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Working Class 'Erosion' Denied

18070040a Moscow RABOCHIY KLAS I
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[Article by Timur Timofeyevich Timofeyev, correspond-
ing member of the USSR Academy of Sciences, director
of the USSR Academy of Sciences International Workers
Movement Institute: "Changes in the Current Situation
and the Working Class"]

[Text]

A scientific session devoted to an analysis of the new
phenomena in the capitalist economy and the trends and
prospects of the development of the working class under
the changing conditions was held in the spring of 1988 in
the USSR Academy of Sciences International Workers
Movement Institute. The opening remarks and then the
conclusion were delivered by T.T. Timofeyev, director of
the institute and corresponding member of the USSR
Academy of Sciences. Papers and reports were delivered

by doctors of historical sciences A.A. Galkin, S.I. Vasil'tsov, S.A. Yershov, B.I. Koval, E.V. Klopov, V.B. Kuvaldin and Z.P. Yakhimovich, doctors of economic sciences S.V. Pronin, R.I. Tsvylev and Yu.N. Popov, candidates of sciences G.B. Ardayev, I.B. Levin, B.M. Maklyarskiy, S.V. Patrushev and G.G. Pirogov and others.

Our journal's editorial office asked the participants in the discussion to prepare for publication articles based on their speeches. We are carrying some of this material in this issue.

A number of important, topical issues connected not least with an analysis of the changes in the modern world and their consequences for the working class and the workers movement were submitted for examination by this scientific session.

We are experiencing an exceptionally critical, pivotal phase of world social development. Changes of considerable importance are taking place in interstate relations and in the international situation as a whole. While engendering new problems, they are also creating additional opportunities for peaceable, progressive forces.

For an in-depth study and discussion of this set of problems it is important to be guided by Marxist-Leninist procedural principles of scientific analysis, that is, to study the connection of economics and politics and consider how precisely the interaction of domestic and foreign policy processes and political and social changes is manifested in the present specific-historical situation and what the correlation of objective and subjective factors influencing the development of the struggle of the masses in various parts of the world is.

Under the conditions of the growth in our contradictory, but integral world of the significance of global problems and the stimulation of the search for ways to solve them and when the influence on the masses of the new political thinking is intensifying increasingly, it is necessary to have a sufficiently precise idea of the correlation in our day of the social goals of the workers movement and values common to all mankind and the combination and linkage of the class demands of organizations of the working people with the goals of broad democratic movements, the struggle for the survival of civilization in the nuclear age and the interests of the ongoing development of all humanity.

Representatives of different ideological and political currents both within the ranks of the workers movement and outside it are recognizing that the world community has now encountered a number of complex problems. Their origin and degree of primacy and ascertainment of the scale of their influence on the mass consciousness and the development of social movements—all this is the subject of very animated discussion. Which of these problems are particularly urgent and will influence world development to the greatest extent on the eve of the coming 21st Century? Dissimilar opinions are expressed

at times in this connection. Some international organizations and many politicians have recently, for example, been attaching paramount significance to the consequences of the intensified contradictions between the industrially developed and developing countries.¹ Others see in the phenomena of socioeconomic differentiation leading to the "marginalization" of significant strata of the population serious consequences from the viewpoint of the growth of factors of instability in this component or the other of the capitalist system.² A number of authors is sounding the alarm in connection with mankind's inadequate provision with diminishing natural resources and in connection with the general deterioration in the ecological situation. There is simultaneously increased understanding of the fact that a reduction in the arms race and struggle for a halt thereto and for durable peace are a decisive component in the search for paths of a comprehensive settlement of many global problems common to all mankind.³

Together with features characteristic of the reproduction of economic processes of the preceding decade a number of singularities also had appeared by the start of the 1980s. They included a slowdown in the average annual economic growth rate and an increase in the frequency of crisis phenomena and their increased synchronism. Reflected here were the consequences of the profound structural changes in the capitalist economy in the new phase of the S&T revolution and the changes in the international division of labor at the present, higher level of the internationalization of capital and production; and the interweaving of the structural crisis and cyclical recessions, increased instability in the currency-finance sphere and an intensification of energy, environmental and other problems. It was a question of an intensification of the contradictions of capitalism—both economic and sociopolitical.

Following the cyclical crisis of the start of the 1980s, economic growth has lasted for a number of years in the majority of capitalist countries. However, the average annual economic growth rate in the majority of these countries (except for the United States and Japan) has been lower than at the start of the phase of upturn in similar periods of preceding cycles. We may in this connection refer to the symptomatic conclusions and forecasts of a number of Western economists who believe that the United States is drifting toward "financial and economic crisis, which will evidently turn into a recession throughout the world capitalist economy," to which the "increasing international debt pyramid..." also should contribute to a considerable extent.⁴

Account should be taken of the impact on reproduction processes of government spending and the stimulation of the investment process. These factors have made it possible to maintain—together with the constant introduction of the latest technology systems in the leading sectors—albeit decelerated, the rate of increase in production.

But the scale of the present contradictions in the world capitalist economy is brought about to a far greater extent by factors which are not so much of a cyclical as of a longer-term nature. It is they, particularly the deterioration in the situation in the currency-finance field and in the sphere of international trade, which have been the object of the increased attention of various social circles in the West. Nor is it possible to ignore the fact that capitalism has embarked on a new stage of the S&T revolution—that of electronic automation and the increasingly extensive application of information science and biotechnology. It is a question of the surging development of the information sector, that is, the group of sectors engaged in the receipt, processing and transmission of information. As a result the “traditional” sectors of industry’s share of GNP and the total numbers of people in work is declining. Thus in the United States more than 70 percent of people with jobs are concentrated in services, including the information sectors, whose growth rate is outstripping many times over that of the traditional industrial sectors. In other capitalist countries the contribution of service sectors to economic growth is almost three times higher than industry.

Previously, for example, the dynamics of steel production were for many years considered a “mirror of the cycle” inasmuch as the smelting of steel more often than not repeated all the basic cyclical fluctuations and curves. The situation has now changed. The same smelting of steel responds far less to the overall dynamics of business activity. For example, in the United States the smelting of steel in 1986 was lower than in 1973 by 46.1 percent, whereas the overall level of industrial production in this period grew 32.5 percent. A similar picture has been observed in Japan, the FRG and other industrially developed countries. This situation is also typical of other old sectors such as shipbuilding and automotive industry, where a fundamental restructuring for the purpose of their increased competitiveness, an intensification of labor and so forth is under way. Currently the lead in terms of growth rate is held by enterprises and sectors connected with the development of electronics, computer software and the communications sector and other information sectors. The singularities of this new sector are making their mark on economic development. On the one hand their production growth rate is relatively high and, on the other, their relative significance in the overall structure of the economy is comparatively slight. As a result the higher growth rate of the “information” sectors is by no means pulling up the whole curve of the development of industrial production and the national product as a whole.

And, indeed, whereas electronics industry in the capitalist world has in recent years been developing at a rate amounting to approximately 8-10 percent annually, its relative significance in the gross domestic product in 1970 grew 2.6 percent, and in 1985, 4.7 percent. The communications sector’s share of the GDP of Britain, the FRG, France and Japan constitutes 2.7, 2.9, 3 and 4.5 percent respectively.

However, while affirming this fact, it would at the same time be wrong to ignore facts indicating that the information sectors are ultimately strongly influencing the social reproduction process, contributing to the accelerated transition to a fundamentally new organization thereof. New equipment, flexible manufacturing systems, robots and automated industries are, to judge by the experience of Japan, the United States and the FRG, providing for an unprecedented increase in productivity, a reduction in the equipment pool, a lowering of industry’s energy consumption and so forth.

In the same period the governments of many capitalist countries have implemented measures to reduce the money supply for the purpose of lowering budget deficits somewhat. The deficits have been financed from domestic and foreign sources. Nonetheless, colossal budget deficits persist both in the United States and in a number of West European countries. In the United States this has been connected with a number of factors, not least, with the continuing growth of military spending. Interest payments on government borrowing have also increased at a faster pace (compared with the dynamics of the GNP).

As a whole, the strain in the currency-finance sphere and in the credit system of the capitalist world has increased. It is characterized by huge budget deficits, the imbalance in trade and payments and considerable gyrations in official exchange rates (of the American dollar particularly), which has increased the anxiety of influential circles in the West. The meetings of the leaders of the seven leading Western powers also testify to this.

The strain in the currency-finance system in the United States is taking an ever increasing toll. For example, by 1987 the total debt of private individuals, corporations, financial institutions and the government amounted to \$8 trillion, which was 1.8 times greater than the country’s GNP.

Whereas prior to the end of the 1970s total government, corporate and consumer debt and the GNP were growing at a roughly identical rate, in the 1980s the disproportions between the growth of the country’s GNP and the national debt have been very pronounced, thereby undermining the stability of the credit-finance sphere also. The biggest and most dynamic component of the national debt is government borrowing of \$2.2 trillion. The budget deficit in the United States at the end of 1987 amounted to approximately \$220.7 billion. The United States is today a major debtor: its net indebtedness to other states is over \$260 billion. At the same time the measures aimed at solving the problem of a reduction in government borrowing (by way of reducing federal spending, for example) have led to a slowing of the upturn in production and have increased the danger of recession. The growth in corporate debt is fraught with serious consequences also. It had reached \$1.6

trillion by mid-1987, which the American public perceives as a signal of the critical state of industrial and financial corporations' credit-worthiness.

The events which unfolded on the New York Stock Exchange in the fall of 1987 and which influenced the situation on the Tokyo, Hong Kong, London and Frankfurt stock markets should be seen in the context of the general state of the U.S. economy and financial system.

The causes and consequences of the panic on the stock markets in the capitalist world should be studied in connection with the general state of the U.S. finance-credit system and the increased instability of economic conditions in Western countries, with the huge growth of indebtedness and so forth. After all, for the first time since the war the United States has become, as many prominent American economists (including L. Turow, F. Rohatyn and F. Bergsten) affirm, the Western world's biggest borrower. This cannot fail to influence the mentality of those holding American securities.

The fall in its share of world industrial production from 40 percent (in 1950) to 27 percent (in the latter half of the 1980's) also testifies to the weakening of the United States' international economic positions. At the same time, however, the corresponding relative significance of Japan in the analogous period has increased from 2 to 8.5 percent, and the share of the West European countries, from 21 to 26 percent. For the first time since WWII the United States has lost (in 1986) the leading positions in world exports (it has been dislodged from first place here by the FRG), and a deficit in the trade in technology-intensive industry has arisen. Whereas in 1974 the United States accounted for 70 percent of the latest technology in the world, by 1984 this indicator had declined to 50 percent (it could have fallen to 30 percent by 1990, according to current estimates). The United States is now inferior to a number of competitors in such spheres as productivity level, corporate profits and achievements in the field of education and research. This weakening of positions has been noticeable since the 1970s. In the last decade productivity at U.S. industrial enterprises has grown twice as slowly as in the FRG and seven times more slowly than in Japan. As American observers themselves confess, a clear indication of the new situation is the deterioration in the United States' position in the trade sphere. "The result," THE WASHINGTON POST affirmed (12 April 1987), "has been a slowdown in the growth of American workers' wages in recent years. According to certain data, the average real wage in industry has declined approximately 5 percent since 1972."

Serious problems have arisen in the field of the working people's education. Growing significance is attached to this sphere in the rivalry of the three main centers of imperialism, where ever increasing attention is being paid to the educational level of the labor force. In the world race for first place, many specialists believe, the education and retraining of personnel are of greater

significance than before inasmuch as manpower with particular qualifications is sometimes no less important than the right equipment, capital and technology. In this respect the United States is now lagging behind Japan and certain other of its competitors. Inasmuch as the bulk of today's workers will still be working up to the year 2000, their training and retraining are of great significance for the solution of problems connected with a strengthening of a given country's positions in the world economy.

Not only the scale but also the focus of the money spent on R&D acquire an important role at the new stage of the S&T revolution. In sum the United States currently spends more to this end than Japan, the FRG and France together, but considering the size of the economy of each of these countries, the United States invests approximately identical resources in R&D. Thus in 1986 the United States spent 2.8 percent of its GNP (2.6 percent in 1970), Japan in 1985, 2.8 percent (1.9 percent), the FRG, 2.6 percent (2.1 percent), and France, 2.6 percent (1.9 percent). But the point is that the United States spends almost one-third of its R&D appropriations for military purposes, that is, considerably more than Japan and the FRG. If we consider spending on R&D only for civilian needs, its share of GNP constitutes 1.9 percent in the United States, 2.6 percent in Japan and 2.5 percent in the FRG.

Account also has to be taken of the fact that there has in recent years appeared in the world capitalist economy a new phalanx of competitive states—the so-called new industrial countries (the "four dragons") in the Asia-Pacific region: Hong Kong, Singapore, Taiwan and South Korea. They occupy an increasingly notable place in the capitalist economy, competing on the markets in a number of commodities with many highly developed Western countries.

Of course, the United States is not about to give up its positions in the world capitalist economy without a fight. It is counting particularly on the expansionist activity of its TNC and their potential. The scale of their influence should not be underestimated. After all, the accumulated sum total of direct private overseas investments of the United States in the mid-1980's was over twice as high as the corresponding indicators for Britain, three times higher than those for Japan and so forth.

Since the stock market crash of the fall of 1987 economists of the United States and other countries have been expatiating with certainty about the possibility of a new recession—either at the frontier of 1988-1989⁵ or in 1989.⁶ According to calculations of specialists from Britain's Lloyds Bank made following the 1987 stock market upheavals, the economic growth rate in the zone of developed capitalism was forecast at approximately 2 percent in 1989. And the average annual growth rate of the economy in the period 1988-1991 in Japan, Britain, Italy and Canada was put at approximately 2.75 percent, but far lower in the other Western countries. As far as the

developing countries are concerned, in 1988-1991 their average annual growth in individual regions will evidently fluctuate within the 2-5-percent range.

When evaluating and comparing such computations of Western economists for the future, account should be taken in the current cycle of specific features of the growth of material production. And this means not only the low rate of growth in the phase of upturn but also the comparatively small cutback in production in a period of crises. We would note also that the present cycle is characterized by an acceleration of the rate of S&T progress. When technical revolutions are following literally one after the other, "leaps" in investments are not necessarily attached to a particular phase of the cycle. The increased relative significance of services in the economy of developed countries is also influencing the course of the cycle in its own way since, as distinct from the commodity product, services cannot be produced for future use, for stocks. And the greater the proportion of services in overall economic growth, the less the potential of concealed overproduction, which performs a particular role in the cyclical development of the economy.

To judge by everything, the disproportions in these and others spheres of the world capitalist economy will persist not only in the immediate future but will be reflected for a long time.

In one way or another, with the intensification of the contradictions of reproduction, the development of the economy of many countries in the capitalist world is characterized by a considerable slowdown in the growth rate. This is holding back to a large extent the accomplishment of socioeconomic tasks, a rise in the living standard and "quality" of life for working people and a solution of problems of the rational use of natural and human resources and employment problems. In addition, the huge spending on the arms race is continuing to have a negative impact on the living conditions of the working masses.

Marxists consider wrong the one-sided metaphysical evaluations of these problems typical of the supporters of a variety of technocratic concepts, including the "monetarist" models, "technotronic" society concepts and so forth. Just as groundless are the vulgar sociological ideas which proceed from the alleged direct connection of economic crisis and the development of the revolutionary movement (the influence of the old dogmatic approach in the spirit of "the worse, the better" is sometimes perceived in these ideas)....

Upon an analysis of the consequences of the exacerbation of the economic contradictions of contemporary capitalism importance is attached to the ascertainment of the specific forms and factors of the economic and political instability of bourgeois society and the emergence of new knots of social conflicts in different parts of the world capitalist system.

Studying the changes in the conditions of the socioeconomic and political struggle, one necessarily reaches the conclusion concerning the serious, paramount significance which is attached to the question of alternative programs. It is difficult to exaggerate the importance of their elaboration by various political forces, including various currents in the workers movement.

Such problems have also confronted many communist and workers parties, which is dealt with in a number of Marxists' publications and works.⁶

It would be worthwhile in evaluating the different models of economic development and also the documents devoted to these questions advanced by many organizations and parties in this country or the other investigating more closely the differences between, specifically, the neo-Keynesian and other approaches and their possibilities and limits: this applies to versions of so-called global Keynesianism also.

Is it right for us under current conditions to reiterate—in the wake of some theorists of "neoclassical synthesis"—ideologists of conservatism—general formulas concerning the crisis of Keynesianism⁷ and sometimes ignore the presence therein of various (left, center and right-reform) currents, as also the corresponding nuances in post-Keynesian, neoreform models and views? Is it legitimate to maintain that none of them any longer enjoy any support and influence in this sector or the other of the West European workers movement or in certain Pacific countries (particularly where social democrats and labor parties are in power)?

Marxist scholars are called upon to make their contribution to the elaboration of the pertinent problems of socioeconomic development. Pointing to the need for the theoretical and political assimilation of the consequences of the important changes in the world, prominent representatives of communist and workers parties are rightly emphasizing that the search for answers befitting the present-day communist movement will not tolerate dogmatism and attachment to old ideas. Creative debate, dynamic dialogue and communists' contacts and exchanges of opinions with other democratic parties are useful for a stimulation of this work.⁸

Marxist-Leninists note the importance of a broad, interdisciplinary view of the new processes, with regard also for the increased role of the human factor in the study of the ongoing S&T and economic changes. In analyzing the influence of the latest technology on the position of the workers and the structure of employment it is necessary, for example, to correctly evaluate the increased role of complex manpower in contemporary reproduction processes. Certain Western authors maintain that the increased significance of the intellectual components of labor under the conditions of the capitalist "information economy" is reducing to nothing the role of the working class in society.

Yet an in-depth, truly scientific analysis of the actual changes in the army of wage labor, the composition of the working class and the structure of the aggregate workman leads to other conclusions.

Collective Marxist theoretical thought has proceeded and continues to proceed from the fact that in the process of its development the working class undergoes a process of continuous change—both quantitative and qualitative. Such change occurs particularly intensively in periods of radical shifts in the production base. This was the case, for example, in the first postwar decades, when the S&T revolution began to gather momentum. This is happening also under the conditions of the qualitatively new stage of technological innovations, unprecedented both in terms of scale and compression in time. It is no accident that an intensification of the debate surrounding questions of the limits and composition of the working class and trends and prospects of its development pertain precisely to such periods.⁹

We have already noted that a favorite method of the authors of a number of Western publications devoted to the changes in the social structure of society, who wish to prove a weakening of the positions and "hopelessness" of the working class, is, aside from all else, a subjectivist, mechanical identification of the present-day working class with the traditional factory-plant proletariat of the 19th century, which incorporated exclusively workers of physical labor. The proportion of such categories of workers in many industrially developed countries is indeed declining. After all, in the last century the status of the workman of physical labor working for wages and affiliation to the working class in many cases coincided. At that time hired manpower consisted predominantly of factory-plant and agricultural workers and also mine and pit workers.

The changes in the social structure of society and its dynamics characteristic of the 20th century had two main singularities. On the one hand there was for many decades right until recently a constant increase both in the overall numbers of wage workers and the proportion thereof in the economically active population. On the other, the category of persons working for wages became and continues to become increasingly complex in terms of composition. This has also reflected processes of the formation of the so-called new middle strata. At the same time, on the other hand, the category of white-collar workers has become increasingly populous. In the postwar decades trade and office workers and adjacent groups have come to represent a large detachment of the working class in the zone of developed capitalism.

The profound structural changes of the 1980s—both actual and potential—brought about by the new phase of the S&T revolution have been the pretext for a variety of apocalyptic "forecasts" in respect of the working class. And together with moderately pessimistic forecasts a wave of the most extreme assessments has arisen, what is more. They have emanated either from conservative

defenders of the "post-industrial," "technotronic" society or from ideologists of the petty bourgeois radical "left" (the essence of the views of the latter was expressed in concentrated form in the title which A. Gortz gave to one of his books: "Goodbye, Working Class!").¹⁰

Discussing the changes occurring in the army of wage labor and the shifts in the composition of the working class, the opponents of scientific socialism refer to the new phenomena in the world capitalist economy characteristic of the present stage of the growth of the internationalization of capital and production, the shifts in the sectoral structure connected with this, the appearance of certain new occupations and so forth.

They misinterpret the data testifying to the uneven dynamics of the working class in different countries and areas of the capitalist world. Let us turn to specific figures (see Table 1).

Table 1. Dynamics of Strength of the Working Class (Millions)

	Start of the 1950's	Start of the 1980's	End of the 1980's*
France	11	15	15
FRG	14	20	20
Great Britain	18	21	20
United States	43	86	91
Canada	3	9	10
Japan	13	35	37

*Estimate.

Source: Compiled on the basis of calculations of the USSR Academy of Sciences International Workers Movement Institute per data of national and international statistics.

Statistical data testify that the rate of development of the working class in different countries and parts of the world is dissimilar. Whereas, for example, in Japan its share of the gainfully employed population has continued to increase in recent decades (from 34.2 percent at the start of the 1950's through 61 percent by the start of the 1980s and 63.2 percent toward the end of the 1980s), in the countries of North America and certain West European states the proportion of the working class in the gainfully employed population grew basically up to the frontier of the 1970s and 1980s. In the world capitalist system as a whole the ranks of this class are continuing to grow, albeit unevenly. Thus a higher rate of development of the proletariat may be observed in the Asia-Pacific region, this applying particularly to the "new industrial countries". Important quantitative and qualitative shifts are occurring in the young, rapidly growing working class of many developing countries.

The changes in the international division of labor as a result of the increased internationalization of production, the expansion of the TNC and other factors are

leading to a growth on the "periphery" of the world capitalist economic system also of new detachments of working people and the appearance there of a number of new categories of people working in modern occupations and are by no means grounds, as bourgeois ideologues would have us believe, for speaking of the "erosion" of the working class and predicting its virtually complete "disappearance" in the very near future.... Some Western authors are manifestly failing to take into consideration how the content of labor input in the new phase of the S&T revolution is actually changing, what the correlation between simple and complex labor is under these conditions and so forth. Yet in the last century even K. Marx wrote prophetically that in line with the growth of large-scale capitalist industry and the acceleration of S&T progress, "the creation of real wealth will become less dependent on work time and the amount of labor expended than on the power of the agents which are set in motion within the work time and which do not correspond in the least to the direct work time required for their production but depend rather on the overall level of science and the progress of technology or on the application of this science to production.... Real wealth now also appears... in the form of the qualitative disproportion between labor reduced to a simple abstraction and the power of the production process which this labor supervises. Labor no longer appears so much incorporated in the production process as labor whereby man, on the contrary, relates to the production process itself as its controller and regulator".¹¹

It is essential in our day to take more fully into consideration the consequences of both the growth of the qualifications and the increased mobility of the work force. This is connected with the latest technology shifts,

organizational-technical modernization and the processes leading to the increased complexity of manpower and the enrichment of the culture and consciousness of the working people.

An analysis of the changes in the internal structure of the working class merit scholars' great attention. Although the overall strength of the "traditional" detachments of the factory-plant proletariat has declined in recent decades, there is no reason, for all that, to dispute their active role in the class struggle. In addition, the number of all industrial-type workers remains and will continue for the foreseeable future to be quite substantial. Possessing a wealth of political experience and a broad cultural outlook, they retain great influence in the workers movement.

