEC). Weiss stated definitively that autarkical retrenchment cannot be an effective Comecon policy: "The Comecon's decisive rejection of any autarkical aspirations and its open character are defined in the organization's Charter. Its complex program for socialist

integration...provides for possible participation by interested third countries in carrying out that program — on a mutually acceptable basis, in certain forms." The Comecon proposal, which incorporates pan-European agricultural development and calls for negotiating trade finance changes, and Weiss' restatement of Comecon cooperation principles address Italian and other pro-development politicians who have said that industrial integration with the Comecon sector is the alternative to their economies' destruction as slaves to the dollar.

Prior to the Comecon moves, the Belgrade press had confirmed that Yugoslavia, a leading political force in the Third World among the non-aligned nations as well as a close associate of Comecon, was one of the main pushers of debt moratoria at the recent Manila meeting of the Group of 77 non-aligned nations. Yugoslav government representative J. Smole (the regular ambassador to Moscow) declared at Manila "As long as the recession lasts, repayment of debts should be postponed for these (developing) countries, because this would help to revive production and would be in the interests of not only the developing nations but also the advanced countries."