

Soviet T-Ruble Offer Sparks Hysteria In Lower Manhattan

The Soviet Union's offer of the gold-backed transferable as an instrument for world trade has evoked frantic efforts in Lower Manhattan to obscure the true nature of the Soviet proposals, and wild hopes that somehow the Soviets can be induced to help prop up the dollar instead. Wall Street sources reported this week that at a recent session of the U.S.-U.S.S.R. Trade and Economic Council, the Soviets urged a plan to create an international bank for trade among the USSR, USA, Western Europe and Japan. In the Wall Street version of the plan, the developing sector would be left out, to pay its debt as best it can. Asked to comment on the proposal, Manufacturer's Hanover Executive Vice President Don Waade declared that it is nothing new — "We made a similar proposal ourselves two years ago."

A representative of the Soviet Trade Representation in Washington termed the Wall Street report a hoax.

The Soviets have no intention of participating in any bailout operations on behalf of the Lower Manhattan banks. In fact, they have begun to publicly organize among U.S. capitalist layers for a real economic development perspective. Soviet economist Nikolai Shmelyov contributed an article to the Journal of Commerce July 20, excerpted here, which recommends broad all-European projects to be undertaken by the Council for Mutual Economic Assistance (CMEA) and the European Economic Community (EEC), for "creating a unified power grid; building an all-European network of motor roads, waterways and pipelines; developing a network of joint research institutions..."

A Soviet View:

CMEA-EEC Joint Action Urged

The present-day economic potential of Europe within its natural boundaries noticeably surpasses the economic potential of any other region or continent. Europe accounts for roughly 47 percent of the world's total national income and 55 percent of the world's industrial production.

The European states annually invest enormous funds in new industrial and civil engineering projects and in the modernization of all economic sectors. At present, the annual investments of the member countries of the Council for Mutual Economic Assistance (CMEA) and the countries of Western Europe in absolute terms are roughly at the same level and total approximately \$500,000 million.

At the same time, it has become particularly obvious that some economic problems of our time have by far transcended national boundaries; they have acquired, at

least, a continental and, not infrequently, global character. It is possible to solve them only by pooling the efforts and resources of many countries and by drawing up programs of joint actions, which should necessarily be of international importance.

Being classed among such problems ever more frequently are the growing shortage of energy resources, the threatening position with the world's food reserves, the need for radically restructuring international economic relations, and the danger of irreparably harming the environment.

Strong European Base

The conference in Helsinki has strengthened the foundations of a durable peace and security in Europe and created fresh opportunities for the development of all-European cooperation in many spheres of human activity. In these circumstances, special importance attaches to the character of further mutual relations between the two integration groupings in Europe — CMEA and EEC.

The Council for Mutual Economic Assistance has the character of an open organization, and none of its aspects of activity is directed against the interests of third countries. Totally absent from the policies and practices of CMEA is a desire to fence themselves off from the other European states behind a system of discriminatory restrictions. The CMEA countries view integration not as a means of isolation from the rest of the world, but as an effective way of raising the level of economic development.

This organization has no common customs tariffs against third countries, and the choice of supplier of goods imported by the socialist countries is based on economic grounds common to all. The Council for Mutual Economic Assistance is open for accession or closer cooperation to other countries expressing agreement with the basic principles of its activity. Several years ago, Cuba acceded to the Council. Yugoslavia is taking an active part in the work of many of its bodies. Forms of cooperation of third countries with CMEA can be fairly deep and varied, as is borne out by the example of Finland, Iraq, and Mexico...

In the future, the economy of Europe could be of a more comprehensive character based on the mutually supplementary structure of the economies of its individual states. Apparently, it is quite realistic now to raise the question of the need for some forms of coordinating the long-term programs of economic, scientific and technological development of both the East and West European countries, their investment programs in particular.

This would make it possible to create on the European continent a more rational system of interstate specialization based on the natural and technico-economic advantages of individual national economies, as distinct from

the present situation, where the various artificial measures aimed at protecting the ineffective national lines of production have become an important factor in the European division of labor.

What Could CMEA Give?

By virtue of natural conditions, the major European resources of industrial raw materials and fuel are located in the continent's eastern areas. Oil and oil products, gas, coal, chemical raw materials, ferrous and nonferrous metals, timber and sawn timber, asbestos and other raw materials from the socialist countries traditionally account for a considerable proportion in the overall consumption of these commodities in Western Europe.

West European investors are now increasingly showing interest in finding profitable applications for their capital within the framework of long-term bilateral and multilateral cooperation with the Soviet Union and other socialist countries in such fields as oil and gas extraction, transportation and refining, the working of deposits of metal ores, chemical prime materials, and the tapping of timber resources. Evidently, the East European countries could also in the future gradually assume a considerable proportion of the deliveries of enriched nuclear fuel for the proposed network of atomic power stations in Western Europe.

And these are only some of the possible areas of large-scale all-European cooperation. Western producers and consumers are only beginning to learn about the possibilities of the processing industries in the socialist countries, whose achievements in several advanced branches of industry meet high international standards. There are also good prospects in the field of scientific and technological collaboration among all the European countries: the vast scientific potential of the Soviet Union in the sphere of basic research and the impressive achievements of several other European countries in the applied research and development work could form the basis for cooperation and a deep division of labor in this field.

Realistic Prerequisites

Prerequisites have now matured in Europe for realizing important all-European projects: creating a unified power grid; building an all-European network of motor roads, waterways and pipelines; developing a network of joint research institutions; and pooling efforts in the field of environmental protection. It is not accidental that European public opinion has favorably received the Soviet Union's proposal on holding international conferences on pressing problems — energy, transport development, and environmental protection.

An important part in the solution of basic problems of all-European cooperation could be played by the joint ef-

forts of the Council for Mutual Economic Assistance and the European Community as representatives of the collective efforts of the member-states of these organizations.

No doubt, progress in the field of economic relations between Eastern and Western Europe is directly connected with willingness and ability of the leaders of the Common Market countries to adapt that organization to the requirements of new Europe, the Europe of trust and cooperation.

It is obvious that the situation where the two organizations do not yet have even a single agreement governing their relations and establishing mutually acceptable "rules of the game" in present-day conditions, is becoming an anachronism.

CMEA Takes A step

It is these purposes that are served by the offer made by the CMEA countries to conclude an agreement between the Council for Mutual Economic Assistance and the European Community on the basic principles of relations between them. The EC Council of Ministers was given the draft of such an agreement on Feb. 16, 1976. This initiative is fully in keeping with the general spirit of steps being taken by the socialist countries towards implementing the decisions of the Helsinki Conference with a view to further improving relations between all the European states.

The draft submitted by CMEA provides that the content of the general agreement shall not affect the rights and commitments of parties to it under existing bilateral and multilateral treaties, and also their rights to conclude similar treaties in the future. The CMEA countries stand for a flexible combination of bilateral and multilateral relations between Eastern and Western Europe, which would fully take into account the principle of the partners' equality...

Normalization of relations between the Council for Mutual Economic Assistance and the European Community is an important component of the overall process of easing international tension. It seems to me that realism and common sense will prevail in the West in this matter, too.

Nikolai Petrovich Shmelyov is a Soviet scientist, holding a doctorate in economics, head of a department of the Institute of the Economy of the World Socialist System, USSR Academy of Sciences. He is the author of a monograph "Problems of Economic Growth" (1970), a co-author of a monograph "Economic Relations Between East and West: Problems and Possibilities" (1976), and the author of other studies.