It should also be remembered that the boundaries between different strata of working people are conditional to a certain extent; after all, there is quite a wide transitional zone also. Also in a state of "transition" and proletarianization are considerable numbers of qualified specialists, particularly those who are working for wages and are engaged to this extent or the other in executant and not command functions.

The relative significance of this socio-occupational category throughout the gainfully employed population is increasing, and it potentially represents an important new source of replenishment of the working class both now and in the future (see Table 2). This applies particularly to engineers associated with the industrial working class directly in the production process. It is fitting to recall that Marxism described almost analogously the categories of people working for wages who were attributed to the "trade and office proletariat".

Table 2. Dynamics of Occupational Structure of the Gainfully Employed Population (%)

Country	Year	Total	People working in industrial specialties	People working in agricultural specialties	People working in trade	People working in services	Office workers	Specialists, including technicians	Managers and administrators
FRG	1978	100	36.9	6.4	8.7	11.2	19.6	13.5	3.7
	1986	100	34.5	5.5	9.2	12	18.9	15.4	4.3
United States	1979	100	33.1	2.7	6.3	13.2	18.2	10.8	15.5
	1987	100	27.8	3	12	13.5	16.2	11.6	15.9
Canada	1979	100	30.2	5.8	10.5	12.9	17	15.2	7.7
	1987	100	27	4.9	9.7	13.5	16.6	16.4	11.9
Japan	1979	100	37.4	11.6	14.4	9.6	16.4	7.7	3.9
	1987	100	36.9	8.3	15.1	8.8	17.6	9.3	4.0

Source: Compiled on the basis of calculations of the USSR Academy of Sciences International Workers Movement Institute per data of national statistics.

Of course, the processes developing at the new twist of the S&T revolution spiral are leading to significant organizational-technical, socioeconomic and other shifts in different components of the world capitalist system. Simple

machine production and transfer machinery are increasingly giving way to various versions of flexible systems and comprehensive automation, which are encompassing increasingly new sectors.

The increase in social labor productivity which is occurring as a consequence of this is enabling the economy switching to the tracks of more intensive development to manage without the previous number of industrial workers—blue-collar workers. Simultaneously there is a change in the numbers of white-collar workers also. As a whole, workers' educational and skills level is growing.

Much is being written in the West about the numerical growth of such a category of working people as technologically oriented workers (this term has come to be employed increasingly in recent years in U.S. statistical publications), who possess diverse knowhow and an understanding of the mathematical, engineering and other tasks necessary for mastering the latest technology. They are people with specialized education of a higher level, as a rule, than that provided by regular high schools or technical schools.

With the increase in qualifications there is an objective growth of the working people's requirements. They are demanding guaranteed employment and increased qualifications, more consummate health-care systems and so forth. Countering this, monopoly circles are making extensive use of tactics of splitting the working class. They are relying to a considerable extent on the use of the dissimilar economic position of this detachment of working people or the other and the difficulties born of the dissimilar social consequences of the S&T revolution, the changes in the structure of employment and the exacerbation of the crisis phenomena in this sphere.

Much has been said and written overseas in recent years about the growing "marginalization" of certain strata of the army of wage labor. Regardless of the terminology employed, Marxist scholars cannot overlook the processes leading to an expansion of the number of people knocked aside from the normal track and deprived of permanent work and who are frequently becoming declassé. Some of them could (as the development of events in France, particularly, and certain other countries shows) also support nationalist, chauvinist slogans advanced by reactionary organizations. It is important to bear in mind also the differences—very appreciable at times—between the immediate economic demands of workmen benefiting at a particular stage from the technological restructuring on the one hand and of those who the losers from it on the other. Account has to be taken also of the diversity of the modern forms of employment, after all, they include temporary, part-time, home, "contract" and so forth.

However, besides the trend toward the growth of differences between different occupational categories of wage workers, countertrends are developing also. Thus many modern occupations are becoming "comprehensive," as it were, and common for the majority of sectors. Despite the changes in the composition of the working class, important prerequisites are being created for a convergence of the interests and joint protests of different detachments of people of mental and physical labor.

This will be reflected increasingly manifestly in coming years in the activity of professional, political and other mass organizations of the working people. In the present phase of social development even the protests of various detachments of the industrial proletariat are frequently supported by this category or the other of intellectual workman. This is bringing about an expansion of the base both of the workers movement itself and mass democratic—peace, environmental, youth and other—protests and social movements.

Under the new conditions the communists rightly believe that the workers movement is called on not to slacken its activity but, on the contrary, to seek ways to expand the sphere of its influence on the masses. The increased attention to and interest everywhere in the creative, enterprising foreign and domestic policies of the Soviet Union is contributing to this to a considerable extent.

What is happening currently in the USSR is affording forces of the left in the capitalist world new opportunities and striking palpable blows at anticommunism. The perestroika which has unfolded in the USSR is, as the participants in the Brazilian CP Central Committee March 1988 Plenum declared, augmenting the prestige of socialism, marking an important stage in the development of the theory of Marxism-Leninism and contributing to a strengthening of the positions of the forces of peace in the world. The same thought is being developed by figures of the workers movement in other countries also. Many of them view the expansion of socialist democracy which is taking place in the Soviet Union as a "renaissance of Lenin" and a phenomenon increasing the "magnetic force of socialism".¹²

Under present conditions particular importance is attached to the problem of stimulation of the joint actions of different detachments of the world workers movement. This is dictated by objective reality, primarily the global alternatives now confronting mankind. It is also dictated by the complex new phenomena in the domestic sociopolitical life of bourgeois society giving rise to the need for a unification of the efforts of forces of the left for the purpose of counteracting the neoconservative policy of monopoly capital and intensifying the rebuff of reactionary and chauvinist elements which have come to life in a number of countries.

Opportunities for the joint actions of different detachments of the workers movement are growing also in connection with certain changes which are occurring within the ranks of certain influential international and national reformist organizations. Whereas comparatively recently, for example, the Socialist International was pointing in its documents to the undesirability of the development of contacts between the parties which were a part thereof and the communists, the Socialist International's positions have now changed. Representatives

of communist and social democratic parties are advocating increasingly often the development of useful dialogue—multilateral and bilateral—on questions of peace and arms reduction, topical all-European problems, questions of the environment and international economic cooperation, the “disarmament for development” problem and “North-South” relations. The importance of the transition here from a variety of palliative solutions to the internationalization of such problems was once again emphasized by the general secretary of the CPSU Central Committee during his discussion with the Socialist International leadership.¹³ Certain positive changes may be observed in the ranks of international trade union associations of varying persuasions also.

The connection between domestic policy and international processes is strengthening in our time. As time goes by, efforts aimed at a revival of the Leninist character of socialism are becoming interwoven increasingly closely with the struggle for the shining ideals of the world workers movement, contributing simultaneously to the achievement of goals common to all mankind and the success of the entire struggle, titanic as a whole, for mankind's survival and progressive development.

Footnotes

1. Specifically, see “World Recession and Global Interdependence. Effects on Employment, Poverty and Policy Formation in Developing Countries”. ILO, Geneva, 1987.

2. See, for example, the book “Global Crises and Social Movements”. Edited by Edmund Burke III, Westview Press, Boulder and London, 1988, pp 2-3.

3. See “Our Common Future,” World Commission on Economic Development, United Nations, New York, 1987; “Global Challenge,” London, 1985; “Common Crisis: North-South; Cooperation for World Recovery,” the Brandt Commission, London, 1983; Willy Brandt, “World Armament and World Hunger: A Call for Action,” London, 1986.

4. See Felix Rohatyn, “On the Brink” in NEW YORK REVIEW OF BOOKS, 11 June 1987, p 3; Peter J. Peterson, “The Morning After” in ATLANTIC MONTHLY, October 1987, pp 43-69. See also THE ECONOMIST, 19 March 1988, pp 16-18; INTERNATIONAL HERALD TRIBUNE, 24 March 1988.

5. See, for example, FORTUNE, 23 November 1987.

* Estimate of Professor (Kleyn) and other Western economists who participated in an international symposium held in March 1988 in UN headquarters in New York.

6. For more detail see, for example, “Imperialism of the 1980s, Economic Crisis and Communists' Struggle,” “Peace and Socialism” Publishers, Prague, 1987; ECONOMIE ET POLITIQUE Nos 132, 133, 1988; L'UNITA, 8, 12 January 1988.

7. See, inter alia, John Hicks, “The Crisis in Keynesian Economics,” Basil Blackwell, Oxford, 1975; D. Bell and I. Kristol (eds.), “The Crisis in Economic Theory,” Basic Books, 1980; “Why Economics Is Not Yet a Science”, Edited by A. Eichner, with a preface by Wassily Leontief, Macmillan Press, London, 1983, pp VII-IX, 3-8; R. Kuttner, “The Poverty of Economics” in “Alternatives to Economic Orthodoxy”. Edited by R. Albelda and others. New York, 1987, pp 18-34.

8. See PRAVDA, 30 April 1988.

9. For more detail on this see, for example, T. Timofeyev, A. Chernyayev, “Certain Aspects of Study of the Contemporary Proletariat” in RK i SM No 3, pp 25-38; and also the book “The Working Class and the Present Day (From Material of an International Scientific Conference),” Moscow, 1987.

10. See also D. Cornfield, “Political Consequences of Economic Segmentation,” CONTEMPORARY SOCIOLOGY, an international journal of reviews, Washington D.C., vol 16, No 2, March 1987, pp 146-148.

11. K. Marx and F. Engels, “Works,” vol 46, pt II, p 213.

12. See “Perestroika und die Linke in der Bundesrepublik. Zu den aktuellen Umgestaltungprozessen in der UdSSP,” Frankfurt-am-Main, 1988, pp 54, 57.

13. “M.S. Gorbachev's Meeting With W. Brandt,” PRAVDA, 6 April 1988.

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Interparty Pluralism Hailed

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[Article by Silvester Szafarz, chief editor of the journal WORLD TRADE UNION MOVEMENT: “At the New Stage of the Development of the World Workers Movement”]

[Text] Some 178 delegations representing parties and organizations of broadly understood forces of the left from the whole world participated in the meeting of representatives of parties and movements held in Moscow in the first 10 days of November 1987 on the 70th anniversary of the Great October Socialist Revolution. The meeting introduced, we believe, an entirely new

quality to the development of the world workers movement. There is in its history no similar example of such a meeting, conference or colloquium. Of what does this new quality consist?

The mere fact that this meeting took place is eloquent primarily. In the last 20-year period (since the time of the 1969 Moscow Conference) there has been lively—some times interesting, sometimes fruitless—discussion in the international workers movement of the need for the adaptation of multilateral forms of interparty cooperation to the new situation in the workers movement with regard for the changes which have occurred recently in the policy of capital and forces of the right in the world, which have been coordinating their actions aimed against the working class and the forces of progress increasingly efficiently and increasingly extensively on a global scale. Two main “schools of thought” were in time revealed in this discussion. Some parties (a significant majority) believed that it is necessary rather to adhere to the “approved” method of the preparation, convening and realization of multilateral party conferences of the Moscow type, having modified them somewhat in respect of the new realities.

A substantial, very authoritative group of parties, which, while not rejecting the actual idea of the convening of conferences of this type, believed that the necessary conditions for this were not yet ripe, was close to the said “school of thought”.

And, finally, there is a group of parties, from capitalist European countries, in the main, which emphatically rejects the old formulation of interparty multilateral cooperation. As of the 1976 Berlin Conference of European Communist and Workers Parties, these parties have opposed proposals for the convening of conferences in the “old style,” which require thorough and prolonged preparation both from the viewpoint of the heart of the matter and organizationally and also difficult discussion on the drafts of the principal and other documents. They have sought broad contacts with other progressive parties and social organizations and proposed, specifically, an expansion of the conferees thanks to the invitation to conferences of representatives of socialist and social democratic parties.

How should the efficiency of the methods of multilateral cooperation practiced earlier be assessed? This is an extraordinarily difficult question inasmuch as at the present time the international communist and workers movement and its allies are entering a new stage of their development and switching to new forms of interaction. Answering this question is not easy. A considerable amount of time will have to elapse before it is possible to give a fuller and entirely substantiated answer. After all, heated arguments, on the methodology and the behavior and cooperation of the communist parties of the times of the Comintern, the Cominformburo and so forth included, continue to this day within the movement.

Nonetheless, we may today even speak about the particular effectiveness of multilateral conferences. Over a period of almost quarter of a century (as of the end of the 1950s) they represented primarily a kind of transitional period in the development and improvement of methods of interparty multilateral cooperation. It was a period of deliverance from the rigid, frequently undemocratic methods characteristic of the times of the Comintern and Cominformburo and simultaneously a period of the strengthening and development of the international communist and workers movement.

The scales of the achievements and losses of that difficult period are clearly tilting toward the achievements. For I do not know whether it would now be possible to speak of the existence and development of the communist and workers movement as a global phenomenon without what happened at that time (negative and lamentable even). The fact that the parties themselves found within them the strength to renounce the incorrect and outdated Comintern-Cominform practice and switch to the new stage—of large and small interparty conferences—world, continental, regional and those of just a few parties even—should be emphasized also.

Two “substages” stand out most clearly at this stage. The first lasted from the end of the 1950s through the end of the 1960s. It absorbed three major world conferences of communist and workers parties. Under the conditions of that time of the bellicose anticommunism of the times of the “cold war” these conferences played the part of a factor uniting the efforts of the majority of parties, only a majority, unfortunately, not of all parties. But however paradoxical, together with their unifying function a disintegrating (disuniting) function was inherent in these conferences also. It made itself felt most strongly in the nature of the relations of the majority of parties which participated in the conferences and the CCP and also in the nature of the attitude of the then CCP leadership toward these parties and the very institution of international conferences. It was around and against the background of these three Moscow conferences that bitter, acute and frequently unnecessary ideological-theoretical debate and arguments between parties, which for several dozen years slowed down the rate of development of the entire movement and led to its evolution not being fully normal and successful, were concentrated. So that partly unintentionally these conferences, despite many positive aspects, increased various difficulties of the movement and complicated its problems. This cannot be forgotten if we wish to objectively and impartially evaluate the effectiveness of the institution of large-scale interparty conferences.

It should be no surprise that even outstanding leaders of communist and workers parties of the world were unable to formulate either in theory or in practice a more effective and better institution. Many of them had come almost directly from the “Comintern school” and were burdened with the baggage of “Stalin’s time”—a far from trifling baggage of prejudice and preconceived

ideas sometimes screening off everything else. This exerted a strong influence on the evolution of the world workers movement of that time and also on the forms and methods of interaction.

Nonetheless, the Moscow large-scale interparty conferences and the summary documents, which they formulated with such effort, played an important part. They contributed to the protection, albeit imperfect, of the political, ideological and organizational unity of the world communist and workers movement and prevented its split. And the danger of such was particularly serious at that time—both on the part of anticommunist forces and on the part of so-called “centrifugal aspirations”.

Ideas about the role and place of the CPSU in the international communist and workers movement took shape differently at that time than now. The idea of the CPSU as a “first party among equals” was predominant. An endeavor virtually to make an absolute of the example of the CPSU was quite widespread also, particularly among certain incorrigible dogmatists. But even in accordance with the categories of pure theory and objective dialectical regularities, not everything that the then CPSU leadership did at that time (and what is done by each individual) was, understandably, the most ideal, the best and unsurpassed. It should be recognized that the content of the conferences held at that time was rich in correct, accurate evaluations, observations and elements of analysis. The contribution of the CPSU and other parties to this cause is indisputable. However, there was a lack of elementary sincerity in mutual relations and a normal attitude toward the differences between parties which were manifested at that time and which were intensifying even in the approach to fundamental problems of the development of the workers movement and the world as a whole. Any “deviations” from the CPSU line on the international workers movement and world politics were measured at that time with clinical precision. Such deviations naturally occurred among the conferees, on the part, for example, of the Italian, Dominican, Reunion and other parties. But even more pronounced was the inclination to regard these parties as some kind of “black sheep”.

While evaluating the effectiveness of the Moscow conferences of the first “substage” as relatively high, as a whole, it should be emphasized that it could have been considerably higher had a lowering thereof not been influenced by the following factors: the anachronistic, rigid and dogmatic approach to the question of the movement’s unity, Marxism-Leninism and proletarian internationalism and, in this context, to the specifics of the “national paths to socialism,” inordinate sensitivity, the at times unduly hasty and nervous reaction to all “deviations” from common denominators, the underestimation of the new phenomena and changes occurring in the policy of modern imperialism, in the global correlation of social and political forces and, primarily, in the international workers movement and directly within the working class, mainly under the influence of the S&T revolution, and so forth. The efficacy

of the conferences was also weakened by the fact that they lacked execution and supervision mechanisms and the possibility of ensuring realization of the resolutions contained in their general documents. Unanimous action frequently came to an end when the conferences ended, and in their wake a significant number of the parties which had taken part went subsequently their own way, only rarely coordinating their actions with other parties. However, regardless of this, the major conferences were a valuable school of international interaction under extraordinarily difficult international conditions. It was manifested at the time of the Vietnam war and a number of armed clashes in the Near East and also of serious sociopolitical and strategic tension in other regions of the world. It can be seen considerably more clearly through the prism of the achievements of these conferences what of the entire experience of multilateral international cooperation may be put down as positive experience, and what not. For this reason it is easier today to reject what has not passed the test and perfect what has to a greater or lesser extent been confirmed by life.

The second “substage” in the development of the institution of colloquia and conferences which we are analyzing lasted from the start of the 1970’s through the mid-1980s. It was characterized by an unprecedented multitude of interparty continental, regional and subregional conferences and meetings and also scientific-theoretical conferences, which were a kind of surrogate for large-scale conferences (of the Moscow type). Tens and hundreds of such conferences may be counted in these 15 years. They were held on practically all continents and in all major regions (except for Oceania, perhaps), and a higher level of unity and constructive cooperation was observed at them, as a rule. The organizers of and participants in these conferences, continental and regional particularly, were also distinguished, as a rule, by an orientation toward an exchange of opinions on the specific problems which were of most concern at the given moment to particular groups of parties and the categories of working people whose interests they represent. At the same time at this “substage” also, as at the preceding one, there was no shortage of new difficulties and obstacles in the way of the achievement of unity. A particular place among them was occupied at that time by the problem of “Eurocommunism”. Today, with the passage of time, evaluating this phenomenon is considerably easier. Some people interpret it as a relatively ambitious, but unsuccessful attempt to overcome the inertia and stagnation in the international workers movement and a kind of “running in place” or pivoting around its own axis (particularly in the latter half of the 1970s); they deny no one and no one party here the right to their own original quest and investigation. Others are more inclined to see “Eurocommunism” as an unequivocal attempt, stimulated from within and from “outside” the workers movement, to disrupt its ideological and political unity and to uncouple it organizationally. At many conferences and meetings “Eurocommunist” topics were the subject of stormy and frequently very sharp discussion. And although this discussion unfolded in an anti-unitary key for the most part, it nonetheless prompted

a more active interpretation of questions concerning the tactics and strategy both of the entire movement as a whole and of individual continental, regional and national detachments. In a certain sense this bore fruit. However, "Eurocommunism" reverberated for a quite some time longer as a "hiccup" in the movement, at the time of the events in my country, Poland, at the start of the 1980s, for example.

A most successful and most useful scientific-theoretical conference of the above-mentioned 15 years was that which was held in 1983 in Berlin on K. Marx's anniversary. Representatives of 145 parties, and not only communist but also of a number of socialist and social democratic parties, took part. Judging by the content and atmosphere of its sessions and the broad composition of its participants, it was the obvious "precursor" of and to a certain extent "general rehearsal" for the Moscow meeting of emissaries of an even larger number of parties and movements representing the political spectrum of the world's forces of the left.

Many new problems and *modi operandi* in the sphere of multilateral interparty cooperation were ascertained and crystallized out at the second "substage". It was confirmed primarily how great were the desire and need of the entire world workers movement for such cooperation in the field of theory and practice. It was also confirmed how painful for the communists and all the world's forces of the left was the lack of a judicious, sufficiently flexible institution of multilateral cooperation under the new conditions which had taken shape throughout the world and also in the situation wherein the movement was having to deal with the exceptional (in all aspects) internationalization or outright "globalization" of the actions of the forces of capital and world reaction. An unprecedented and unpropitious disproportion between the level of internationalization of cooperation of the workers movement and the level of internationalization of the coordination of action of its adversaries was ascertained. Unfortunately, the workers movement had to pay a high price for this weakness, particularly on the frontier of the 1970s and 1980s, and to sustain considerable losses from the blows of the concentrated offensive of neoliberal capitalism.

Simultaneously a change was seen at the second "substage" toward "normal" interparty relations, from our viewpoint, and toward emphatic deliverance from the negative experience and burden of the past. This applied equally to both the content and the forms and methods of parties' multilateral interaction. The concept of the cooperation of the so-called Euroleft was advanced in this period, particularly from the ranks of the Italian Communist Party. It is a question of the broad spectrum of forces of the left of West European countries—communists, socialists, social democrats, pacifists, environmentalists, forces of a secular or Christian orientation, organizations of the women's movement and so forth. The cohesion of the "Euroleft" is, according to this concept, a decisive condition of the accomplishment of a

task of immense scale which it has set itself: engaging in realistic, tireless activity for a renewal of the structures, goals and present leadership of the EEC, progressing toward its economic integration and political unity. And all this to ensure that West Europe be capable of performing a new role and successfully confronting manifold, colossal challenges, primarily those which absorb the tasks of disarmament and security, the cooperation of the "two Europes" (the bourgeois West and socialist East) and, finally, West Europe's progress toward socialism, which is to be realized here in the form of the full and constant formation of democracy. Cooperation among communist, socialist and social democratic parties took place in certain countries and on a scale of all of West Europe even, but its political and psychological repercussions were relatively slight. This was a consequence primarily of the unfriendly position of the socialists and social democrats, who, as before, preferred contacts with the ruling (and not with their "own") communist parties. Despite this, a prerequisite which ultimately led to formulation of the formula of the Moscow meeting of representatives of parties and movements in November 1987 amounted, we believe, precisely to the "Euroleft's" aspiration to an expansion of the framework of multilateral cooperation in the workers movement.

We would add to what has been said that the discarding of the stereotypes borrowed from the experience of the past came to be practiced at this "substage". There was much that ceased to accumulate myths and develop into a fetish. New values were rapidly created. For example, the "one communist party in one country" principle had once been an "inviolable canon" of the communist movement. There had been long and sharp disputes on the question of so-called parallel parties, when two and even three parties with the name "communist" as a cofactor appeared in a number of countries. Naturally, no actions aimed at the uncoupling of communist and workers parties serve the cause. But nor, in our view, is the cause served by both the exaggeration and fetishization of current realities in many countries and, equally, by the "prompting" of these countries' communist parties to the effect that they should get organized.

Another important process, which was manifested most intensively on the eve and at the outset of the 1980s, was the departure from anachronistically and pedantically understood unification in the world communist and workers movement and also the gradual recognition of the pluralism within a certain political and ideological framework which actually exists therein. This was accompanied by a growth of the understanding that there are certain bounds which, if overstepped, cause a communist party to cease to be itself and to lose its character. And the most important reassessments on this score occurred in the CPSU itself. They concerned many fundamental questions of the movement of key significance both theoretically and practically, including the well-known "first party among equals" concept. The CPSU was one of the first to convince itself that the old

forms and methods of multilateral cooperation in the world workers movement are insufficiently effective under the rapidly changing conditions both inside and outside the movement. For this reason elements of new assessments concerning also a reinterpretation of the lessons of the past and the search for solutions for the future have long appeared in the theoretical and practical contribution which the CPSU is making to the reconsideration of these important questions of cooperation. This has affected both the problems of the entire workers movement and its allies and individual components of this movement—the ruling communist parties, communist and workers parties in developing and capitalist countries, socialist and social democratic parties, the Socialist International, national liberation movements, popular-democratic parties, Green parties and so forth. The CPSU's bilateral cooperation with these parties (and also multilateral cooperation within the framework of the socialist community, for example) has become noticeably more active. The position of the CPSU and other communist and workers parties has slowly, but surely crystallized out on the question of the new formula of multilateral interparty cooperation. I deliberately emphasize this creative role of the CPSU in theoretical quest and practical solutions because it is not the first time that it has played a truly pioneering part in this matter.

The real turning point in the period in question occurred at the 27th CPSU Congress, at which the CPSU's attitude toward the world communist and workers movement and its allies was formulated comprehensively and anew. Primarily the CPSU departed from the old formulation of unity. It was replaced by a considerably more flexible formulation of unity based on two main prerequisites—the aspiration of all workers parties to the defense of peace and to secure guarantees for the preservation of mankind and also the implementation of progressive social transformations in their countries. Thus the correlation between the “universal” and “specific” elements in the policy, strategy and tactics of the communist and workers parties was adjusted fundamentally and with regard for the current conditions of struggle and activity. In a word, it was freed from fetishization to a considerable extent. The CPSU defined anew its attitude toward all kinds of “leading centers,” “models” and “specimens” of socialism, which several years ago had been a “bone of contention” in the international communist and workers movement. The CPSU showed by the authority of its congress that no party may lay claim to a monopoly of the truth and the issuance of ready-made prescriptions in the practice of socialist building and cannot put itself above other parties. In respect of ruling parties M.S. Gorbachev declared this plainly during his visit to Czechoslovakia, putting an end to a variety of speculations on the so-called “Brezhnev doctrine”—the (alleged) “limited sovereignty” of the socialist countries. A simply exceptional measure of modesty and respect for the experience and achievements of other parties has appeared in the practice of the CPSU's interparty cooperation. It may be

said that Lenin's understanding of the content and forms of interparty relations based on the principles of genuine equality, mutual respect and noninterference in one another's internal affairs has been revived and restored to life. Thus an entirely new quality in multilateral interparty cooperation and a climate conducive thereto have emerged. A new stage both from the viewpoint of content and of form in the development of the international communist and workers movement began in practice with the 27th CPSU Congress and other congresses of the fraternal parties held in the past 5 years.

Many factors of a subjective and objective nature were conducive to these positive changes. The fact, for example, that since the failure of Reagan's anticommunist “crusade” the forces of capital and world reaction have been experiencing many difficulties in the formulation of new anticommunist strategy and tactics aimed against everything progressive. It cannot be ruled out that they will ultimately formulate such, but it could now prove to be the notorious “mustard after the meal”. I am far from ignoring or downplaying the doings of the “other side,” but am trying to evaluate them calmly and realistically.

However, of all the factors in question, importance (particularly in the first half of the 1980s) was attached to the fundamental change in the attitude of the CCP toward the problems of the international workers movement and the fundamental revision of the once underlying (in the lifetime of CCP Chairman Mao Zedong particularly) propositions in this party's policy. Thanks to this, a highly negative factor, which introduced division and disquiet to the international workers movement and impeded its development for whole decades, is disappearing. Thanks to this, the restoration on healthy new principles of the CCP's relations with the majority of the world's communist and workers parties, excluding the CPSU as yet, became possible. But even in the sphere of bilateral relations between the CPSU and the CCP there have been changes for the better, to which a certain improvement in relations between the USSR and the PRC in the state, social, economic and cultural spheres has been conducive. Proposals concerning the full normalization of interparty relations between the CPSU and the CCP are being heard from the mouths of top party leaders of both countries. To judge by everything, this is only a matter of time, and this time is not far off. It stands to reason that such normalization would be of tremendous significance for the successful development of the international communist and workers movement at the new stage. For it is a question of the two most populous and relatively most experienced communist parties of the world in power, in addition, in two socialist states with tremendous territorial, human, economic, raw material, military and other potential. In this sense the full normalization of relations between the CPSU and the CCP could be of fundamental significance not only for the future of the international workers movement but also for the prospects of our entire civilization in the 21st century.

Nonetheless, how much time has had to elapse and how many patient efforts have had to be made on both sides for the conditions for a resumption of normal Soviet-Chinese cooperation to have matured with the change of generations of leaders. The fact that this split emanated to a considerable extent from the inordinate ambitions of the then party leaders and sometimes simply from their fanaticism or lack of realism in their evaluations is of little comfort today. In this sense it is important that other parties which are still "aggrieved" for various reasons also conceive a desire to reconsider their position and join in the positive process of innovative change which is at the present time in progress within the international workers movement and among its allies. In this process each year lost is lost irretrievably, and the damage which is done is compensated, as historical experience teaches, agonizingly and with the vast expenditure of forces and resources.

And now directly about the Moscow meeting itself. It contributed an entirely new quality to the theory and practice of the international cooperation of the communist and workers parties and also their allies. This applies both to the atmosphere of the meeting and its political and psychological aspects and to the essence of the decisions of long-term significance for the development of our movement and its cooperation with the world's broadest social and political forces. Considering both these aspects of the activity of the communist and workers parties, it may be said that a fundamental change, revolution even, occurred at the Moscow meeting in the methodology and content of the approach to the problem of the multilateral cooperation of the communist and workers parties and their contacts with the world's progressive forces and with those who share the communists' aspiration to a better world, to its social restructuring and development, to the survival of mankind and to disarmament. The Moscow meeting was the fullest and most significant practical manifestation of the concept of the new thinking in international relations. It concluded one—40-year—stage of international relations and began a new one.

Much in the atmosphere of the preparation of the meeting and the work sessions distinguishes it favorably from similar interparty measures in the past. Both the hosts and the vast majority of participants in the meeting displayed exceptional political and tactical flexibility and an understanding of the natural differences in the partners' views, proceeding here from the community or proximity of principles and ideals. An unprecedentedly sincere and truthful party discussion on most important ideological, political, strategic and other problems of decisive significance not only for the workers movement but for all mankind also was possible thanks to this. It was also the case that, regardless of the differences in past practice, the communists, social democrats and their allies and partners with different political and philosophical views were able to debate opportunely, effectively and persuasively, respecting one another's views and not pretending to a monopoly of "universal

wisdom". In my view, the practical application of these decisive psychological and methodological elements of the Moscow meeting will permit full use of the entire wealth of the theoretical and practical experience of the world workers movement and its allies. We understand full well today that the former methods and former practice did not afford such an opportunity in full, which hampered both all parties and each one individually. Proceeding from the results of the Moscow meeting, we may say today that the permanent principles of the equality, sovereignty and independence of the fraternal parties and their mutual respect are becoming, from attributes of theory and hitherto quite modest practice, obligatory factors of mutual relations between parties. It may be said that, thanks to the Moscow meeting, the workers movement has become more mature from the viewpoint of the modernization of political culture also. In the present situation fundamental significance is attached to the multiplication and enrichment of the positive experience of this meeting—political and psychological included—in the further practice of the multilateral cooperation of the world workers movement and the forces of the left—in the broad sense—in the international arena.

I would like to express several observations on individual aspects of the Moscow meeting. At first sight it did not differ all that much from preceding interparty meetings, conferences and seminars. As a rule, they had always discussed the most important, immediate and long-term problems—global, regional and national, ideological, political, economic and so forth—of vital importance not only to the working class but all working people also. It was the same at the Moscow meeting also. The world situation was comprehensively analyzed and the appropriate conclusions for the future were drawn here. However, the Moscow meeting differs from previous such activities primarily in the depth, breadth and multilateral nature of the approach to the analysis of most important problems of past and present. The communists and their partners succeeded at this meeting in breaking with the previously inexorable stereotype of relations where other parties merely reiterated the analytical assessments and conclusions of the CPSU, expending no particular creative effort on the search for common party solutions in various spheres. On the other hand, it was the case that no deviations from the "sole correct" evaluations and conclusions were to the liking of some people, particularly those to whom it seemed that they possessed a "monopoly" of knowledge and wisdom. Understandably, in the past this methodology distorted the tone of communists' discussion and conversation, lowered the level of their sincerity and ultimately reduced the effectiveness of international cooperation.

However, the Moscow meeting only partially succeeded in enhancing this effectiveness in the plane of clarification of the more difficult realities and internal and external conditions in which our movement is operating and developing. The point being that innovative, sincere, democratic and direct exchange of opinions and

experience is only the first step on the arduous, bumpy road toward the more successful cooperation of the communists and their partners united by an aspiration to common goals. The Moscow meeting showed that a weakness of ours, which has yet to disappear, is an insufficient ability to convert word into deed and switch from theory to practice. Certain parties and countries are mastering this mechanism successfully, however, it is not yet functioning on the scale of the entire workers movement. In a word, the level of internationalization of efforts to coordinate its actions is, as before, inadequate, particularly compared with the level of internationalization and globalization even of similar efforts of the forces of capital in the world. Nonetheless, the Moscow meeting will contribute to the exclusion from the movement's practice of certain unhealthy phenomena and habits, which have to a certain extent been a cause of the exacerbation of crisis phenomena on the scale of the whole movement and individual parties. In this sense the significance of the positive experience of the Moscow meeting is incontestable. There is no doubt that its conclusions and experience will contribute to an improvement of the dialogue, an exchange of thoughts, mutual understanding and cooperation between individual parties and groups of communist parties, between, for example, ruling parties and those in opposition and parties from socialist countries, countries of a socialist orientation and developing and capitalist countries. As a result of the insufficient "navigability" of the channels of the interparty exchange of information and experience it frequently became in the past a matter of acute public debate and interparty disputes, frequently fruitless and dangerous even. Now there are far more opportunities for a more "natural" interpretation of differences and disagreements, including interparty pluralism as a source of richness and strength.

It may be boldly maintained that the letter and spirit of the Moscow meeting are already being reflected positively in the international communist and workers movement. This made itself known at the April meeting in Prague devoted to a discussion of the activity of the journal *PROBLEMY MIRA I SOTSIALIZMA*. Conducted basically in the new style, this meeting confirmed that the new content and new methods of discussion are making it possible to derive greater benefit from the fraternal parties' multilateral cooperation. Nor is this evaluation altered by the PCI's regrettable decision to decline to participate in the editing of the joint organ of the world's communist and workers parties—the journal *PROBLEMY MIRA I SOTSIALIZMA*. A particularly strong impression on me was made by the speech at the meeting of Comrade A. Dobrynin, secretary of the CPSU Central Committee, including his analysis of the factors which had led to the present, quite difficult situation in our movement. I agree fully with this analysis and merely wholeheartedly express regret that it did not become public property earlier, 20 years ago, say. For in this case we would have avoided many of the present difficulties, crisis phenomena, misunderstanding and unnecessary disputes in the workers movement. We

would surely have created a more consolidated and closer front of communist and workers parties and their allies confronting the powerful offensive of the past 10 years of rightwing neoconservative forces, with the most modern weapons of psychological pressure, including global satellite television systems, in their arsenal. However, what might have been if.... I fear that these questions on my part are merely an expression of "pious wishes". We must now, however, more than ever be primarily realists, and for this reason in a spirit of realism I evaluate the significance of the Moscow meeting for the future of our movement as pivotal.

As a successful debut executed in accordance with the considerably broader formulation of the international workers movement and its allies, the Moscow meeting was an indisputable success. This experience and this practice should be repeated, thought being given to the extent to which it would be expedient to limit "the endeavor to encompass everything" at such meetings and to devote if only some of them to specific questions, to a single topic even. I would also advocate that such meetings (in their new formulation) become permanent in the international workers movement and that they be systematically perfected as conditions and circumstances change and new requirements and new possibilities of the functioning of the workers movement arise. Thought could be given also to the enlistment in such broad forms of cooperation of parties of a different ideological and philosophical persuasion (Christian democratic, Islamic and so forth) operating among the working class and the working people. Debate and cooperation among all these parties on issues affecting all working people could be useful and desirable.

However, important conclusions ensue from this meeting and its content and atmosphere for the communist parties themselves, perhaps. The meeting confirmed how great is the aspiration of these parties to dialogue and better mutual understanding among themselves and on a world scale under the new, more difficult conditions in the light of the changes occurring in practice and the doctrines themselves. Unfortunately, a meeting of such a broad composition could not ensure the necessary confidentiality for "communists' candid conversation". What to do in such a situation?

It is well known that other ideological and political persuasions have their internationals and other institutions facilitating current, effective multilateral interparty dialogue both regionally and globally. Why is the communist movement selling itself short, as it were, and unable to formulate some modern form and method of such global interaction? The need for such is becoming increasingly urgent if we consider communist parties' relations with their allies, "globalization" and the increasingly improving coordination of action of the adversary.

Today we have every confidence that, first, there is no returning to the times and methods of the Comintern and Cominform; second, that the principles and standards of relations between communist parties have

undergone such a positive evolution and have become so democratized that this will create an absolutely new, more propitious quality of the movement.

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International Railroad Congress Planned for Moscow May 1989

18250019 Moscow GUDOK in Russian 13 Oct 88 p 3

[Article by V. Shemanayev: "Moscow Readies for a Forum of Railroad Workers"]

[Text] Moscow will be the location of a worldwide forum of rail workers from May 22 to 26 of next year. The 25th Congress of the International Association of Railroad Congresses (IARC) and the International Railroad Union (IRU) will be held at the Center for International Trade and Scientific and Technical Contacts with Foreign Countries.

Today the IARC, founded in 1884, unites some 79 railroads along with 28 governmental and 15 international transport organizations. The principal mission of the association is to organize the mutual exchange of scientific and technical achievements at international congresses. Various publications are also disseminated among the members of the association.

The International Railroad Union was created in 1922 to coordinate the activities of European railroads, standardize technology and carry out international shipping. The IRU today includes the railroads of the Western European states, Southeast Asia, the Far East, Africa and North and South America.

This is the first time the IARC/IRU congress will be held in a socialist country. The preceding ones were held in Spain (1983) and Belgium (1985), while the next one will be in Portugal. It is interesting that in 1892 the IARC congress met in Saint Petersburg. About 400 delegates from various countries around the world are expected at the congress.

The topic of the 25th IARC/IRU Congress will be "Improving the Organization of the Shipping Process and Raising Labor Productivity in Rail Transport." The

work will be done in sections: the 1st is "Improving Passenger Transport," the 2nd "Improving Freight Shipping" and the 3rd, "Raising the Productivity of Railroads."

The makeup of the Soviet organizational committee to prepare and conduct the Moscow congress has been confirmed. It will include representatives of GKNT [State Committee for Science and Technology], Intourist, Expocenter, administrations of the MPS [Ministry of Railways] and the Moscow, October and Southwest railroads, VNIIZhT [All-Union Scientific Research Institute of Railroad Transportation], TsNIITEI [Central Scientific Research Institute of Information and Technical and Economic Research], TsP NTO [Central Administration of the Scientific and Technical Society] and MIIT [Moscow Institute of Railroad Transportation Engineers]. The chairman is USSR Minister of Railways N.S. Konarev. Working groups have been formed.

The conference participants will be familiarized with a number of railroad facilities. They include an experimental rotary track and brake laboratory at VNIIZhT, the Moscow and Leningrad railroad transport engineering institutes, smaller and major stations, locomotive and railcar depots, the computer centers of the Moscow, October, Central Asian and Baykal-Amur railroads and the subways of Moscow, Leningrad, Tbilisi and Baku.

Leading world scholars and specialists will present about 50 papers at the congress devoted to improving services offered to passengers at major stations and on trains, the development of high-speed traffic, improving interaction with the clientele in freight shipping and raising the profitability and productivity of railroads.

A roundtable meeting of specialists is planned. An extensive cultural program is also planned.

The Moscow forum will undoubtedly play an important role in the broad propagation of the achievements of science and technology and progressive experience in the operation of railroads in the USSR. It is difficult to overestimate its importance for the development of international scientific, technical and foreign-trade collaboration and the reinforcement of peace and mutual understanding among countries and peoples.

A Soviet delegation recently reported to the executive committee of the IARC in Brussels on the course of preparations for the Moscow congress.

Congress on CEMA Advertising Meets
18250051 Alma-Ata KAZAKHSTANSKAYA PRAVDA
in Russian 21 Nov 88 p 4

[Article by Kazakh Advertising Agency Director S. Nurlanov under the rubric "Behind the Facts": "Attention—Tissa!"]

[Text] *The International Conference on CEMA Member-Country Advertising was held in Vilnius. Issues in the development of advertising in socialist society and the establishment of collaboration were at the center of its attention. The first step in this direction has already been taken—the first joint Soviet-Hungarian advertising agency of Tissa has already begun operating.*

One of the most important topics of the conference was a restructuring of advertising activity in the USSR. And this was no accident. The economic reforms in our country are inevitably leading to a fundamental rise in the role of advertising, which is ultimately a catalyst in the process of accelerating the socio-economic development of our society. According to data of the All-Union Scientific Research Institute for the Study of Market Conditions and Demand, the assortment of consumer goods has increased from 950,000 types and varieties to 1.3 million over the last five years. The need for advertising them has grown accordingly. Today we need advertising able to act on the whole mechanism of economic operation and stimulate growth in productive forces. What do we have in reality?

It will not be an exaggeration to say that the amount of advertising is inadequate. The basic causes are seen in an under-estimation by executives of the significance of advertising in economic and social life and the insufficient participation of the mass media in the advertising process. The material and technical base of the advertising enterprises themselves is also poor. It obtains in practice that many ministries and departments have still not become the principal clients financing this campaign to an adequate extent. It is namely for this reason that proposals to introduce a course on advertising into the program for training and retraining executives in organizations, enterprises and departments were advanced at the congress.

What does the restructuring of advertising activity envisage? The formation of advertising services at enterprises and in sectors of the national economy will have to be accelerated, and a network of advertising clients using marketing approaches will have to be created. The republic agencies that have justified themselves should be reinforced and their representation in local areas expanded as a base for the integration of advertising activity.

An urgent task—determining the procedure for financing advertising and advertising-and-propaganda campaigns—is at the forefront in this sense. Work has already begun with this purpose that is associated with increasing existing capacity and creating new capacity

for the production of advertising products, especially specialized enterprises for the output of advertising publications, technical equipment and elements of formalized advertising. This is, of course, insufficient. Advertising enterprises will have to be equipped with modern equipment ensuring the utilization of the most progressive technologies.

It is essential, in my opinion, to expand advertising for goods and services along mass-communications channels. Questions of organizing new advertising-information supplements to newspapers and the utilization of free print space—covers and end sheets—for publishing advertisements in journals and special advertising catalogues, as well as giving airtime to advertisements for goods and services at times convenient for television viewers and radio listeners, is required in this regard. There are other effective reserves as well. For example, improving the advertising layout of product packaging, increasing its informativeness, expanding the dissemination of mass advertisements by mail, in stores and hotels, developing the running of advertising films in trains and aircraft and on maritime and river vessels, and the systematic placement of video advertisements on railroad lines, in airports, in areas around train stations and in urban transport.

And what if one looks attentively at the artistic advertising layout of streets and squares and the enterprises of trade, public catering, consumer services, art and cultural institutions and sports structure? Here is a truly immense field of activity for architects, artists and creative unions. And the local soviets of people's deputies should help them. With their assistance, for example, the Moscow organization of the USSR Journalists' Union has formed creative sections for advertising workers. It would be good to develop programs of scientific research in the realm of advertising and marketing and to increase the output of methodological materials on the organization and technology of advertisements.

One of the most important directions for the restructuring of advertising activity, as was emphasized at the International Congress, is the establishment of direct ties between the advertising organizations and enterprises of fraternal countries. The first steps have been taken in this realm, but as they say, he who has begun is not a beginner anymore.

The Kazakh Advertising Agency also took part in the work of the congress. The film "Arasan," presented by the Kazakh advertisers, was awarded one of the eight competitive prizes in advertising films along with a certificate of honor. The film "Yantar" also received a certificate of honor. We gleaned much from the work of the congress. It will undoubtedly provide a new impetus for improving advertising work in our republic. It only remains to hope that we will be able, through common efforts, to raise the level of advertisements in all subdivisions to a qualitatively new level. Such is the demand of the times.

Georgian Participation in CEMA Detailed
18250008 Tbilisi KOMMUNIST GRUZII in Russian
No 8, Aug 88 pp 76-79

[Article by I. Natelauri and M. Abdaladze: "Georgia and the CEMA Countries"]

[Text] The problem of further developing planning and management in international economic ties acquires special significance under conditions of restructuring. It is necessary to provide an efficient export structure, the development of an export base, and increased effectiveness of the most diverse international economic ties.

According to 1985 data, the number of importers among the socialist countries of products from the Georgian SSR reached 14. In addition, 39 of the developing countries have economic ties with our republic. The majority of these are permanent consumers of our products. Georgia exports its products to 22 capitalist countries.

Among the capitalist and developing nations which constitute permanent consumers of products from our republic are Australia, Austria, Belgium, Great Britain, Greece, Denmark, Israel, Spain, Italy, Canada, the Netherlands, Norway, Portugal, USA, Finland, France, FRG, Switzerland, Japan, Algeria, Angola, Argentina, Afghanistan, Bangladesh, Guinea, Egypt, India, Iraq, Yemen, Kampuchea, Cyprus, Lebanon, Madagascar, Mozambique, Nicaragua, Pakistan, Syria, Turkey, Ethiopia, and others. Brazil, Venezuela, the Congo, Morocco, and other countries periodically import our products.

An analysis of exports from our republic from 1981-1985 shows that the greatest portion of it goes to the socialist countries. Their share of overall export volume comprised an average of 54.5 percent, including 38.6 percent going to CEMA member nations. The capitalist countries receive 30.2 percent. Export of our products to the developing countries is significantly less—11.7 percent—although the trend here is towards growth.

The Georgian SSR has rich fuel and energy resources which account for approximately 49.1 percent of the republic's overall export volume. We may also isolate food products and raw materials (25.96 percent), ore, concentrates and metals (15.8 percent). Allocations of machinery, equipment and means of transportation are relatively small, amounting to 4.4 percent of the overall export volume.

The export of products from the Georgian SSR is unstable in its nature. One of the reasons for this is the low level of technology and low export production quality in the republic. In accordance with requirements of the 27th CPSU Congress, a system of measures has been developed here aimed at implementing a specialized, comprehensive-objective program. Approved by decree

of the Georgian CP Central Committee and the republic's Council of Ministers on 11 March 1986, this system provides for increased quality and competitiveness of products, as well as growth in export potential for manufactured articles.

The program for 1986-1990 itemizes 32 components, 16 of which correspond to world standards and 10 of which have no analogs. The ferroalloys, piping, automatic switches, transformers, green and black baykhovvy teas are competitive products. By virtue of their technical characteristics, quality and exterior form (design, packing, labeling), the following items do not correspond to standards: machine tools, electric stackers, grape processing lines, food industry machines and equipment, cognac, wine, champagne, etc. As far as preserves (mandarine preserves are exported to Romania, nut preserves to Canada) and jams (fig jam is sent to Hungary and mandarin jam to Mongolia) are concerned, they have no analogs. The comprehensive-objective program entails specific measures for improving the quality of export production—standardization and sophistication of production lines, reconstruction of production sectors, installation of imported equipment, etc.

"In the sphere of economic mutual relations," it is stated in 27th CPSU Congress materials, "the CPSU advocates the further development of socialist economic integration as a material base for uniting the countries of socialism. The party attributes special significance to the consistent unification of fraternal country efforts in key areas of production intensification and acceleration of scientific and technological progress in order to jointly accomplish tasks of historical significance and enter the forward edge of science and technology with the aim of furthering the well-being of their peoples and consolidating their security." An important area with regard to restructuring international economic ties is the introduction of new forms of cooperation—the creation of joint enterprises and cooperatives with foreign firms, and the development and implementation of unified, target programs of scientific-technological and production cooperation.

A progressive form of business contacts in the sphere of international economic and scientific-technological ties is branch cooperation. The uniqueness of these direct ties lies not in the establishment of new organizational structures, but in direct contacts which reduce the multi-stage decision-making to a minimum.

The modern stage of socio-economic development involves the growth of direct ties. This is explained, first of all, by the fact that these have a great economic effect. Secondly, they have a stable and enduring nature which guarantees the fullest utilization of production capabilities, economy of resources and production growth of an output production whose quality and technological level does not lag behind models on the world market. Thirdly, the extended duration of the ties allows for

management of production quality, better qualifications of workers and higher production standards. Fourthly, direct ties guarantee efficiency in managerial relations.

As noted in the speech of M. S. Gorbachev at the 19th All-Union Party Conference, "a great deal of work has been done in getting a new grasp on foreign economic policy. Fundamentally new approaches have been found to be necessary here which enable better utilization of the advantages of international division of labor. Opportunities are now available to enterprises and associations for entering foreign markets on a broad scale, arranging direct international economic ties and creating joint enterprises.

As before, we give priority to relations with the socialist countries."

Direct ties encompass barter, international scientific and technological cooperation, the operation of joint enterprises, etc.

The program of economic and scientific-technological cooperation between ministries, departments, enterprises and organizations of the Georgian SSR with the CEMA member nations is approved by the Georgian Council of Ministers. The program envisages direct ties with Bulgaria, Hungary, GDR and Czechoslovakia. These ties are not limited to the exchange of goods—the construction of joint facilities and scientific-technological cooperation also has great significance.

The basic orientation of direct ties with Bulgaria consists of direct contacts in light industry, providing everyday services to the population, local industry, trade (including cooperatives), operation of resorts and tourist facilities (including at high mountain elevations), the utilization of low-temperature waters, etc. With regard to the establishment of direct ties between appropriate organizations of Georgia and Bulgaria, the ministries of light industry and the food industry of our republic play a significant role. Georgia sends coarse cotton fabric to Bulgaria where it is processed into finished product and sold within the domestic markets of her partners and in developing countries. Stores of commercial firms facilitate the turnover of especially high-fashion fabric.

The Batumi textile production association and the Bulgarian "Bilyana" complex are cooperating in the production of consumer goods. Bulgaria passed information on to the Georgian SSR's Ministry of Light Industry with respect to methods and processing technology for combination thread. A Bulgarian firm will open a store on Leselidze Street in Tbilisi, and Georgia's Ministry of Light Industry will open a store for manufactured goods in Sofia.

The Georgian SSR Ministry of Local Industry has developed a working plan for direct cooperation with Bulgaria over the period 1987-1990. The plan provides for cooperative production of aluminum utensils, electric toys and everyday-use manufactured goods. A joint enterprise is being created for the production of metallic

fittings and clothing accessories, and leather goods. Production will take place in the developing countries. Stores will open in Gagra and Sofia.

A program for economic and scientific-technological cooperation between the Georgian SSR and Hungarian People's Republic has now been developed for the period prior to 1990.

Hungary (specifically her industrial ministries) is participating directly with Georgia's Ministry of Light Industry in effecting reconstruction of the Tbilisi Factory imeni S. Ordzhonikidze, the "Sabchota Sakartvelo" complex, Factory Nr 1, and other facilities. Analog models will be developed jointly and experience exchanged on matters of production organization.

The Georgian SSR Ministry of Local Industry will deliver facing basalt and marble slabs to Hungary which will, in turn, provide our republic with a technical data package for manufacturing rubber balls which will be assembled and maintained by specialists. The Hungarian Ministry of Local Industry committed itself to opening a small enterprise in Georgia prior to 1990 which will have its own equipment for manufacturing glass products. The "Solani" store will open in Budapest, trading in goods of agreed-upon specification.

Scientific and technological cooperation occupies an important position in Georgian-Hungarian relations. There is active cooperation between institutes of the Georgian Academy of Sciences and scientific research institutes in Hungary. Its aim is to enhance the technological level of enterprises, provide for effective utilization of equipment, develop new methods for agricultural production processing, resolve very important issues dealing with environmental protection, develop mathematical modeling and expand the sphere of utilization in computer technology, and conduct research in methods of surgical treatment of various illnesses, etc.

Scientific and technological cooperation in Hungary is being carried out by 15 of our scientific research institutes and organizations; efforts are being planned in 31 pressing problem areas dealing with the social and economic development of both republics.

Multilateral ties with Czechoslovakia are planned for the 12th five-year plan and the period prior to the year 2000. 26 organizations will be involved in the cooperative effort on the Georgian side and 28 from Czechoslovakia. A number of experimental design issues, questions of providing mutual technical services, joint production and direct exchange of goods will be resolved. Cooperation is envisaged in furniture production, wood finishing, design and construction of small electric power stations, cooperatives in consumer goods output, coastal reinforcement work in the Black Sea region, etc.

Scientific and technological cooperation with Czechoslovakia encompasses 19 problem areas—new technical documentation is under development, as are new treatment

methods, biological methods of protecting the forests, modern computer algorithms, software packages, etc.

Light industry enterprises of our republic will make use of Czech technology to produce manufactured colored glass and high-quality clay ceramic articles over the period 1987-1990.

On the basis of direct negotiations, Tsekavshiri will deliver champagnes, cognacs, canned fish, coarse cloth, tangerines, nuts, wild roses, leather raw material, tomato paste, tangerine jams, preserves, juices. They in turn will receive knitted fabrics, garment products, confectionery goods, footwear, sportswear, furniture, pocketbooks, macaroni, canned meat and technical equipment.

The Tbilisi production association "Tetroni" and Prague's national enterprise "Bavri i laki" will establish direct ties with one another.

The establishment of joint enterprises is seen as a long-range form of cooperation. The program of cooperation between Georgia and the German Democratic Republic in this regard provides the following main elements: joint enterprises will be created on the principle of a full self-support accounting system and right of export; output production prices will be established by the partners themselves and profit will be shared in proportion to their contribution to the establishment fund. Joint enterprises established on Georgian territory are expected to operate in accordance with USSR law and social standards.

Georgia's foreign economic ties encompass the export of products, scientific-technological cooperation with CEMA member nations, and the creation of joint enterprises with foreign firms on the territory of the republic. A most important aspect of international economic cooperation today is the establishment and development of direct ties between economic enterprises of our republic and appropriate foreign organizations. Great significance is also attached to the development of such cooperative forms as international specialization and enterprise cooperatives.

The basis for expediency of any form of international economic cooperation should proceed from economic effectiveness considerations which, in turn, will enable the establishment of optimal foreign economic ties and facilitate increased effectiveness in social production.

Importance of Polish Reform to Youth Discussed
18070050 Moscow KOMSOMOLSKAYA PRAVDA in Russian 16 Oct 88 p 3

[Article by Yezhei Domanskiy, written especially for KOMSOMOLSKAYA PRAVDA: "Reform Is Not a Magic Key"]

[Text] *What is happening in Poland? What was the logic of events of recent months which led, as we know, to the*

resignation of the government? What hopes do our friends place in the "round table" whose opening is earmarked for October?

These are contemplated by the Polish commentator Yezhei Domanskiy in an article written especially for KOMSOMOLSKAYA PRAVDA.

Ah, to live in another, more interesting time! Young people frequently think about their friends. They are depressed about the unexpected, harsh events and the sharp turns of fate. In Poland, however, there is no occasion to be depressed about such things—the carousel of unexpected, nonstandard events has been turning for 8 years now. The problem is rather the opposite—how to keep up with the rate of the changes taking place in the country. And the authorities, the party, the youth unions, and all left-wing forces must not only keep up with them, but also produce an evaluation and program their development.

What is taking place is especially important for youth: for the conditions under which they will have to live and work in the next few years will depend on the decisions that are being made now. Whether these actions are bold, innovative and effective enough will in the final analysis be decided by youths themselves. They will decide, we emphasize, if they personally participate in the events that are taking place.

Poland is now going through a very important time. A new image of socialism is being born. Many questions and doubts arise here. What will the new image be? What is socialism anyway? How can it be created, how can one consolidate the positions of socialism in economics and politics and in the material and spiritual life of the people? Disputes and discussions around these issues are being conducted not only in the party itself, but in practically all segments of the society, including among youth. In essence there is a real political and ideological struggle going on. This is a struggle for the meaning of socialism, for its future, and for the future of Poland. Today is a time of great experiences. In waging the battle against the opponents of socialism, we are at the same time strengthening and expanding our mutual understanding with all progressive forces that hold positions of the constitutional system.

Today's strikes have exerted a serious influence on the attitude of the country's public to the reforms that are being conducted and have led to a growth of critical attitudes regarding the authorities. In particular, the results of the government activity were critically evaluated. It was forced to resign and Mechislav Rakovskiy was elected chairman of the Council of Ministers. The new government is expected to make changes in the economic policy and exert persistent efforts in solving the food and housing problems and the development of modern technologies.

Poland needs a strong government that consistently implements the earmarked program of reforms. It must create favorable conditions for solving many problems and removing excessive restrictions and legal and financial barriers. This is the shortest path to increased effectiveness of the national economy. It is expected that the new government will rely more boldly on young personnel and trust them. This is one of the conditions for success in conducting the reforms.

But in order for the government to be able to cope with these large tasks, it must have broad public support. Today we understand better than ever before that reforms can be carried out only by relying on the entire society.

An important role in the creation of a coalition of forces acting to support reforms is plagued by the idea of the "round table"—meetings of representatives of the authorities and the most significant social groups, including constructive opposition. This initiative was not generated from a dead start. It is a part of a line consistently implemented by the party toward the achievement of national agreement. This line does not mean a departure from the principles of socialism. It was generated by an inherent need and is evidence that the party is actually serving the interests of the people.

In order to conduct the "round table" successfully, it is necessary for the discussions at it to be conducted in an atmosphere of public calmness. The participants cannot be people who are acting from antisocialist, antinational positions, those whose goal is to destroy the socialist system and the country's economy.

The goal of the "round table," as I have already noted, is to create a coalition of all social forces interested in conducting reforms and in activity for the good of Poland. In the opinion of the Politburo of the PORP Central Committee, the key to successful discussions at the "round table" is conscientiousness and mutual honesty of the partners, sincere interest in the success of the dialogue of representatives of various social forces and various political orientations.

Another condition for mutual understanding and dialogue is conscientiousness in evaluating the experience of past years. That which has brought harm to Poland and our society in the past should not be repeated. There can be no turning backward, either to the distortions allowed in the period up until August 1980 or to the antisocialist anarchy that preceded December 1981....

In order to explain to the Soviet reader the current situation in Poland it is worthwhile to discuss in greater detail the proposals that are being advanced on the threshold of the "round table" by the coalition of right-wing political forces. New elements have appeared in the previously developed concept of the reform of the political and economic system: socialist pluralism in the political sphere and a coalition system for the creation of

the government, legalization of opposition (we are speaking about the so-called "constructive opposition" which recognizes the socialist system and does not undertake actions directed toward overthrowing it), the opening up of paths for free organization of social forces, and the creation of new or change of existing state institutions.

Will the economic mechanism start working more rapidly as a result of the "round table" meeting? Will the prospect of obtaining an apartment and fair wages that correspond to the real labor contribution be closer? Will the reforms remove the obstacles that still frequently arise before youth at enterprises, in VUZes and so forth? The younger generation of Poland is asking these questions now.

In order not to create the impression that the reform is a kind of magic key to all problems, it is necessary to add a couple of words. The reform of the economic system is a costly and lengthy process. But if it is not engaged in energetically and consistently, the desired changes in the structure of production and the market will hardly take place. And without imposing order in the economy, without real improvement of things in the national economy, it is difficult to talk about political stabilization. Dissatisfaction with the economic situation can cause an explosion of public unrest which will nullify all of the efforts both of the authorities and of the opposition.

"No matter how many participants may gather around the 'round table,' the most important thing is the Polish state, Poland," thus declared the first secretary of the PORP Central Committee, Wojciech Jaruzelski.

Actually, the very desire to move forward along the path of democratization has enlivened debates about the new image of socialism. In the final analysis, participants in the discussion have agreed that democratization, pluralism, and economic independence lead to strengthening the country and increase our role in socialist cooperation, including among the CEMA countries. It has been recognized that national agreement will also serve to expand Polish-Soviet friendship and contribute to strengthening the partnership alliances between Poland and the USSR. The changes that are taking place—the socialist renewal in Poland and the restructuring in the USSR—create precisely this prospect. Convincing evidence of this was the recent visit to our country by our Comrade M. S. Gorbachev. The fundamental principles were confirmed—security and inviolability of borders. These principles correspond to the current state interests of Poland and require our broad support.

And since the discussion has already come around to state interests, it is appropriate to quote the statement by the representative of the Polish government in the press, Minister J. Urban, who announced, referring to relations with the opposition: "The truth—yes, partnership—yes,

but attempts to call the constitutional order into question—no; financing from abroad, demagoguery, oppression—no.” These opinions prevail now in our society as well. From the opposition we expect guarantees that it will not lead the country to a schism, will not cause trouble abroad in order to apply sanctions and other destructive measures directed toward undermining our economy as had been the case in the past, but rather to the contrary—will work to advance the economy.

In all discussions about Poland and its future, about socialism and its image, the main thing is the determination of the position and role of the Marxist-Leninist party. In order to meet the requirements of the tongue it is necessary to have a new concept of how the party plays its role of a leading force in the society, the role of the ruling party in the state that is subordinate to the interests of the people in the working class. In discussions held in party ranks, frequently with the active participation of young members, answers for these questions are being sought: how to become a force that stabilizes the society and defends the main values of

socialism, being at the same time a force for reform and a party of social unrest and dissatisfaction with the existing state of affairs, a party of opposition to everything that has not withstood the test of time. A party that not only keeps up with the changing reality, but also stays ahead of it, predicting and determining its development. The new model of the party that is being formulated today should correspond to the changes taking place in the society, the new social, political and cultural needs, and the interests and aspirations of young Poles.

In a situation where the workers and the Polish youth are searching primarily for improvements in daily life, great hopes are placed in the elimination of conflicts and disputes, and the achievement of national agreement. The dialectic of social development irrefutably teaches us that there is no agreement without struggle. And success in this struggle will be achieved by the one who is closest to the concerns of the people.

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**Selected Articles from AZIYA I AFRIKA
SEGODNYA No 8, Aug 88**

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Mediterranean Urged as Zone of Peace

*18070009 Moscow AZIYA I AFRIKA SEGODNYA in
Russian No 8, Aug 88 pp 11-13*

[Article by Doctor of Historical Sciences L. Medvedko:
"Mediterranean Crossroads"]

[Text] Perhaps nowhere in the world do so many visible
and invisible borders and boundaries come together and
crisscross as in the Mediterranean. There is no other
such sea that washes the shore of three continents at
once—Europe, Asia and Africa—and almost twenty
countries and several hundred islands.

The unique nature of the Mediterranean Sea, however, is
not geographical alone. Here is where distinctive politi-
cal boundaries run between East and West, as well as
economic borders between North and South. This is a
great crossroads of human history, the cradle of ancient
civilizations and three monotheistic religions. The legacy
of ancient Egypt, Phoenicia, ancient Greece and Rome
have largely determined the look of the contemporary
culture of Europe, the Near East and North Africa. A
particular "Mediterranean" character and way of
thought with the inexhaustible optimism and unshakable
faith in the possibilities of man and the interconnection
and interdependence of the world characteristic of the
residents of this part of the world was formed as a result.

The Mediterranean did not just give life to many civili-
zations. It was also the detonator for deadly wars and
bloody conflicts. Both world wars, it could be said, were
born right here. Whereas in the first, however, the seats
arose on the perimeters—Libya, the Balkans and

Spain—after World War II the region itself proved to be at the epicenter of dangerous local conflicts. It has been transformed into an arena of confrontation on a global scale, and into a testing ground for trying out neocolonialist doctrines and methods.

The ancient name of the Mediterranean—the “Inner Sea”—has acquired a new meaning in the postwar period, when it has proven to be not only within three continents alone, but three “political worlds” as well—socialist, capitalist and the so-called Third World, represented by the developing countries. The region has to a certain extent become a unique mirror, or more precisely a chip of the contemporary world—multifaceted, contradictory and at the same time seized by common anxieties and concerns for the future of current and future generations and averting thermonuclear catastrophe.

The problem of security in the Mediterranean is a key one in joint efforts aimed at creating a nuclear-free and non-violent world. Various aspects of it are at the center of attention of many international forums and conferences—on Malta, on Cyprus, in Yugoslavia, Greece, Algeria, Italy, Libya and Syria. This problem was also discussed among other topical issues of a Near East settlement in the course of a broad dialogue among Soviet and Arab scholars and social and political figures that was held in Amman, Jordan in March of 1988.

“For us the Mediterranean is not a peripheral and distant region, it is close to our southern border, through which runs the natural maritime route linking our southern ports with world oceans. We naturally have a vested interest in having the routes of peace, and not the tracks of war, pass here,” said M.S. Gorbachev during a visit to Yugoslavia. The CPSU Central Committee General Secretary came out with a new and important foreign-policy initiative there concerning the Mediterranean, the security of which is closely linked with security in Europe.

The security problems of the Mediterranean have been repeatedly discussed in the UN General Assembly. In 1986 it passed a special resolution in which the necessity of the withdrawal of foreign fleets and the departure of all occupation forces from the territory of others was pointed out. These problems occupied an important place in the meetings of the leaders of the USSR and the United States in Washington and Moscow.

At the Epicenter of Storms

The Mediterranean region became one of the chief arenas for the national-liberation movement almost immediately after World War II. The waves of the movement hurled the colonizers out of Lebanon and Syria, seized Palestine and Transjordan and flew past Tunisia and Morocco. Revolutions of liberation also occurred in Egypt and Libya. The Algerian people in the Maghreb, west of the Suez, had to wage an especially prolonged and bloody war for independence, costing the lives of about a million of its sons and daughters. In Mashriq,

east of the Suez, where old and new colonizers have resorted and are resorting to various military and political maneuvers to preserve their presence there, the Near East conflict continues.

One can often encounter in academic literature the definition of neocolonialism as “colonialism without colonies” or as “economic colonialism.” This seemingly emphasizes that neocolonialism relies chiefly on economic rather than military power. Objections are even sometimes expressed against the very term “military neocolonialism” in this regard, feeling that it contradicts logic in the strict academic sense.

The logic of life, however, is more convincing than the logic of abstract inferences. The practices of neocolonialism in the Mediterranean do not confirm the fixed stereotypes of political thinking. The facts upon which history is written testify to this as well. At least about half of the more than two hundred postwar regional conflicts have occurred or are occurring in the Mediterranean region or close by.

The Near East and other Mediterranean conflicts are distinctive chronic illnesses. They abate and then flare up anew, less and less subject to control and settlement. In the 1940s there were wars in Greece and Palestine, in the 1950s armed operations occurred first in the Sinai and at the Suez Canal, and then in Lebanon and North Africa. The aggression unleashed by Israel against the Arab countries in 1967 was accompanied by new outbursts of bloodshed—the war of 1973 and two prolonged crises in Lebanon and the Persian Gulf zone.

The roots of many conflicts often go back to the past. But it is namely military neocolonialism, inflaming national, ethnic, sectarian and other disputes and contradictions, that directly creates the many extensive “fields of tension” that are becoming the sources of regional conflicts. Take just the tragic schism of Cyprus, inspired by NATO circles. It is namely with the support of these circles that Ankara continues to ignore UN resolutions aimed at the just resolution of Cypriot problems. NATO is trying to transform the island into an unsinkable aircraft carrier. Great Britain has so-called “sovereign” military bases on its territory, the rights to which also extend to its allies in the North Atlantic bloc, and first and foremost the United States. The transoceanic militarists have also been granted a series of privileges to the airport and maritime port of Larnaca. They have also created radio spy centers used in the interests of NATO and Israel.

The Arab-Israeli conflict and the Cyprus problem, as is well known, far from exhaust the “hot spots” of the Mediterranean. Long-suffering Chad has existed nearby in an atmosphere of war for over 20 years now. The Lebanese crisis has continued for over ten years. The West Saharan problem and Greek-Turkish disputes in the Aegean Sea also await their political resolution.

New and no less acute and dangerous conflicts are being added to the chronic ones—on the land and sea borders of Libya, on the borders of Iran and Iraq and in the Persian Gulf zone. And foreign troops or foreign military bases are everywhere under various pretexts. This is most often substantiated either with “ensuring security” (in the Persian Gulf zone), the protection of the “vital interests” of the United States and all of NATO (in Morocco, on Cyprus, in Turkey) or for “peacemaking aims” (in Lebanon, the Sinai or Chad). The tension from this is naturally not declining at all. At the same time, the Soviet-American agreement to eliminate various classes of missiles, as well as the Geneva agreements on Afghanistan, may impart a dynamism to the process of breaking up the conflicts and ensuring security in the Mediterranean. Much depends on which trend gains the upper hand.

Testing Doctrines

It is difficult to designate the precise time line between the fading away of colonialism and the appearance of neocolonialism. The stage that laid the foundation for the expansion of American imperialism in the Mediterranean, replacing the “old” colonialism, can be wholly determined. The Truman Doctrine, proclaimed in March of 1947, signified the overt transition of the United States to the confrontation of force with the Soviet Union and violent methods of struggle against the liberation movement of the peoples of that part of the planet.

The changing Washington administrations have over subsequent years observed a certain continuity in their aggressive strategic doctrines aimed both against the USSR and against the liberated countries. And it is important to note that such doctrines have been tested primarily in the Mediterranean, where the United States has repeatedly used military force, more than once resorting to nuclear blackmail.

It is not without interest in this regard to recall one intentional “coincidence” connected with the proclamation of the Truman Doctrine. At the time, over 40 years ago, the Pentagon was transforming the U.S. Navy Mediterranean group into the 6th Fleet, which was changing from a “deterrent force” into a direct accomplice in many armed interventions against the freedom-loving countries of the region. An unprecedented concentration of naval forces in this closed maritime space had begun. Today almost the whole Mediterranean is entangled in a thick web of American military bases. They are in Italy, Turkey and Greece and on Cyprus, as well as in other countries. And although the peoples of the Mediterranean countries are coming out more and more actively against this “cancerous tumor,” the Pentagon literally has them by the teeth, hatching interventionist plans against the peace-loving Arab and African countries.

The Washington administration has been trying more and more persistently lately to involve its NATO allies in its aggressive plans. Some of them, first and foremost France and Italy, took part in the “multinational forces” operations in Lebanon and sent naval vessels into the Persian Gulf, at the same time agreeing to replace American soldiers in Europe with their own in the event that the former had to operate outside the borders of the “zone of responsibility” of the North Atlantic bloc. Many European countries of NATO have moreover begun the creation of their own “rapid deployment forces” at the behest of Washington.

Summarizing such instances, the journal AFRIQUE-ASIE wrote: “All of this cannot help but evoke legitimate apprehensions among the non-aligned countries of Africa and the Near East, the welfare of which is doomed to misfortune, since they possess natural riches or are located on important lines of communication that are regarded as some countries of the North as ‘strategic’... The United States wants to lock up the Mediterranean Sea, creating an impermissible threat to the sovereignty, especially maritime, of such countries as Algeria, Tunisia, Libya, Cyprus, Syria and even Egypt, who are far from being members of the Warsaw Pact and are guilty only of one thing—the fact that they are non-aligned countries.”

The inclusion of their “strategic ally”—Israel—in the militarist plans of the United States is creating an even more explosive situation in the Mediterranean. Washington and Tel Aviv are waging covert and overt wars against the Arab states. Recall the criminal raids of the Israeli air pirates on Iraq and Turkey, American ones on Libya and American-Israeli-NATO intervention in Lebanon. The availability of nuclear weapons to the United States and Israel herein creates the danger of the escalation of regional conflicts into a global catastrophe.

The Imperatives of the New Thinking

In the West, as a rule, they approach problems of regional security, be it in the Mediterranean or the Persian Gulf, from the point of view of the disposition and correlation of forces, and not the observance of a balance of interests of the contiguous and nearby states. This is a manifestation of the old political thinking based on such categories as global confrontation and the struggle for spheres of influence and a disregard for the legitimate national interests of the Mediterranean countries themselves, as well as some others located in the immediate proximity.

The chief contradiction of the system of modern international relations is proving to have a great influence on the process of development of regional conflicts in the Mediterranean and breaking them up. The discussion concerns not so much the confrontation of the two blocs—NATO and the Warsaw Pact countries—as it

does the broader global contradiction between militarism and the forces of peace. The difficulty of breaking up conflicts in our times is conditioned not least of all by the vitality of stereotypes of the deeply rooted old thinking.

Such stereotypes lie directly at the foundation of the strategic doctrines that the United States is to this day trying to bring to life in the Mediterranean. As a result, as the French journal *MONDE DIPLOMATIQUE* has written, "it has been transformed into a "dangerous lake" with a high degree of military confrontation not only among Mediterranean forces, but also those of the two great powers possessing nuclear weapons. These weapons could become deadly for all of the "three worlds" as well as for human civilization overall. It is thus difficult to overestimate the significance of the Soviet-American treaty on medium- and short-range missiles, which directly affects the interests of Mediterranean security. American missiles loaded with nuclear material, after all, are aimed not only at the USSR, but also have a sufficient operating radius to reach the territory of almost all the Mediterranean states.

It is obvious that the elimination of the causes of regional conflicts is essential for breaking them up. Under the conditions of the nuclear catastrophe hanging over mankind, the peoples of the world are like a group of mountain climbers roped together on a mountainside. They can only proceed together to the summit together, or else fall together into the abyss. It is namely the impossibility of a military resolution for international contradictions that dictates the new dialectics of security.

The qualitatively new situation that has arisen in international relations since the signing of the Soviet-American treaty on medium- and short-range missiles has opened up real possibilities for the spread of those positive processes that are making their way on the European continent, and in the world overall, to the Mediterranean as well.

Guided by the new political thinking and with a sober regard for prevailing realities, the Soviet Union has advanced a constructive and concrete program for ensuring security in the Mediterranean. It envisages reducing the high level of nuclear confrontation that exists here, eliminating foreign military bases and the facilities of non-Mediterranean states, limiting the activeness and scope of the activity of naval forces and extending confidence-building measures in the spirit of the Stockholm agreements to this region. Our country wholly supported the set of positive proposals aimed at reviving the climate in the region that was adopted at the July 1987 meeting of non-aligned Mediterranean states on the Yugoslavian island of Brioni.

The new and constructive proposals that were presented for the consideration of international society by M.S. Gorbachev during his visit to Yugoslavia in March of

this year have enormous significance for transforming the Mediterranean Sea into a region of peace and collaboration. Affirming the readiness of the USSR to withdraw its naval forces from the Mediterranean if the United States does the same, the Soviet leader proposed that this not be postponed forever and suggested as a first step a freeze on the number of ships and firepower of the fleets of both countries, and then the establishment of quantitative limits for them. The Soviet Union and the United States could inform each other in advance on the re-deployment of ships, as well as exercises, and invite observers to them in the spirit of the Stockholm agreements before the coordination of overall confidence-building measures.

The Soviet Union has also indicated that the development of principles and methods of ensuring peaceful navigation by Mediterranean and other interested powers has our full support. A specially convened conference of these states could collect, analyze and systematize all proposals made in the name of establishing peace and stability in the region for later realization.

The necessity of transforming the Mediterranean into a zone of peace, security and collaboration was emphasized by the ministers of foreign affairs of the Warsaw Pact member states at its session in Sofia.

The commonality and interdependence of the fate of mankind and the integral nature of the contemporary world is perhaps nowhere felt with such force as in the Mediterranean. This lively crossroads of many countries and peoples, the cradle of ancient civilizations, can and should become a region of peaceful good-neighbor relations and collaboration, and not an arena for militarist confrontation.

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SWAPO President Nujoma Interviewed

18070009 Moscow AZIYA I AFRIKA SEGODNYA in Russian No 8, Aug 88 pp 14, 59

[Interview by AZIYA I AFRIKA SEGODNYA correspondents Sergey Kosolapov and Gennadiy Charodeyev under the rubric "Toward the 7th AAPSO Congress": "Sam Nujoma: 'This Year Can Be Decisive for Namibia'"]

[Text] *The president of the Southwest Africa People's Organization (SWAPO), Sam Nujoma, visiting the Soviet Union in connection with the opening of the official SWAPO representation in Moscow, granted an interview to our correspondents Sergey Kosolapov and Gennadiy Charodeyev.*

[Correspondents] Comrade President! The 7th Congress of the Asian and African Peoples' Solidarity Organization [AAPSO] is meeting in New Delhi in November of

this year, and it is proposed that they discuss in particular how democratic public opinion could more effectively assist in the just settlement of regional conflicts. If we are speaking specifically about Namibia, who and what are hindering the most rapid possible cessation of the bloodshed in the country and the people gaining independence?

[Nujoma] Pretoria bears the principal blame for the failure to resolve the Namibian problem, as they have persistently refused to transfer power to the Namibian people. The government of P. Botha stops at nothing to keep our country as a raw-materials appendage to the economy of apartheid and use its territory to destabilize the situation in Angola and other "front-line" states.

In Pretoria they want to break the will of the people for freedom and force them to renounce SWAPO. At the same time, the racists are planting puppet organs of power across the country, trying to transform it into the next pseudo-independent Bantustan. But the so-called "provisional government" that was formed as a result of the electoral farce has no prestige among either black or white Namibians.

The racist regime in South Africa is carrying out its own criminal acts with the complicity first and foremost of the United States, as well as Great Britain, who have repeatedly made use of their veto power to foil the UN Security Council from imposing compulsory and all-encompassing sanctions against the apartheid state. It is namely in Washington that the idea of "linkage" of the issue of the decolonization of our country and the issue of the presence of Cuban troops in Angola was advanced, thereby blocking the fulfillment of the well-known Resolution 435 of the Security Council that was approved as early as 1978 and contains a plan for granting independence to Namibia via the holding of free elections under UN monitoring.

[Correspondents] The political declaration adopted at the last session of the SWAPO Central Committee in Luanda in May of 1986 emphasized that SWAPO is prepared to solve the Namibian problem by peaceful means as well as military ones...

[Nujoma] Yes, we have determined for ourselves since the very beginning that military, diplomatic and political steps should mutually supplement each other. Our organization supported Security Council Resolution 601, which called for a ceasefire between SWAPO and the South African troops. We hope that Pretoria will finally reject obstructionist tricks and agree to collaboration with the UN in the cause of decolonizing Namibia. We are ready to sign an agreement with South Africa for a ceasefire so as to clear the way for the fulfillment of Resolution 435. Until the Namibian problem is resolved via peaceful means, however, our people are forced to defend their inalienable rights with weapons in hand.

[Correspondents] What can you say about the current stage of the armed struggle?

[Nujoma] I will mention just some of our successes. In 1987 the People's Liberation Army of Namibia carried out about 700 combat operations, including over 80 attacks on military bases and other facilities of the occupation forces, annihilating roughly a thousand South African soldiers and officers. The enemy has suffered no small losses in equipment—right up to helicopters and aircraft. Our operations are sowing panic among the usurpers and undermining their morale. I have been told of instances where white servicemen have refused to submit to the orders of commanders, not wishing to take part in punitive acts against Namibians, and have deserted and gone over to SWAPO.

The growth in antiwar sentiments among the occupation troops is also reflected in the slogan of our student youth, who declared 1988 the "Year of Decisive Actions Against the Militarization of Namibia." Yes, this year could become a decisive one for our country.

[Correspondents] Suppose that Namibia has already achieved independence and SWAPO has come to power. What policy will it pursue in relation to the multinational corporations [MNCs] that are developing the mineral resources of the country?

From the journalists' files: According to data in the African press, about 90 major companies from South Africa, the United States, Great Britain, France etc. are currently operating in Namibia. In spite of the decree on the protection of Namibian natural resources that was adopted in 1974 by the UN Council for Namibia, they are continuing to plunder them and ship out up to two thirds of the enormous profits obtained there. The uncontrolled plunderous activity of the monopolies is leading to the rapid depletion of once-rich deposits.

[Nujoma] The majority of the multinationals that are exploiting the resources of Namibia are committing a crime against the Namibian people as part of a deal with South Africa. They make lease and tax payments to the racist regime, which allows it to procure arms to massacre the Africans. Using blacks as cheap manpower, actually condemning them to slave labor, big business is growing fantastically rich. SWAPO intends to eliminate this situation completely. The MNCs are our enemy.

[Correspondents] Do you feel that the psychological warfare against SWAPO and you personally is growing stronger? I would recall at least the incident that occurred in May of 1987 in the hall of the European Parliament in Strasbourg and was long discussed by the Western press...

From the journalists' files: Here is how the incident looked as set forth by the American journal AFRICA REPORT. A woman shouting something threatening ran up to Sam Nujoma as he was rushing to a solidarity

meeting with the participation of the members of the European Parliament, who support SWAPO. He said two or three sentences in answer and attached no significance to the incident. A number of right-wing parliamentarians from West Germany, however, declared that the president of SWAPO had "struck a Namibian woman with blows." This was made known to newspapermen almost immediately. BBC transmitted a report on this "assault." A television station in Namibia controlled by South Africa, along with many newspapers appearing in Afrikaans and German, informed the public about the Strasbourg incident with such glee that it seemed the discussion concerned a second incident. It soon became clear, of course, that this was a commonplace lie.

[Nujoma] Yes, they organized it all beautifully. But they later officially cleared me. There have been many such provocations over the years of our struggle. I consider attacks in the Western press on me personally as attacks on SWAPO. The chief director of all of these shows is Pretoria again.

They allow practically no foreign journalists into Namibia, and not a single one is accredited there. The correspondents thus borrow information from the South African press, which has plenty of lies. We should evidently strengthen our counter-propaganda.

[Correspondents] How do you see the Namibia of tomorrow?

[Nujoma] Namibia will achieve independence sooner or later. Some are afraid, saying that the blacks will chase all the whites out of the country. We have never had such an aim. There are whites in the ranks of SWAPO as well. We are for Namibia, where there will be equal opportunities for all.

In conclusion I would like to emphasize that SWAPO considers the struggle for the independence of Namibia a constituent element of the universal struggle for peace, and thus welcomes any initiatives aimed at ridding the planet of the burden of nuclear and other arms.

We are thankful to the Soviet people for the unselfish support they have given us over the span of many years.

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Neocolonialism Hinders Developing African Countries

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[Article by Doctor of Economic Sciences G. Smirnov under the rubric "The Economist's Rostrum": "Neocolonialism and the Developing Countries of Africa"]

[Text] Neocolonialism is, on the one hand, an outcome of the economic laws of capitalism in its contemporary, neo-imperialist stage and, on the other hand, a consequence of the economic backwardness of the liberated

countries that has conditioned their unequal and dependent position in the world capitalist economy and the international division of labor.

It would be incorrect, however, to consider neocolonialism only on the plane of the attempts of the imperialist centers to exploit and plunder the developing countries. The system of neocolonialism also took shape and is being transformed under the influence of the objective need of the latter to sell their products to the developed countries and obtain capital, scientific and technical knowledge etc. from them. Neocolonialism thus bears the imprint of compromises in many of its manifestations, without a regard for which an all-round analysis of either its evolution or the policies of the young states in relation to the imperialist powers and the MNCs [multinational corporations] is impossible. One moreover cannot fail to take into account the political and economic positions of world socialism in such an analysis.

The neocolonialist system is not something hard and fast. It has undergone considerable changes over the course of many decades that have been determined by a wide circle of the most diverse factors and conditions of a long-term and transitory nature. Chief among these, in my opinion, are, first of all, the structural shifts occurring in the economies of the developed capitalist countries in connection with scientific and technical revolution and the energy crisis; they were expressed first and foremost in a relative decline in the materials- and energy-intensiveness of production, growth in its scientific sophistication and the advancement of the corresponding new sectors to the fore. Whence the decline in the vested interest of the West in the import of raw materials and power sources from the Third World countries, including the African ones. Second, the development processes of the national economy in the youngest states, accompanied by their further differentiation—the formation of the group of so-called newly industrialized countries and the rapid growth of production in the countries that are major exporters of oil (especially in the second half of the 1970s) along with the progressive lag of the majority of the countries of Africa, leading to a critical situation in their economies in the beginning of the 1980s—are also playing no small role. The periodic recessions and stagnations in production in the West also had an effect on the transformation of neocolonialism. In the 1980s a number of new phenomena in relations between the centers and the peripheries of the world capitalist economy were engendered by the debt crisis, which allowed imperialism to strengthen its control over the socio-economic policies of the liberated countries.

Finally, neocolonialism has been transformed under the influence of such political factors as the expansion of the representation of the developing countries in the United Nations and other international organizations, changes in the overall balance of the forces of progress and reaction and the growing confrontation of the United States and the USSR or the predominance of trends toward an easing of it.

Reflecting the coincidence of the class interests of various national detachments of the monopolistic bourgeoisie, neocolonialism does not rule out inter-imperialist competition for sales markets or spheres for the investment of capital and sources of raw materials. It is manifested not only as an integral system, but also as specific economic, political and military relations of each of the leading imperialist states with this or that region of the Third World and individual developing countries or groups of them.

The United States thus has considerably fewer interests in Africa than, say, in Latin America or the Near East. Their policies in the region, perhaps with the exception of the southern part of the continent, are not distinguished by stability. On the contrary, the neocolonialist strategies of a number of Western European states of Africa holds a dominant position compared to other regions of the Third World. France considers the maintenance of close ties with the African countries to be one of its high-priority foreign-policy missions. Great Britain, Portugal and Belgium feel a permanent interest in Africa, and first and foremost in their former colonies, that is little subject to market fluctuations. The attention of West Germany, Japan and some other imperialist states in the "Dark Continent" is conditioned first of all by trade and economic considerations. They render aid to the African countries with the aim of creating more favorable conditions for the expansion of their own private monopolies. The policies of the group of "small states" of Western Europe, as well as Italy and Canada, in relation to Africa have a quite clearly expressed regional thrust. The Scandinavian countries and Canada display enhanced activeness in the southern part of the continent, as does Italy in the Horn of Africa and in North Africa.

Such important constituent elements of the economic relations of imperialism with the Third World as foreign-trade exchange, official development aid, the direct investments of MNCs, commercial loan traffic, the participation of the MNCs and other firms in construction and the offering of technical, commercial and management services, among others, have often evolved in asynchronous fashion.

One can thus establish periods in the development of neocolonialism only with a high degree of conditionality. With a regard for this caveat, we have delineated three periods of transformation apropos of Africa: 1960—1973-74; 1974-75—1980-81; and, after 1981.

During the first period, the West emphasized the expansion of "collaboration" chiefly with African regimes of a conservative bent. Tactics of combining economic ties with political pressure, and sometimes trade boycotts and attempts to isolate them in the international arena, predominated in relation to progressively oriented states.

Over those years, the situation in the world market for mineral and agricultural raw materials remained relatively stable, and somewhat of an improvement in the trading conditions for the majority of the African countries that were major exporters was even observed. The assimilation of new fields of mineral and fuel raw materials that had begun as early as the 1950s continued quite actively: geologic exploratory operations were intensified, the capacity of the extraction industry was increased along with the export volume of its products and the influx of direct foreign investment, especially American, in the extraction industries grew stronger. The sectors and mining-industry regions where Western monopoly capital was deeply incorporated were defined at that time, and a certain distribution of spheres of influence took place. The American steel company United States Steel thus concentrated its attention on the major manganese ore fields in Gabon, Bethlehem Steel on the iron-ore basins of Liberia, American and West German aluminum companies on the bauxite mines of Guinea, French capital on the uranium ore fields in Niger, American capital on the chromium-producing industry of Zimbabwe etc. Western companies participated broadly in the assimilation of the continent's oilfields as well.

The favorable market conditions in world markets for raw materials and growth in the needs of the African countries for financial resources for development impelled many of the young states to nationalize enterprises belonging to foreign capital either partially or completely, chiefly in the extraction industries, and to take other steps aimed at increasing their income from the sale of minerals and fuels (raising rent payments and taxation of profits). The volume of African exports more than tripled over 1960-73, while import volumes almost doubled. Trade conditions had a weak trend for the worse, but at the beginning of the 1970s they began to improve. The relatively favorable currency situation of the African countries and the seemingly good prospects for the future gave some of them a determination to leave the currency zones, which engendered difficulties with the conversion of national currencies. The creation of integrating alliances and groupings became more active. This did not, however, contradict the interests of monopoly capital, did not even have an appreciable effect, due in particular to the growth of nationalism on the continent and the deepening of the differentiation of the countries in the region by level of economic development and socio-political orientation.

Neocolonialism began using the tool of official development aid, which was offered for the first time almost completely on a bilateral basis, quite widely in Africa in the 1960s. The amount of this aid, however, was at roughly the same level over almost the whole course of the decade (with a weak trend toward growth)—1.4-1.6 billion dollars annually—and only in 1973 did the net influx exceed a nominal 2.5 billion dollars. The share of official aid of the total influx of financial resources to Africa (including export credits) reached its maximum in

1970—46 percent—and then began to decline, true, in the face of an increase in its absolute volume.¹ A quite persistent increase in the direct capital investment of the MNCs in Africa was observed in spite of nationalization. The value of foreign assets in the economies of the African states increased from 4.9 billion dollars at the end of 1966 to 10.2 billion dollars by the end of 1973.² In the middle of the 1960s about 70 percent of this investment went to the extraction industries, chiefly petroleum, but by the beginning of the 1970s its share had declined to 60 percent.

The so-called energy crisis that developed at the end of 1973 and the crisis in the world capitalist economy that followed in 1974-75 marked the onset of a second, in a certain sense transitional, stage in the neocolonialist relations of imperialism with the developing countries of Africa. It was typified, first of all, by quite unsteady and contradictory trends in the movement of the basic economic parameters of these relations and, second, the creation of the preconditions and conditions that later led to their qualitative alteration and the crisis state of the African economy.

In the middle of the 1970s, especially after the collapse of the Portuguese colonial empire and the selection of progressive paths of development by another group of states, the imperialist powers tried to adapt to the new realities on the continent. The former policy of confrontation with "radical" regimes gave way to greater tolerance. By this time, an evaluation of the socialist orientation of the developing countries as a particularly superficial and ideological phenomenon that had no real effect on the economic base had taken shape in the political and academic circles of the West. Imperialism was hoping, by making use of economic ruin and political instability in many of the African states, to slow the progressive socio-economic transformations on the continent.

The differentiation of the African countries by level of economic development accelerated sharply during this period. Whereas in 1966 the maximum gap between them by size of GNP per capita was roughly 20-fold, in 1975 it had gone to more than 50 times, and in 1980-81 over 100 times,³ which can be explained first and foremost by the nominal growth in the GNP of the major oil producing and exporting countries as a result of price increases in it.

In the face of an overall increase in the trade volume of African countries with the West, its impact proved to be exceedingly varied for individual groups of countries, associated first and foremost with world price dynamics. Thanks to the quite steady rise in prices for mineral fuels, the trading conditions for the majority of the oil exporters improved markedly, notwithstanding the price increases in the industrial items they import from the West. Matters were far worse for states that were forced to procure both finished goods and fuels at triple price with steady market conditions on the world markets for

mineral and agricultural raw materials. The developing countries of Africa strove in this transitional stage to compensate for foreign-trade losses via the greater and greater utilization of foreign financial resources.

The volume of official development aid directed to Africa reached its maximum level in 1980, having increased by 6.5 times since 1970 in nominal terms and 2.3 times in real terms according to the calculations of the Africa Institute of the USSR Academy of Sciences. The overall net influx of financial resources to Africa increased by roughly the same amount. The preconditions for the appearance of the debt crisis had taken shape and the lack of promise of the use of new borrowed capital under existing conditions had already become clear as a result of the accumulation of foreign indebtedness and increases in interest rates for credit and loans offered under market conditions, since an ever greater portion of the funds coming in from outside went to pay debt and interest, and not for development purposes. The net influx of funds from loans in Eurocurrencies reached its maximum in 1978 at four billion dollars, but as early as in 1980 payments on these loans had deprived Africa of 1.5 billion dollars. In subsequent years these payments exceeded new receipts. The real influx of resources to Africa from export credits also declined sharply, from 3.7 billion dollars in 1978 to 1.7-1.9 billion in 1980-81.⁴

In the second half of the 1970s the Western monopolies made almost no direct capital investments in exploration and production of minerals in Africa. The funds were directed—primarily via the re-investment of profits—in oil production and oil refining, construction and some sectors of the machining industry. In 1974-78 the overall total of direct capital investment remained at the level of 10-11 billion dollars (with withdrawal from Libya) and, by the end of 1981, according to prevailing estimates, had grown to 15.5 billion dollars.⁵ The greater portion of it went not for subsidiaries and branches of Western companies, but to joint ventures with the participation of local capital.

Finally, the expansion of the MNCs and other Western firms in Africa not immediately connected with their capital investment—on the basis of construction and management contracts, licensing agreements and other such so-called contract forms entailing the capitalization of technical and commercial experience and the rendering of services—became more active in the 1970s.

The beginning of the third stage of neocolonialist activity in Africa—roughly 1981—was caused by the comprehensive effects of many conditions and factors of world development, chief among which were the transition of American imperialism to the policy of "neoglobalism," relative declines in the power- and materials-intensive-ness of production in the Western countries, their expansion of their own oil and gas production, the partial conversion of power engineering to alternative power sources, the preferential import of raw materials from

non-African countries with a more stable political situation and resources more convenient for development and the economic crisis at the beginning of the 1980s in the developed capitalist countries. Also included among these conditions and factors was the growth in foreign indebtedness of the African (and the overwhelming majority of other) developing countries to a scale that made it impossible to pay it off, that is, the debt crisis, and the accumulation of disproportions in the economies of the African countries, and first and foremost their sharp lag in agriculture and the increase in food shortages with extremely high population growth rates, poor investment efficiency (especially in the state sector) and the overall process of social reproduction, when the introduction of foreign financial resources into the economy did not produce sufficient funds to pay off creditors.

The economic relations of the West with the African countries overall in the 1980s were not developing in favor of the latter. A sharp decline in the value of their exports, connected both with a decrease in their physical volume and with a fall in prices for agricultural products and minerals exported from Africa, and especially petroleum, occurred in 1981-83. A reduction in foreign-currency receipts from exports and the influx of foreign financial resources forced the majority of the states on the continent to limit imports and reconsider their capital-investment programs. Moreover, starting in 1980 an ever greater share of borrowing was being used for debt service. In 1983, for the first time over the post-colonial period, the whole net influx of subsidies and long-term capital, including direct foreign investments, went to pay interest on credit and loans obtained earlier and for the profit transfer of direct foreign investment. Africa could in practice use only short-term credit and loans for current development needs. The partial write-off and deferment of debts by the creditor countries and the international finance and credit organizations—the World Bank and the International Monetary Fund—only relieved the situation somewhat. The foreign indebtedness of the African countries totals about 230 billion dollars, or roughly a quarter of aggregate Third World foreign debt.

The question arises: is the debt crisis, causing the complete destabilization of the economies of these countries and threatening to undermine the liquidity of many of the private-credit banking institutions of the West, testimony to a crisis of the economic foundations of neocolonialism? In my opinion, it is not. First of all, the indebtedness of the Third World does not look so colossal on the scale of the whole finance and credit system of contemporary capitalism—it barely exceeds a third of the state debt of the United States or the amount of Eurodollars circulating in world financial markets. Second, the critical situation in the economies of the developing countries, including the African ones, and their difficulties in paying off foreign debt have been used by neocolonialism to achieve its own strategic aims—strengthening the political and economic ties of

these countries to the centers of the world capitalist economy and forcing many of them to reject progressive social transformations, and especially to curtail the state sector of the economy, trim social programs and be oriented toward the development of market economies, that is, to create conditions permitting foreign capital to penetrate Africa more easily.

* * *

It is very important to elucidate the following issues in analyzing the neocolonialist relations of the West with the African countries. How has the economic dependence of the latter on the imperialist states changed—has it grown, diminished, remained as before or been transformed into mutual dependence? To what extent and through what channels has the plundering of these countries by the imperialist states and the MNCs been accomplished?

We will investigate first of all the concepts of dependence and mutual dependence.

Any countries linked through the international division of labor are economically mutually dependent to one extent or another. But changes in parameters or the severing of those ties could have quite different effects on the economies of the partners. Recall by way of example that about five percent of the foreign trade turnover of the West falls to the share of the African developing countries, while the share of African foreign trade with the latter totals about 70 percent. This testifies to the differing magnitude of the extent of their mutual dependence and its asymmetry, the more so if the enormous difference in the levels of economic development of the countries is taken into account as well.

But the phenomenon of the economic dependence of the developing countries, especially the most backward of them—the African ones—is in no way defined by these quantitative descriptions alone. It is also defined by the fact that the liberated countries of Africa are more and more unable to reproduce the basic “factors of production”—capital, first and foremost in its physical commodity form, scientific and technical knowledge and developments, skilled manpower and, to a certain extent, the socio-economic organization of labor—on such a scale and at such a qualitative level as would meet contemporary requirements. The economic dependence of the African and other developing countries on the West, in other words, is a dependence of the whole process of their social reproduction on external factors.

According to our calculations, over 40 percent of the gross accumulation of the African countries in 1982 was provided by financial resources coming from without, principally from the West. Some 40-45 percent of accumulation in its physical-commodity form (machinery, equipment, “know-how” etc.) was accomplished thanks

to it. Imports gave these countries in kind about 10 percent of the goods and services in intermediate production and ultimate personal consumption.⁶

Some successes in the development of the national economies of the African countries have led to a strengthening rather than a weakening of the dependence of their reproductive process on receipts from without of both the means of production and the items of consumption. The technological dependence of these countries on the West grew especially in the second half of the 1970s and in the 1980s.

The question of the exploitation and plundering of the liberated countries by the West only looks simple. In my opinion, an unambiguous answer to it cannot be given.

The Western companies and banks, investing capital in the Third World in productive or loan form, are striving to make a profit, of course. A juxtaposition of the overall volume of direct foreign capital investment in the African economy, information on which was cited above, and the profits obtained from it (including that re-invested at the local level) makes it possible to make the following evaluation of profit norms: 26 percent in 1973, 17 percent in 1975, 23 percent in 1978 and 28 percent in 1981.⁷

It must be added to this that in the 1970s and 1980s the export from Africa of profits on direct private capital investment considerably surpassed the influx of new direct investments. The net balance in favor of the MNCs and other foreign investors of productive capital was valued at one or two percent in the 1970s, and 0.6-1.5 percent in 1983, of the total GNP of the African countries, or roughly 3.5 percent of their gross capital investments on average over the corresponding years. But if the entire movement of long-term capital between the imperialist states (including the MNCs and the international financial centers) and the African developing countries is taken into account, then according to our estimates, based on UN statistical data, an overall net influx of long-term financial resources from the West to Africa equal to roughly 2.5 percent of total GNP or 10-11 percent of the gross capital investments of these countries for the indicated years was observed over 1970-83.⁸ This influx was provided practically completely along the lines of official state development aid.

It is considerably more difficult to uncover the economic (value) results of the foreign-trade relations of Western and African countries, that is, the results of the international division of labor in the form of the exchange of goods and services.

Western firms procure minerals, fuels, tropical cultivation products and others goods in Africa to the extent that they do not have the opportunity of using other, more advantageous sources for obtaining them. These procurements bring profits to the importers, in many cases, obviously, small ones. Firms participating in the

further processing and sale of goods of African origins also do not go without their "rations." But this income cannot economically be considered the result of the exploitation of Africa. The production of machinery, equipment and consumer items for subsequent sale to African countries also generates profits. In offering these products and rendering various services to them, the Western firms take competitive market conditions into account and are acting far from in altruistic fashion, seeking to obtain maximum profits. But after all, the exchange of goods and services among the developed capitalist countries is based on this as well.

Does such exchange between the West and the young states always signify the plundering of the latter and the flow of their national income to the imperialist centers? I think that an attempt to answer this question in the affirmative without serious analysis would be at best frivolous. A declaration of the unequal nature of the exchange that interests us also does not provide a direct answer to it.

Unequal exchange can be understood in the sense that K. Marx imparted to the term in showing that the less developed countries usually supply their products to the world capitalist market at prices that do not correspond to individual (national) expenditures of labor for their production, or can be understood as the import by the West of goods from the developing countries at prices lower than the international value (or the international cost of production) and the export of its own products to the developing countries at prices exceeding international value (or the international cost of production).⁹

The establishment of a case of unequal exchange, requiring quite complex analysis for which the essential information does not always exist, testifies to the inequality of the developing countries in world trade and the inequitable distribution of the advantages that are provided by the international division of labor thanks to decreasing total production costs. The unequal nature of exchange, however, need not signify at all that it is not expedient for the developing countries to participate in it. Such a situation arises only in a case where the exchange does not provide for an increase in national income and, on the contrary, leads to decreases in it and its transfer to the industrially developed capitalist states.

I will illuminate this with an example of the work of emigrants from the developing countries in the West. These people are undoubtedly subjected to cruel exploitation and receive much less than Europeans for equal work. At the same time, their compensation is much higher than for those employed in analogous work, say, in Africa, not to mention the impossibility of finding employment in the homeland at all. The transfers of emigrants give a number of African states a significant portion of their currency income.¹⁰

Returning to international exchange, a period can be delineated with confidence for a group of developing countries that was accompanied by not an outflow, but rather an influx of national income at the expense first and foremost of the West. The discussion concerns the years 1973-81 and the major oil-exporting countries (in Africa they are Libya, Nigeria, Algeria and Gabon).

Something else is also undisputed. The second half of the 1970s and the 1980s in particular were marked by a marked worsening of the terms of trade for the majority of the African developing countries. They worsened by more than 20 percent over 1976-86 for the countries of sub-Saharan Africa, that is, their annual receipts from the export of their own goods were, by virtue of the indicated reasons, 6-10 billion dollars less than the middle of the 1970s according to our calculations. The ratio of the overall total debt of these countries to the average value of exports rose from 155 to 306 percent over this period (including due to reductions in the physical volume of exports).

The economies of the majority of the African countries had reached a dead end by the middle of the 1980s. The elimination of the consequences of the drought of 1983-84 and disproportions in the economies, and first and foremost a lag in agriculture, along with the resolution of other most acute socio-economic problems requires a material increase in capital investment. Their inherent possibilities for accumulation have meanwhile worsened sharply as a result of reductions in overall production volume (an average of almost one percent annually over 1981-86) and a worsening of trade conditions. The influx of aid and other financial resources from without is swallowed up by payments on the indebtedness of past years.

Such are the consequences of the inclusion of the countries of Africa in the world capitalist economy and neocolonialist economic relations with its developed centers.

The development prospects of the national economies of the African countries depend both on many internal factors and—to a considerable if not decisive extent—on the further formation of the economic relations of these countries with the West.

I will indicate at once a series of processes and long-term trends that are rife with negative consequences for Africa.

There are grounds to expect that the gap between the West and African countries in the realm of science and technology will grow rather than shrink for a long time to come. The preconditions for an increase in the technological dependence of the latter will thus be preserved and even strengthened.

A continuation of the active structural restructuring of the economies of the West that began in the middle of the 1970s will obviously cause an even greater relative decline in prices for many raw materials and worsen the trade conditions for the African countries that export these commodities. It will also, like scientific and technical progress overall, put general pressure on the capitalist manpower market, which is reflected in the conditions for the utilization of African workers in Western Europe.

The overproduction of agricultural products in the West will have a negative influence on the development of the agrarian sector in the African countries and will keep foreign firms in particular from investing capital in the agriculture of Africa.

The preservation of conditions for a further fall in the exchange rate of the dollar and the overall instability of the currency system of capitalism will also make the economic development of the young states more difficult. The economy of the West will inevitably experience periods of stagnation and crises that will hit hard at the periphery of the world capitalist system, especially the most backward part of it, which includes the majority of the countries of Africa.

Last but not least, the ruinous effects of foreign indebtedness, the payments on which have become perhaps the chief drag on the development of these countries, will be preserved and, in any case, will not be completely halted.

Will a further transformation of neocolonialism that will worsen the economic situation of Africa as sharply as occurred at the beginning of the 1980s occur under the conditions I have outlined? Or will neocolonialism evolve in directions that meet the principles of a new and more equitable international economic order?

The MNCs and multinational banks along with other Western monopolies will naturally hardly alter their natures and, taking the difficulties of the developing countries into account, voluntarily reject the maximum profits, lower rates on credit and loans and the prices for products supplied to those countries, begin transferring technology to them on favorable terms and the like.

The private monopolies are not the sole agents of neocolonialism, however. The Western states and the international financial centers they control are on guard for the interests of monopoly capital, but the aims of their neocolonialist strategy are, as was emphasized above, of a more general nature than the aims of this or that monopoly. Changes in the political climate in the world and the forward movement in the cause of detente and arms reductions that has been noted could lead to a situation where the West proves to be forced to take real steps to meet the needs of the developing countries. A marked reduction in military spending, the production of weapons of mass destruction and the conversion of a considerable portion of the industry associated with this

to the output of civilian products could stimulate growth in the vested interest of the West and the markets of the African and other young states.

A further worsening of the economic situation in Africa and some other regions of the Third World could moreover soon transform them into zones socially dangerous to imperialism. The most far-sighted representatives of the political and academic circles of the West are speaking out on the need to change the system of economic relations with the developing countries in favor of the latter.

Finally, the even weakly progressive but nonetheless palpable processes of reinforcing the unity of the young states and their development and implementation of measures to fight various manifestations of neocolonialism could also play a role.

An easing of the burden of military spending along with the economic restructuring that is gaining force in the USSR and a number of other socialist countries is expanding opportunities for their collaboration with the developing states, which will both directly and indirectly facilitate the establishment of a new international economic order that meets the genuine interests of all peoples.

Footnotes

1. Calculated from the data of UNCTAD. Handbook of International Trade and Development Statistics. 1975, 1979.

2. "Sovremennyy imperializm i osvobodivshiesya strany Afriki" [Contemporary Imperialism and the Liberated Countries of Africa]. Moscow, 1986, p 16.

3. Calculated from the data of F.F. Clairmonte. Observations of Plans, Planners and Implementation. Addis Ababa, 1968; UNCTAD. Handbook of International Trade and Development Statistics. 1979, 1984.

4. "Contemporary Imperialism....," pp 29, 35, 59.

5. Ibid., p 16.

6. For more detail see my article in the journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA, 1986, No 7.

7. The size of the profits is taken from the composite balance of trade of the African countries. There are grounds to suppose that the profit norms could be somewhat exaggerated in calculation, since the magnitude of the capital investment is partially determined according to the buying power of the dollar in prior years.

8. Calculated from "Contemporary Imperialism....," Table 37, p 273.

9. In discussing this topic, it should be kept in mind that the Soviet Union and other socialist states, like the capitalist ones, trade with the developing countries at world market prices. The accusation of unequal trade could thus also be leveled against the socialist community as well.

10. See "Our Statistical Bureau" in AZIYA I AFRIKA SEGODNYA, 1988, No 7.—Ed.

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USIA Allegedly Exporting Antisovietism

18070009 Moscow AZIYA I AFRIKA SEGODNYA in Russian No 8, Aug 88 pp 29-31, 34

[Article by Ye. Mova under the rubric "Ideology and Politics": "Antisovietism for Export"]

[Text] *M.S. Gorbachev, in a discussion with U.S. Secretary of State G. Shultz at the end of April 1988, directed attention to the content of a number of public speeches by President R. Reagan roughly a month before his visit to Moscow. I would not like to think, the CPSU Central Committee General Secretary noted, that we have been exaggerating in having a positive regard for the development of Soviet-American relations of late. It seems that both sides have come to have a more realistic approach toward each other, escaping the captivity of stereotypes and getting free of attempts to foist one's own views on the other guided by one's own interests alone. We nonetheless are hearing sermons and receiving instructions on how to behave. Our foreign policy is evaluated only in negative terms, while the policies of the United States administration are evaluated only positively, and moreover everything that has been achieved in Soviet-American relations is ascribed to the policy of force and "pressuring the Soviets."*

And although later in Moscow, seeing Soviet reality for himself, the U.S. President, standing in the center of the Kremlin at the Tsar-Cannon that was never fired, publicly repudiated the definition of our country as the "evil empire," a "climate of the greatest disfavor is in effect in the United States" in relation to the Soviet Union, M.S. Gorbachev noted in a press conference on 1 Jun 88. "We," he said further, "have not noticed a desire to be oriented toward new phenomena and take the changes in our society into account on the part of Americans."

Such a line is being manifested extremely negatively in the sphere of American propaganda as well. It is no accident that not long before the visit of R. Reagan, the USSR Ministry of Foreign Affairs lodged a decisive protest to the U.S. Embassy in Moscow in connection with the sharp strengthening of the subversive nature of the transmissions directed toward the Soviet Union by the government Voice of America radio station, openly trying to cast a shadow over the policy of restructuring, glasnost and

democratization being pursued here. Analogous attempts have been and are being undertaken in the foreign-policy propaganda of the United States in the developing countries—and not only on the airwaves of Voice of America.

Antisovietism remains as before the strategic direction and principal content of the ideological expansion of imperialism in Asia, Africa and Latin America in the second half of the 1980s. After the April (1985) Plenum of the CPSU Central Committee and the 27th Congress of our party, however, it has visibly altered and "modernized" apropos of the new realities. The unwavering expansion of glasnost in the Soviet mass media has facilitated growth in sympathies toward the Soviet Union in the international arena to no small extent. This turnabout in the mindset of world and especially Afro-Asian public opinion is very alarming for the adherents of antisovietism, often finding an outlet in a greater fanning of the fears of our country and suspicion of its words and deeds.

Glasnost and "Public Diplomacy"—Not the Same Thing

Speaking on 13 Mar 87 at a conference of a U.S. advertising federation with the report "Glasnost—A Challenge to American Public Diplomacy," the head of the United States Information Agency (USIA), C. Week, declared that "Moscow is propagating the image of an open policy in the eyes of the whole world. They call it 'glasnost'... If we lose the 'war of ideas,' we could threaten the spirit of the free world, its life today and its prospects for security tomorrow. The following question thus arises, a question perhaps more serious than any in our history. Does this new image herald a change in Soviet aims or does it conceal a messianism of false justice, false economics, false fraternity and false promises?"

There are no doubts on this score for the USIA director personally: "Glasnost is a propaganda campaign. The Soviets are trying to win a victory in the war of symbols." The leader of the foreign-policy propaganda department of the United States addressed these words not least to those American journalists who, in his opinion, were experiencing "confusion" and displaying "vacillation," or else demonstrating "ideological immaturity" altogether, those, simply put, who were trying to reflect the changes happening in the Soviet Union more or less objectively. This, their chief warned them, is inadmissible, since it poses a direct threat to the interests of the American "establishment."

Placing an equal sign between glasnost and "public diplomacy," Week, as well as other high officials of the Washington administration, ascribes to the Soviet Union aims similar to those that have always been pursued by American foreign-policy propaganda as advanced in the "Program of Democracy and Public Diplomacy." Week himself spoke quite clearly about

these aims: "We are disseminating a product—the values and ideas of the free world. A close link thus exists between advertising and international policy."

The speaker was simply deluding American and world public opinion with such a treatment of glasnost. Glasnost, as opposed to "public diplomacy," is in no way intended for the advertisement and export of some way of life to other countries. It envisages, as is well known, the achievement of the best and fullest possible mutual understanding among peoples, the rejection of political stereotypes, superficiality and edification, of caricature depictions of an ideological adversary in favor of considered, objective and analytical research of all traits characteristic of him, as well as the courageous acknowledgment of one's own errors and miscalculations in international affairs in the past and the present.

This is not what you say about American "public diplomacy." Its essence, in the definition of one of the authors of the corresponding program and a staffer on the U.S. National Security Council, D. Lenzovskiy, is "a broad propaganda attack on the Soviet Union." If we look deeper, the discussion concerns the propaganda underpinnings for the doctrine of "neoglobalism" being implemented by the United States in the 1980s. In this context, "public diplomacy" with its antisoviet thrust is called upon to justify the pretensions of Washington in declaring extensive regions of Asia, Africa and Latin America as "zones of vitally important interests" to the United States.

Taking the glasnost factor in the Soviet Union into account, the American propaganda apparatus is developing new arguments and improving former ones to confirm the presence of every possible variation of the "Soviet threat." In the speech quoted above, which has essentially become programmatic in correcting the strategy and tactics of antisovietism for the near future, Week emphasized that "in order to meet this threat (glasnost—Ye.M.) face to face, we at USIA have undertaken initiatives that will allow America to retain superiority in the global competitive 'war of ideas.'"

These "initiatives" include reinforcing and expanding the coordination centers for antisoviet activity in various parts of the world. Three new services were thus hastily created within USIA that are specially intended for discrediting the Soviet Union in the international arena. One of these publishes the monthly bulletin "Warning of the Soviet Danger," another prepares real-time counter-propaganda "replies" to the foreign-policy steps of the socialist community overall, and the third pushes antisoviet material into the press of the developing countries. The American embassies in these countries receive a daily USIA "Radio News File" that indicates how to make use of the insinuations and biased selected facts about the Soviet Union contained in it as energetically as possible in the local mass media.

About two weeks before the aforementioned speech by Week, the U.S. State Department, "through analysis of disinformation and Soviet measures," approved a memorandum with recommendations and instructions for USIA staffers relative to methods of preparing propaganda materials aimed against the USSR and the other socialist countries. It emphasized the necessity of "seeking new approaches" to the "topic of the rising dynamism in the economic and political life" of the Soviet state, being discussed with interest practically around the world, so that it would appear at information agencies and the U.S. press first and foremost with an accent on the negative phenomena accompanying the process of restructuring in the USSR.

This line was further developed in a document composed by the State Department in conjunction with the Pentagon, CIA, USIA, Justice Department and military intelligence called "Activity in Support of Soviet Influence: Report on Active Measures and Propaganda" that recommended the formation of a negative attitude toward the restructuring in the Soviet Union on the part of world public opinion.

Over a hundred and fifty Soviet-studies centers and dozens of influential reactionary social organizations, as well as government departments, are devising the strategic line of American propaganda. Here is how the foreign-policy aims of the Soviet Union were treated, for example, in one of the reports of the "Committee on the Present Danger": "Soviet expansionism threatens to violate the correlation of forces on which the cause of freedom in the world depends... The aspiration of the Soviet Union to expand trade with the West or to take part in negotiations on arms limitations does not rule out military and political measures to surround the centers of anticommunist influence, persistent attempts to strengthen its presence in the Near East or to create regimes with the involvement of satellite countries that facilitate the establishment of Soviet rule in Asia and Africa."

Summing this up, one can assert that the left- and right-hand portions of the title of the report by the USIA director should change places. It is namely "public diplomacy" in today's qualitatively new version that is directed against the policy of glasnost and democratization, and not vice versa.

Outmoded Stereotypes

Having declared the Soviet Union the "evil empire," Washington has striven over the course of many years to consolidate this stereotype in the consciousness of hundreds of millions of people. "The official ideology adhered to by the right wing of the Republican Party and neo-conservative intellectuals," wrote the French journal *MONDE DIPLOMATIQUE* on this score, "considers international relations first and foremost through the prism of the conflict between the United States and

the USSR. They place most of the responsibility for regional 'disorders' on the Soviet Union, accusing it of either provoking them or using them for selfish aims."

At the very height of Irangate, three American departments engaged to a greater or lesser extent in foreign-policy propaganda—the USIA, the CIA and the Pentagon—tossed to the press a version according to which the "Soviets intend to unleash war against Iran," asserting (and intended, by the way, for more than just an American audience) that the USSR had concentrated 36 army divisions for the purpose of an offensive against Iran and that the Pentagon supposedly had at its disposal "a most detailed map with the designation of specific lines of Soviet incursion." The *WASHINGTON POST*, referring to some secret report of the U.S. Secretary of Defense, reported that "the Soviets have created the administrative and command structure essential for waging broad-scale military operations in Iran" and that "Soviet troops numbering up to 250,000 men are ready to enter Iran under cover of tanks." The malicious campaign came to naught, and then went completely flat after the official statement of the chairman of the Iranian Mejlis, Ali Akbar Hashemi-Rafsanjani, who directly called these fabrications aimed at poisoning Soviet-Iranian relations "a complete lie."

A major action of psychological warfare that was distinguished by especial cynicism, since its organizers speculatively placed on the USSR part of the responsibility for the casualties suffered by Libya as a result of the barbaric American bombing of the cities of Tripoli and Benghazi, was undertaken with the same purpose—to sow discord in relations between the Soviet Union and another developing country, Libya. The U.S. mass media disseminated a truly monstrous slander: the Soviet Union supposedly knew about the plans for the raid in advance but did not make it known to the Libyan leadership.

In the summer of 1987, to the extent that the prospects for the withdrawal of American nuclear missiles from West Germany were becoming more and more clearly outlined, the United States increased its pressure on Turkey to re-deploy them in that country. A literal blizzard of warnings about the fantastically increased "Soviet threat" rained down on Ankara. The Associated Press, for example, declared that the USSR had begun concentrating the troops withdrawn from Afghanistan on the Turkish border. The argument that Soviet military units, having gained experience under the mountainous conditions of Afghanistan, could now "operate extremely effectively in the mountains of eastern Anatolia" as well, figured as reasoning in favor of this foolish assertion. In another falsehood fabricated by the Pentagon and zealously pushed on the Turkish press, it was stated that "the Soviet Union has concentrated armed forces in the Caucasus opposite Turkey that are five times greater than Turkish forces in all indicators and is hatching aggressive plans against it."

Washington has also resorted to gross falsifications to fan antisoviet hysteria in the Philippines. The American information agency Interco Press, subsidized by the intelligence services of the United States, reported in the spring of 1987 the "penetration of a large number of Soviet agents into the archipelago" and their "close ties" with the local insurgent movement, as well as the fact that "Russian military vessels" camouflaged as trade ships were in dangerous proximity to the Philippines and could attack it at any moment. This sensationalist "news" was distributed to dozens of Philippine newspapers and was then distributed across the world with the corresponding attribution by the Voice of America.

As pointed out by the Manila daily MM, the psychological sabotage was timed to coincide with the Philippine elections to congress and the lower organs of power: the fear of the "Soviet threat" could have facilitated the success of American-inclined political figures. This same press organ had another not unimportant aim of antisoviet insinuations—to divert the attention of Filipinos from the real danger in the form of agents of American intelligence agencies flooding the country on the eve of the elections.

The foreign-policy course of the Soviet Union, as devised by the 27th CPSU Congress and evoking widespread favorable response in the developing countries, its peace initiatives, for which, in the words of the Indian newspaper STATESMAN, "no Western governments and specialists in the realm of international affairs were ready," is eliciting grave alarm among the forces of militarism and reaction that thrive on the arms race and maintaining dangerous seats of tension and the unleashing of regional conflicts and local wars. Neither the Soviet proposal to create an all-encompassing system of international security, the newly expressed CPSU solidarity with the forces of national and social liberation nor our close interaction with the socialist-oriented countries, revolutionary parties and the non-aligned movement suits them at all. Bourgeois propaganda does not even stop at denigrating Soviet policy in Asia, Africa and Latin America.

NEWSWEEK magazine, with a circulation of about three million and with 18 foreign editions, asserted in an editorial article titled "Moscow's Game in the Third World" that "appreciable changes in Soviet policy" in relation to the young states "are noticeable behind the discussions of economic reform and arms reductions." Where do the article's authors see these changes? I quote: "In Latin America, Southeast Asia and in the Near East, the Soviets are playing up to the wealthy developing countries that the Kremlin at one time ignored, considering them to be hopelessly bourgeois. The Soviets are looking for countries where they could rely on anti-Americanism." Need we elaborate that the Soviet Union is in favor of developing friendly ties with the overwhelming majority of the Afro-Asian and Latin American states, and the conclusions of NEWSWEEK are substantiated by no facts or proof?! The peremptoriness

of the evaluations and judgments combined with the multitude of conjectures and "guesses" is typical of antisoviet features in the West overall.

The noisy campaign in the American and, this time, also in the Japanese press on the score of the "expansion of the Soviet Union into the Pacific Ocean" is exceedingly instructive in this sense. It is well known that the materials of the 27th CPSU Congress have emphasized the significance of the Asian-Pacific region in the process of creating an all-encompassing system of international security and the resolution of other worldwide problems. The Vladivostok speech of M.S. Gorbachev and his interview with the Indonesian newspaper MERDEKA set forth in more concrete fashion the proposals of the USSR relating to this region. The comprehensive Soviet action program envisages several directions: settling the conflicts that exist there, erecting a barrier to the spread of nuclear weapons, limiting the activeness of navies and any military presence in the Pacific and Indian ocean basins and discussing confidence-building measures and the non-application of force. The USSR has undertaken practical steps to reinforce economic collaboration with a number of countries in Asia and Oceania. All of this has met with approval from Asian and world public opinion.

The reaction of official Washington is another matter. American propaganda presented the Soviet signing of the Rarotonga Treaty, the conclusion of an agreement with the island nations of Kiribati and Vanuatu on fishing and, finally, the visits of USSR Minister of Foreign Affairs E.A. Shevardnadze to some capitals in the region as "a Soviet breakthrough into the South Pacific." An article in the WALL STREET JOURNAL on political problems that the Asian-Pacific region will inevitably encounter in the near future sounded simply panicky. A depiction of this opus can be gained, for example, from the following excerpt: "The Soviets maintain enormous bases in Vietnam, and Soviet naval forces in the Pacific Ocean are continuing to grow. Soviet fishing vessels are plying the waters around the islands of Oceania more and more often. The Kremlin would be pleased if New Zealand were to adopt the resolution on the 'nuclear-free zone' and, essentially, drop out of the ANZUS alliance that it belongs to with Australia and America."

The last sentence of the quotation willingly or unwillingly betrays the true reasons for the propaganda hue and cry about "Soviet expansion" in the Pacific. Washington is seriously disturbed not by this imaginary threat, but rather by the truly strengthening movement of the countries and peoples of Asia and Oceania to transform the Pacific basin into a nuclear-free zone. They have long been accustomed to thinking of it in the United States as an "American lake." It is evidently superfluous to recall that the Pentagon is trying to use the Pacific Ocean in its own nuclear-missile strategy, deploying sea-based cruise missiles on the ships of the 7th Fleet.

These are the facts. In order to camouflage them, the propaganda apparatus of the United States wages noisy campaigns from time to time such as the one, for example, that was implemented during R. Reagan's visit to Moscow. The Voice of America repeatedly reported to its listeners in Asia at the time that a schooner, its hold loaded to the brim with Soviet-produced weapons, was supposedly heading for one of the islands in the South Pacific.

Many examples of the use of antisovietism for "neoglobalist" purposes have been accumulating of late. As was justly noted at a Meeting of Representatives of Parties and Movements dedicated to the 70th anniversary of Great October by Joe Slowo, the general secretary of the South African Communist Party, the capitalist mass media constantly refer to the support of the socialist world—and especially the Soviet Union—for liberation forces so as to present regional conflicts in such a light that they seem to be the consequence of so-called Soviet expansionism and are connected only with the battle for spheres of influence. The social issues touching on the interests of the residents of this or that country and lying at the foundation of these conflicts are inevitably relegated to the background.

The concepts of antisovietism, especially those that are being developed as the theme of the imaginary "Soviet threat" to the developing world, are of a particularly pragmatic nature subordinated to the ideological orders of the ruling circles and military-industrial complex in the United States and the political policy of the White House in Asia, Africa and Latin America. It is namely in that key that the widely exploited American propaganda myth of "Soviet intervention" in various regions of the globe should be considered, a myth with the aid of which some "theoretical basis" for the "neoglobalist" pretensions of imperialism in the developing world, which Washington considers a sort of "battlefield" between two opposing social systems.

This approach to the liberated countries remains predominant in the foreign-policy propaganda of the United States even under the conditions of the dialogue that has begun between the leaders of the mass media of the Soviet Union and the United States that is aimed at rejecting propagandistic stamps of the Cold War days and overcoming the "face of the enemy" in showing the other side as well as expanding collaboration in the realm of literature, press, radio and television.

This dialogue, of course, does not signify the "ideological fraternization" of socialism with capitalism or the ideological disarmament of either side. The discussion concerns the necessity of dismantling obstructions and surmounting stereotypes of old thinking that are hindering normal mutual relations between the Soviet and American peoples. It is very important, in my opinion, that this process include the greatest possible number of countries, so that the developing world finally ceases to be relegated to the role of "whetstone" on which the weapons of antisovietism are sharpened to this day.

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Book on "National Socialism" and Islam Reviewed

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Russian No 8, Aug 88 p 62

[Review "National Socialism" and Islam" by Candidate of Historical Sciences A. Kudryavtsev of book "Islam v kontseptsyakh 'natsionalnogo sotsializma' (Alzhir, Yegipet, NDRY) [Islam in the Concepts of "National Socialism" (Algeria, Egypt, PDRY)] by R.Ya. Aliyev. Baku, Elm Publishing House, 1987, 164 pp]

[Text] This book by Baku Oriental-studies scholar R. Aliyev is devoted to the role of Islam in the ideology and politics of three secular-oriented Arab states—Algeria, Egypt (during the rule of G.A. Nasser) and the People's Democratic Republic of Yemen [PDRY].

Using the example of Algeria and Nasser Egypt, the author was able to demonstrate visibly the aspiration, typical of many of the post-colonial ruling regimes of Asia and Africa that have proclaimed a policy of "national" socialism, to equate the position of socialism "with humanitarian ideals characteristic of the cultural traditions of the Orient associated with the dissemination of religious systems here, including Islam" (p 10).

In discussing the reasons for the appearance of assertions of the type that "the prophet Muhammed was the first socialist," "Islam is a socialist religion" etc. in the ideology and propaganda of the Arab countries, Aliyev notes their tactical conditionality: the radical nationalist regimes pursuing progressive social transformations need the support of the broad masses of believers. At the same time, as was indicated in the book, the leaders of "national" socialism themselves, while preserving adherence to an idealistic *Weltanschauung*, are inclined to see in Islam a teaching able to "serve successfully the positive aims of building a new society" (p 154). This is especially visibly evident using Algerian material: it is namely in Algeria, where the anticolonial struggle of the popular masses transpired to a great extent under Islamic slogans, that religion was transformed into a solid support for the ideology of "national" socialism and an important means of mobilizing the masses on the part of the ruling party—the National Liberation Front.

One can scarcely agree with Aliyev, however, when he considers the direct influence of Islam in some "super-class" positions of "Algerian socialism" (p 90). Such a stipulation as the failure to recognize the class division of society and the class struggle, the denial of the principle of the dictatorship of the proletariat, the proclamation of the unshakability of private property etc. are connected not so much with religious as nationalistic underpinnings of the official ideology of independent Algeria. The

idea of "class solidarity" in the name of "the unity of the nation" belongs first and foremost namely to nationalism—an idea that extends to countries that are not traditionally numbered among the Muslim ones.

The book also makes broad use of Egyptian sources—articles and works by ideologists of "Arab socialism," Muslim religious figures and the statements of Nasser himself. The author emphasizes that after the anti-monarchical and anti-imperialist revolution of 1952, Arab nationalism (Pan-Arabism) and socialism were combined in various versions in the concepts on Egyptian political scientists, and first one and then another component was advanced to the fore depending on the internal and external political situation.

In turning to the PDRY, the author creates an image of a country unique in the contemporary Arab world whose population preserves verity to archaic traditions, more to less to time-honored Islam, to a great extent, while the ruling party is making an open challenge to those traditions in its policies and ideological positions, even going so far as the propagation of atheism (p 135). It is also regrettable that the Yemeni material cited in the book is clearly dated for today. Having experienced a most acute internal political crisis, the Yemeni Socialist Party, without repudiating its ideological platform, is devoting incomparably more attention than before to ties with the popular masses and, as a consequence of this, the use of a series of the tenets of Islam in the interests of propagating the ideas of socialism. Also calling attention to itself is the circumstance that the ideological platform of the YSP, which has proclaimed Marxism-Leninism as its foundation, has practically nothing in common with the concepts of "national" socialism in other Arab countries, and thus the whole section devoted to the PDRY "falls out" of the overall theme of the book.

The multitude of misprints that sometimes strongly distort the sense of the text are also very aggravating. A list of the sources and literature used by the author, obligatory for a monograph, is missing. The reader has the right to expect greater respect for itself from the Baku Elm Publishing House.

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Book on Saudi Arabian Oil Monarchy Reviewed
18070009 Moscow AZIYA I AFRIKA SEGODNYA in
Russian No 8, Aug 88 p 64

[Review "The Oil Monarchy at a Turning Point" by Candidate of Historical Sciences A. Yakovlev of book "Saudovskaya Araviya: neft, islam, politika" [Saudi Arabia: Oil, Islam, Politics] by L.V. Valkova. Moscow, Main Editorial Board for Oriental Literature of Nauka Publishing House, 1987, 255 pp]

[Text] Saudi Arabia, unexpectedly to many, moved to the forefront of world politics in the middle of the 1970s,

and its role is quite considerable today. This new monograph by L. Valkova is devoted to an analysis of that tempestuous "oil" decade, over the course of which the foreign policy of the Saudi state grew sharply more active.

The first part of the book reviews the influence of the oil factor on devising and pursuing foreign policy, while the second researches the significance of Islam and the use of the Islamic factor by the ruling circles of the country and the third contains a detailed analysis of the bilateral relations of Saudi Arabia with other Arab states.

The oil factor began defining the foreign policy of the country beginning in 1973. The problems of extracting, refining and marketing petroleum products and using oil income took on vitally important significance. The author justly singles out the topic of the close mutual relations of Saudi Arabia and the West, and first and foremost the United States, in considering these problems. The attempt to show the inner contradictions of American-Saudi collaboration, in the course of which the Saudi kingdom has acquired a certain independence, is successful. In striving to preserve the support of Washington, Saudi Arabia has nonetheless refused to follow obediently in the wake of pro-American policies, reacting in especially restrained fashion to the "Near East initiatives" of the United States.

The sharp contrasts and paradoxes of development during the period of "oil prosperity" were palpable both in the economic and the social life of the country. The author illuminates in detail—perhaps excessive detail and thence fleetingly—these important problems, relying on a broad circle of sources and literature.

Valkova adds some important lines to the somewhat one-dimensional picture drawn by Saudi publications. She emphasizes the enormous difference between the high per-capita incomes and the considerably lower wages. All of this is true, as is the fact that the level of inflation in the country is high, poor people exist in the country nonetheless and many resources are spent non-productively. But there is something else that must also not be lost sight of: the quality of life in the kingdom has shot upward. The indigenous inhabitants have been provided with the real right to free secondary and higher education along with medical care. The petrodollars have given the ruling family the opportunity of buying "social peace."

In the second part of the book, Valkova shows not only the influence of Islam on all aspects of ideology and social life and the Saudis' artful manipulation of their role as the caretakers of the "holy places," but also the "double-edged nature" of the Islamic factor. The threat to the regime on the part of Islamic fundamentalists is entirely real, and the book contains a wealth of interesting data confirming this position. The author's conclusion that "the stability of the monarchistic order depends largely on how solid the union of the Saudis with religious leaders remains" (p 107) is wholly substantiated.

The problem of East Jerusalem is singled out in the book in particular. In striving to strengthen the position of one of the leaders of the Arab and Islamic world, the Saudi petrocracy has been forced to move counter to U.S. policy for the sake of not only freeing the Palestinian and Arab lands seized by Israel, but also the Islamic holy places in Jerusalem. The author's opinion on an "Islamic cover" for Saudi policy in relation to a Near East settlement should be agreed with (p 114).

Noting such important areas of Saudi foreign policy as rendering financial assistance to countries that are opposing Israel, participating in the activities of the Muslim solidarity movement and supporting opposition organizations of the "Muslim Brotherhood" type, Valkova draws the natural conclusion of the dual aims of the Saudi petrocracy: uniting the majority of the Arab regimes around the Saudis and consolidating the conservative forces of the Arab world for the purpose of imparting a "more moderate character" to the development of the Arab countries (p 136).

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Selected Articles from AZIYA I AFRIKA SEGODNYA No 9, Sep 88

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Agricultural Reform in China Examined

Moscow AZIYA I AFRIKA SEGODNYA in Russian
No 9, Sep 88 pp 12-17

[Article by Doctor of Economic Sciences L. Delyusin
under the rubric "In the Countries of Socialism": "Paths
of Village Development"]

[Text] In setting about implementing socio-economic
reform in the village about ten years ago, the leadership
of the Communist Party of China [CCP] appealed to the
peasants with the slogan "Enrich yourself!" This call had
a stunning effect on party workers in the localities and on
the peasants, in whom it had been inculcated for many
years that to be rich was shameful and disgraceful.

Striving for material welfare was not only considered a
violation of the principle of humanity, but also entailed
adding to the numbers of the "enemies of socialism"
with all of the consequences arising therefrom. Ideas of
egalitarianism and poverty as the most reliable guarantee
of proletarian purity had been propagated and power-
fully incorporated in China over a long time.

One can understand the dissatisfaction of those who had
believed blindly in the advantages of an egalitarian
system of distribution as the principal condition of the
rapid achievement of universal happiness when they
began liquidating the communes and transferring the
land to peasant households and when people living
better than their neighbors began appearing in the vil-
lages. These better-off workers moreover strove to
expand their fields, hired workers, purchased machinery,
engaged in trade and set up small factories and shops. All
of this was done openly, right in front of people who were
accustomed over the years of Cultural Revolution to the
merciless eradication of all types of capitalism. And
capitalist activity at that time included everything that
brought excess income to the village residents: vegetable
gardening, breeding poultry, fishing, hunting or engaging
in cottage industries.

Overcoming Egalitarianism

The question of what is considered a capitalist form of
labor and what is socialist is being discussed with rare
acuity in China today. Disputes on this topic are under-
way at more than party meetings and academic confer-
ences. They are also being pursued in the villages and
cities, in the fields and at the machine tools. Let anyone
be singled out from the environment, display wit and

enterprise, intelligence and resourcefulness that bears material fruits, and a hue and cry is raised at once: are we not dealing with a violation of the principles of socialism here? And there is nothing surprising in this, since it was drummed into the heads of the people for decades that "it is better to do nothing and be hungry but ideologically pure than to work at a profit for oneself." The ongoing debates are having a direct influence on the course of economic reform and the labor activity of peasants and workers. Party and government directives permitting and encouraging private enterprise, which is pursued in accordance with the laws of the state and facilitates production growth, are not approved by everyone. The psychology of egalitarianism that had taken deep root over many years cannot be surmounted overnight.

Peasants are calculating people. They react quickly to political campaigns in the country and to state pricing policy. Say they began to fight against so-called bourgeois liberalization in the PRC, and many peasants cooled their labor ardor somewhat. Having reached a certain level of prosperity that, in their minds, could not be labeled bourgeois, they do not strive for further enrichment and naturally switch to working at half speed. They learned well during the years of the Cultural Revolution that to be rich is not only not humane, but dangerous as well. Peasant activeness also drops when the state regulates prices in such a way that it becomes unprofitable to grow grain. Reductions in procurement prices and expansions of the amount of obligatory grain sales to the state strike at the material interests of the peasant, and he responds to these steps in corresponding fashion—reducing grain harvests.

Here is an example. Peasants in Henan Province lost about 700 million yuan last year in the sale of grain to the state through compulsory deliveries. To this should be added their losses from price increases for industrial goods, fuels, organic fertilizers and herbicides. It obtained as a result that while the grain harvest per mu (1 mu is 0.05 hectares) increased by an average 19.5 kilograms in 1987 compared to the prior year, its cost increased by 12.08 yuan over that period. The peasants say: "We feel this is bad, but we can even it out." And when they begin thinking about how to value their labor, it turns out that whereas several years ago the peasant purchased 1.2 jin (1 jin is 0.5 kilograms) of mineral fertilizers for a jin of grain sold, today he can acquire just one jin of fertilizer for 1.2 jins of grain. Earlier he could obtain one jin of diesel fuel in exchange for 1.5 jins of grain, but today he has to hand over three or four jins of grain for this.

"When grain gets cheaper, the desire to trade with it falls" was the opinion of the Henan peasants. Commodity relations thereby differ from compulsory methods of extracting grain from peasants that are constructed on an equivalent basis. When the "price scissors" for agricultural and commercial goods are set on a different basis,

the interests of the peasants decline, that is, their activeness falls and the production of agricultural output is reduced.

The Misadventures of Yin Yongchen

On the eve of the 13th CCP Congress that was held in October of last year, the newspaper RENMIN RIBAO told its readers about the story of the peasant Yin Yongchen. His fate reflected the complex and contradictory struggle that accompanies the transformation of the Chinese village.

Several years ago this peasant contracted 25 mu of neglected land in hilly terrain and laid out a vineyard. He suffered losses at first that were, in his word, "the cost of learning," but matters soon went better. He then began cultivating tangerines. He enjoyed this work, and he took on more land. He and his wife could not handle the growing volume of work, and they began hiring workers who worked eight hours a day and received 75 yuan a month. Yin Yongchen gave them bonuses at the end of the year.

Yin Yongchen's business activity brought profits to more than his family alone. The workers to whom he passed along his knowledge of gardening were also satisfied, as were the residents of the uyezd in whose market the cheap fruit appeared. He paid off his loans to the bank and paid his taxes meticulously. It seemed that everyone should have been only glad of the fact that there was now no shortage of fruit in a region where grapes, tangerines and melons had been trucked in before. But the successes of the work-loving gardener created envy among his fellow villagers, who condemned and disdained his income, paying no attention to the price it had cost him. "They count my money without seeing the sweat on my brow," Yin Yongchen noted.

In the village, where they did not condemn very strongly those "who were accustomed to taking the sun," they began calling Yin Yongchen "the new gentry." "He is richer than the landowner we had before liberation. He had only 40 mu of land and three farm laborers, while Yin Yongchen has over 70 mu and 14 workers. How is he not the new gentry?" the peasants were saying, and these conversations frightened the peasant gardener. Although his experiment served as an example for others and was propagated on the radio and in newspapers, having heard that he was numbered among the ranks of the "gentry," that is, class enemies, Yin Yongchen could not help but think about what awaited him in the event the climate changed. The envious ones had moreover begun causing all sorts of unpleasanties for him. One would break a pump, another stole seedlings, yet another would pilfer watermelons by night. And this was despite the fact that Yin Yongchen tried to butter up the local authorities and the villagers, giving them gifts and selling them fruit at cheap prices. But this helped little, and in the end Yin Yongchen hung up his hoe and declared that he was renouncing the contract. Without foregoing the

principles that had been drummed into them over the course of many years, the local apologists of "100-percent-pure socialism" were able to see that the land that had been transformed into a flourishing and bountiful garden by a work-loving and enterprising peasant was neglected once more.

In relating this story, RENMIN RIBAO noted that the case of Yin Yongchen was typical and testifies to the great difficulties that stand in the path of the further implementation of reforms in the village.

The Disease of "Eye Reddening"

The development of a commodity economy is engendering many new problems for the solution of which old experience and old work methods are proving unsuited. Local leaders are often neither theoretically nor psychologically ready for a restructuring of their thinking and continue to measure new phenomena using old yardsticks. The ideas of egalitarianism have engendered the disease of "reddening of the eyes," that is, envy, and this is hindering a deepening of the reforms and the development of agriculture along the path of specialization and growth in money-exchange and market relations. There are still depictions that occur in China that if we are to grow rich, let it be together, that one cannot allow the polarization of people in the village and the appearance and growth of elements of capitalism. Under the influence of such sentiments, the peasants who have shot ahead thanks to the fact that they were the first to make use of the freedom of production and economic activity granted them by the reform often become the target of attacks on the part of the local authorities. Many peasants who have achieved economic successes thus fear a further expansion of production and waste the money they have earned on everyday and unproductive needs. "The principles of egalitarianism and poverty walk side by side, hand in hand," RENMIN RIBAO notes.

The letters of peasants being published in the pages of RENMIN RIBAO and other newspapers contain proposals to extend the duration of the contract (now equal to 15 years) and to hand over the land under contract in perpetuity with the right to inherit it. Such proposals are supported by some economists who feel that this step will raise the vested interest of the peasants in increasing capital spending on the land. Other economists go even further. They propose that the land must be turned over to private ownership and its free buying and selling must be permitted, which would, in their opinion, ultimately lead to the formation of large peasant farms supplying grain and other agricultural output for the market. Growth in market relations and the transformation of the land into a commodity will in turn lead to the amalgamation of peasant farms and create favorable conditions for the mechanization of agriculture, making it not only profitable, but also lucrative, from which both the peasant and society overall would gain.

In short, the question of the ways and means of amalgamating cultivation is being widely discussed both in the village and in the offices of agrarian economists. It seemed at first after the introduction of the contract system that the freedom of labor and independence in and of themselves would resolve all problems in modernizing agriculture. When the question of mechanization as a decisive factor of modernization was discussed, the proposal to produce the cheap and large tractors and other agricultural implements that would be employed most efficiently in little fields was advanced. These proposals were sensible in and of themselves. Small equipment actually was extremely necessary to the peasants for running a farm according to the family-contract method. It is becoming more and more clear, however, that labor in fields of a size of five-eight mu cannot be highly profitable. An increase in the size of fields to at least 50 mu or more is essential so as to employ agricultural equipment more efficiently. The advocates of transferring land into private ownership with the right to buy and sell it freely assume that this is the best method for solving the problem. Naturally, not all are in agreement with that.

Several years ago many peasants did not even want to think about a return to collective forms of labor, preferring independence and freedom from the surveillance of incompetent managers. But today, when the advantages of the contract system have been exhausted to a considerable extent, the question is arising of where and in what direction the Chinese village will go next and whether it can make efficient use of the achievements of modern agricultural science and incorporate mechanization more extensively. In the course of the election reporting done in 1988 among the peasants of 28 provinces, 62 percent of the peasant households were in favor of cooperation, feeling that conversion to it was an essential matter. At the same time, over 17 percent of the peasants polled felt that there was no need of this at all. The remaining peasants did not express either a positive or a negative attitude toward cooperation.

The need to use hired help arises when fields are amalgamated and there are not enough hands and there is not enough equipment. But will this not lead once more to the appearance of farm laborers and, consequently, the resurrection of the exploitation of others' labor in the village? Chinese economists suppose that under the current specific conditions, the utilization of hired labor in rural areas is essential within certain limits. Is this good or bad? After all, from the point of view of the adherents of "pure socialism," this is intolerable even if it does facilitate growth in production and provide employment. But as a rule, it is those peasants who for one reason or another do not farm independently who are being hired by others. These people obtain the opportunity of earning a good living, and they are not concerned about the nature of the labor—whether they are exploited or not. Those peasants who have experience and an entrepreneurial bent are the ones using hired help. They are acting within the limits of the law, and it would be incorrect to consider them to be kulaks.

"Don't Keep the Peasants from Working"

If we were to describe the agrarian policy of the CCP over the last ten years, its essence can best be expressed by the words "it is permitted." The country's leaders had earlier racked their brains over the question of "how to force people to work." Ten years ago they found the naturally correct answer to that question, namely "don't keep the peasants from working." Whereas the words "forbidden," "not permitted" and "not allowed" were most often encountered in party and government resolutions and decrees on work in the village before, the documents of the CCP Central Committee and PRC State Council for 1983-85, according to the count of Chinese journalists, had the word "permitted" 20 times and the word "may" 40 times.

Under the contract system, when the peasants have begun working at full force, the question of village overpopulation and the enormous surplus of manpower arises with more and more acuity. In the people's communes, where people were working at half speed when distributions were based on the ideas of egalitarianism, the sharpness of the problem of surplus manpower was concealed. Today this problem has become full-grown.

Today some 800 million people live in the villages, of which 390 million are considered able-bodied. Some 200 million are needed to perform agricultural work. The surplus of manpower is quite large, as we see. How can it be utilized productively and efficiently if the city cannot even provide employment for city residents? Chinese economists have proposed this way out: "separate the peasants from the land but leave them in the villages."

The implementation of this principle is connected with the development of cottage industries and the creation of industrial and transport enterprises in the rural regions that would make it possible to employ millions of peasants at a gain for society without overloading the city. It has been necessary for this purpose to remove a multitude of prohibitions that suppressed the peasants by limiting their activeness and initiative. The senseless fear of the "historical shoots of capitalism," among which were included the employment of peasants in cottage industries or trucking in their time off from field work, reached absurd proportions in the localities. Peasants in many regions were forbidden to plant commercial crops or engage in fishing, poultry breeding or basket weaving etc. Today these prohibitions and limitations, unnecessary and harmful to society, have been removed. Approximately a third of the peasants in the rural regions of the country combined agricultural work with work in industry, transport or trade by the end of 1987. Opportunities for the peasants were expanded, and they came to have more ways of raising their standard of living.

The creation of industrial enterprises in rural regions has enormous significance for solving the problem of peasant employment. It is well known that during the period

of the Great Leap Forward, shops, factories and plants were also created in the villages. Great hopes were placed on them at the time that soon collapsed, since they arose on a primitive and home-grown basis using chiefly manual labor.

It is another matter today. Many factories and plants created in recent years in rural regions are operating in close mutual contact with urban enterprises, entering into collaboration with them and obtaining technical assistance from them. Naturally, not all of them are proving to be viable. Plants that do not have a good technical base and executives lacking a commercial and entrepreneurial bent fail and close up. The number of such enterprises is growing overall. There were about 15 million of them in rural regions by the end of 1987 with a total number of employees of over 80 million. They generate half of all output produced in rural regions and a quarter of national output. They are, as a rule, small enterprises. They react quickly to market demand. Some of them are working for export, bringing foreign currency to the state. Peasants are opening stores and building hotels and restaurants, and moreover in the cities as well as in rural areas.

There are instances where party personnel workers are creating all sorts of difficulties for the peasants, trying to resurrect the accustomed system of surveillance and monitoring of their activity. The free labor of peasants and their growing independence, with which comes the freedom of judgment, is frightening local party officials who were unable to restructure for (or adapt to) the new forms of labor activity by rural laborers. But life is making itself felt. The peasants have become much bolder now. They are writing complaints to the newspapers and voting at elections to local organs of power against those who are trying to diminish their interests and people who are light-fingered. Economic democracy is thus leading to political democracy.

The enterprises being created in rural regions include collective and private ones. Both forms are permitted by law and are encouraged by party resolutions. Some managers in the local areas nonetheless do not want to give up the principles they acquired during the years of sway of the ultra-leftist line. They assert that the appearance of private enterprises is leading to the exploitation of the peasants and the resurrection of capitalism. But the young peasants that have been able to get work at those factories have different ideas. They are glad that they are being "exploited," because otherwise they would remain without work.

The following picture arises: private-enterprise activity is encouraged in rural areas from above, from Peking, peasants gladly welcome the possibility of working and obtaining money, while local bureaucrats erect obstacles on the path of developing private factories. The state and society have an extreme vested interest in expanding diverse forms of productive, trade and entrepreneurial activity. The state and the people both gain from its

growth. But right up until the 13th CCP Congress, many rural entrepreneurs limited the scope of their activity. Widespread among them was the expression "A little wealth is tranquillity, while great wealth is trouble and agitation."

A Commodity Economy

The "communist paradise" promised to the Chinese peasantry by the ultra-leftist ideologists, even promising to build it ahead of schedule, has brought the Chinese village to poverty and a half-starved existence. Even today 30-40 million peasants cannot feed and clothe themselves without state assistance. But thanks to the new CCP policies and the consistent and determined course of deepening economic reforms, diverse paths for applying their manpower and capabilities have opened up for the Chinese peasantry.

We were told about the changes that have been made in the villages after the 3rd Plenum of the CCP Central Committee in the volost of Xujing, located not far from Shanghai. Here they had earlier engaged in cultivation, rice planting and vegetable gardening. There were no hungry here, but there were no special deliveries either. The path toward prosperity began when the peasants converted to a system of contracts and became independent. Before this they were all commanded not to be lazy. Local leaders, ignorant of agronomy, forced them to relegate entire fields to rice, which was senseless and unprofitable.

Today the cultivators decide independently what is advantageous for them to sow and what is not, what is advantageous for them to be engaged in and what is not. It was immediately detected that if the peasants were engaged in the cultivation of tiny plots, they would not become prosperous. It was impossible to quit their native lands and move to the city. There were not even enough jobs for city residents in Shanghai. The question was resolved in dual fashion. The land came to be concentrated in the hands of skilled farmers. Today over 400 households in the volost have an average of almost three hectares each at their disposal. The yields of rice and vegetables have increased greatly on them. Their output does not remain within the household, but rather goes to market.

Industry supports agriculture and helps it preserve its tone. Today the income of volost residents takes shape as follows: 74 percent from the factories, 18 percent from cottage industries and just 8 percent from cultivation. Income over the nine years has increased by more than seven times overall. Many peasant families have built new homes. There are televisions, phonographs, washing machines and bicycles for almost every family.

The residents of the volost—both those that work in the fields and those that are employed by factories—are included in the category of peasant as before. But are they actually such? It cannot be said of them that they

have one foot in the fields and the other on the shop floor. The peasant feeds his family, and a considerable portion of the income comes from the factory. The workers help collect the harvest in times of need. The family obtains rice and vegetables from its own fields, while the worker's wages go for the acquisition of meat, butter, clothing and domestic appliances. We are essentially looking at a new social group that lives in the village and is linked with industry as well as with agriculture. The peasant family is losing its homogeneity today, and the psychology of the people is changing as well, although the traditional ethical norms that defined relations between the old and the young still retain their force.

Zuo Wenguang, one of the volost leaders in Huashan Volost, located not far from Wuhan, has related that before the introduction of the contract system the peasants had lost their taste for work, since all that was required of them was blind obedience. When you work and when you rest were determined from above. And, as a result, "people stand around, the hours pass, and all get the same—those who try and those who are lazy." In his words, in those days people moved about the fields like drowsy flies and became animated only when the work-day ended.

A commodity economy is taking shape in the volost today. The peasants sell their grain to the state by contracts, and all the rest—pork, fish, vegetables, fruits—are sold on the open market. Thanks to the removal of limitations, village residents are now engaged in trade. This is forcing them to think about market requirements, get interested in economic information and follow it in newspapers and on television. The specialization of peasant households in the volost is increasing. Certain people are concentrating their efforts in fishing or pig breeding, while others work in vegetables. A truck or a tractor is not a rarity in the village anymore. Many peasants have their own manual tractors. Whereas earlier everyone cultivated just rice, today one works in the fields, another is engaged in the shipment of freight, one is in trade and another is at the factory. Factories and plants are providing three quarters of all income to the volost, where over half of the able-bodied people are working. Over 300 workers are employed at a metallurgical plant where metal structural elements are made, transmissions are assembled and agricultural equipment is repaired. The average wage is 1,300 yuan a year. If it is taken into account that the average annual income of the peasant totals about 450 yuan, it must be acknowledged that this is a high wage.

* * *

The Chinese village faces new tasks today. After the first significant successes, a new stage of reform has begun. Everyone in China recognizes that this is a more difficult stage than the preceding one. In the face of the difficulties that have arisen, some are calling for a turn back, to communes, when everything, in their opinion, went

quietly and smoothly and there were no problems. Others are proposing resurrecting private ownership of the land and giving free rein to spontaneous development. Some in China, criticizing the Maoist theory "The higher the degree of collectivization and the larger the farm, the better," are going to the other extreme, declaring "The more private the nature of the farm and the smaller its size, the better." But this makes the mechanization and modernization of the country's agriculture more difficult. And is the resurrection and development of the cooperative movement possible? A number of regions have already organized cooperatives, sometimes under old names and often under new ones. Their number is approaching a half million. They differ greatly from the old cooperatives and communes, first and foremost in the strict observance of the principle of voluntariness. Another important trait is the refusal to strive to assemble all the peasants on one village into one association.

The new rural cooperatives differ from each other quantitatively both in the form of labor organization and by methods of calculation, where payments are made not only for labor, but also for monetary investment. These associations reject the commands and directives of incompetent managers. They are completely independent and they themselves resolve what, when and where the collective will sow and reap, and this facilitates a growth in the initiative of the peasants and a rise in the efficiency of their labor, including a rise in yields. Democracy is realized in deeds rather than in words in the new associations.

Judging from everything, the future of the Chinese village lies in these associations. The Chinese press is propagating the experience of the new associations and notes that it is not certain people who are taking part in them, but rather joint owners with a decisive vote. Whereas earlier the people's commune was the sole model and the "highest ideal," today there exist various types of peasant artels. Life has shown that the complex, mixed and diverse peasant society cannot be forcefully squeezed into a one-and-only form.

At the same time, in comparing the private and the collective farm, RENMIN RIBAO also points out such advantages of the latter as the creation of better conditions for the utilization of manpower, monetary resources and equipment. The CCP, at the same time, has called into line those local workers who are trying to transform the independent organization of peasant associations from below into a compulsory and universal one imposed from above. One Chinese television program showed the discussion of the secretary of the uyezd CCP committee with peasants after the 13th CCP Congress. To his question of "What is troubling and agitating the people?" the peasants said that they were afraid that the movement toward cooperation was beginning again in the village. And when the secretary reassured the peasants that no one would be forced to join, glad smiles shone on the faces of his interlocutors. Another question

put to the secretary concerned whether party members could get richer like non-party members. And the peasants smiled again when they received an affirmative answer.

The forms for the organization of rural labor, it is now recognized, should be most diverse. "The Earth should be diverse, only then will it be rich." The creation of conditions under which peasants do not have to be forced to work, and they themselves rather strive to work, is a pledge of the successful ascent of the Chinese village. It is not compulsory labor, but rather free labor, it is not gray uniformity, but rather diversity, it is not commands from above, but rather initiative from below, that have made it possible for the Chinese village to come to *xiaokang*—"little prosperity." COPYRIGHT: "Aziya i Afrika segodnya", 1988

Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka"

PDRK Situation Assessed on 40th Anniversary
Moscow AZIYA I AFRIKA SEGODNYA in Russian
No 9, Sep 88 pp 18-20

[Article by Ye. Vasilyev: "The PDRK—In the Struggle for the Peaceful Unification of the Country"]

[Text] The workers of People's Korea are marking a great national holiday in September 1988—the 40th anniversary of the proclamation of the People's Democratic Republic of Korea [PDRK].

Under the leadership of its fighting vanguard—the Workers' Party of Korea—the workers of the PDRK have been able, over the forty years, to transform the ancient Korean soil unrecognizably. Today the People's Democratic Republic of Korea is a socialist state with developed industry and agriculture. The PDRK maintains diplomatic relations with 102 states, is developing trade and economic ties with over 100 countries and participates in over 200 international organizations.

The socialist conquests of the PDRK have been consolidated in its constitution, which was adopted in December of 1972. The constitution cites among the important tasks of the republic providing for the "complete victory of socialism in the northern part of the country," as well as the achievement of a "peaceful unification of the homeland based on democratic principles and complete national independence on the scale of the whole country." Last year the workers of the PDRK set about the fulfillment of the 3rd Seven-Year National-Economic Plan for 1987-93. Its realization will make possible a considerable rise in the standard of living of the workers, peasants and intelligentsia of the PDRK, which will have material significance in resolving the historical task of the peaceful unification of Korea.

The workers of the PDRK are constructing socialism under the complex and difficult conditions of a schism of the country that is still preserved. The U.S. 8th Army continues to be based on South Korean soil, numbering 47,000 men and today armed with tactical nuclear weapons. The principal groups of the armed forces of South Korea and the PDRK with a total number of over a million servicemen confront each other in a state of mobilization readiness.

The leaders of the PDRK have repeatedly come forth at the highest levels with official declarations of the absence of any intention on their part to "attack the South" and to solve the problem of unifying the country militarily. Acknowledging its historical responsibility before the whole Korean people, they felt and feel that the sole correct and real way of solving the Korean problem in our time is a political settlement on the basis of the withdrawal of American forces, the reinforcement of peace on the Korean peninsula and the development of contacts between North and South for the purpose of restoring the national unity of the country in accordance with the interests and will of all Koreans. It also cannot fail to be seen at the same time that the strengthening of the American military presence in South Korea, the rise in militarist tendencies in Japan and attempts to improve the military and political structure of the Washington-Seoul-Tokyo "triad" are creating a threat to the security of the PDRK.

This development of the military situation in the Far East region is forcing the PDRK to take the essential answering steps to maintain a reliable defensive capability. It has had to divert enormous personnel and material resources from civilian construction. And this in turn cannot help but but complicate its consistent development and realization of the policies of the Workers' Party of Korea to raise the material welfare of the workers. As can be judged from the materials of the PDRK press, the necessity of being constantly in a state of mobilization readiness is forcing them to resort to centralization and strict regulation of all spheres of socio-political life in the republic.

Guided by an aspiration to stop the dangerous course of events on the Korean peninsula, the PDRK government has recently come forward with major constructive initiatives that could serve as a good foundation for the achievement of an agreement that is not only in the interests of the Korean people themselves, but also in the interests of the peace and security in the Far East overall. Thus in 1986, declared by the UN as the International Year of Peace, the PDRK government unilaterally adopted a resolution not to conduct large-scale military maneuvers and to refrain from any military exercises during the period of negotiations between North and South and called on the United States and South Korea to follow its good example.

During that same year the government of the PDRK in essence unilaterally proclaimed the North to be free of nuclear weapons and proposed that the United States

and the South Korean regime ensure the nuclear-free status of the whole Korean peninsula. The government of the PDRK next came forward with an extensive plan for gradual movement toward a detente in tensions on the peninsula and the creation of military parity between North and South via reductions in troop counts, so that each side would have no more than 100,000 men in its armed forces by the end of 1992 and all American troops and nuclear weapons would be removed from South Korea. The PDRK simultaneously made concrete suggestions relative to a system of measures to ensure the effectiveness of monitoring the course of realization of this plan, including with the more active involvement of the currently active commission of neutral states to observe the truce in Korea and the stationing of military contingents from neutral states in the demilitarized zone. In a display of goodwill, the government of the PDRK has taken the first step toward an agreement and has unilaterally reduced its armed forces by 100,000 men.

And how do the authorities in South Korea react to this? There is no shortage of official declarations in Seoul today of the necessity of taking steps to ease tensions on the Korean peninsula and to arrange contacts and collaboration between North and South. And these declarations are striking a benevolent chord in world public opinion. But the practical actions of the South Korean authorities go in the opposite direction as before. The all-encompassing system of ideological treatment for the Korean population is nonetheless subordinate to the chief goal of inculcating enmity and hostility toward the PDRK. An intensive exploitation of South Korean workers is being accomplished to the accompaniment of demagogic calls for class collaboration "in the name of the most rapid possible achievement of economic superiority" over the PDRK.

According to data from the International Labor Organization, South Korea is first in the world in such indicators as average length of the work week (53 hours). Repressive anticommunist laws that envisage harsh punishments for individuals in favor of setting up genuinely broad contacts and collaboration between North and South continue to be in force in South Korea. In short, as observations show, in regard to military and political tensions the South Korean authorities are systematically persecuting those who display dissatisfaction with existing procedures, and they are nipping the appearance of a mass organized democratic movement in the bud.

The development of events in South Korea of late nonetheless provides more and more testimony to the fact that a time of changes promising much is ensuing there anyway. Last year the people of South Korea won the right to the open expression of their will for the first time in the postwar years via bitter demonstrations. Almost 25 million South Koreans voted for a new constitution which included articles on the direct election of the president, basic civil rights and freedoms for trade unions and a provision limiting the powers of the

president to impose a state of emergency and dissolve parliament. The new constitution indicates in particular the impermissibility of military interventions in politics. These instances testify to the fact that the South Koreans no longer wish to live in the old way and be reconciled to the violence of the military in political life and the lawlessness of the police toward the individual. At any rate, the first perceptible blows to the positions of the proteges of the United States and the ultra-rightists, who have remained inflexible for many decades, have been landed. And this is opening up new prospects for the fight to solve the vitally important national problems of the Korean people.

The forty years of existence of the People's Democratic Republic of Korea are four decades of its affiliation with the influential force of our era—the world socialist system. Being a fully enfranchised member of that system, the PDRK enjoys all of the benefits implicit in world socialist collaboration. The constant class solidarity of the socialist countries was a factor that eased to a considerable extent the struggle of the workers of the PDRK for socialism at the early stages of the existence of the republic. And today the socialist countries, and first and foremost the Soviet Union, are taking part, including on a credit basis, in solving many of the major problems of PDRK economic development. In the international arena the Soviet Union and other socialist countries are defending the legal interests of the PDRK in a spirit of internationalism and are rendering all-round support for its just demands to cease imperialist intervention in the internal affairs of the Korean people, withdraw American troops from South Korea and offer Koreans the opportunity to determine the fate of the nation themselves on peaceful terms.

The Soviet people, on the occasion of this significant anniversary, send to the workers of the PDRK their wishes for happiness and prosperity along with great new successes in socialist construction and the fight to reunify the homeland on a peaceful and democratic basis. COPYRIGHT: "Aziya i Afrika segodnya", 1988

Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka"

Vietnamese Work Force Viewed

Moscow AZIYA I AFRIKA SEGODNYA in Russian
No 9, Sep 88 p 23

[Unattributed article: "2.5 Million Jobs"]

[Text] Steps to eliminate unemployment—one of the most severe socio-economic consequences of the rule of the puppet regime in the southern part of Vietnam—are described in materials of the VIA press agency. Over 100,000 more people were placed in jobs in Ho Chi Minh City, the largest industrial center of the south, in 1987 alone. This was the result of the implementation of a

program that had been developed in the city based on the resolutions of the CPV [Communist Party of Vietnam] to renew the mechanism of economic management.

The major portion of the new jobs were created in cottage and small industry—special attention is being devoted to its development today. Hundreds of cooperatives have been organized, and individual labor activity has begun to be employed more widely. Another direction in the solution of the problem of employment is the assimilation of new economic regions in the Central Plateau. Specialized farms are being created here on virgin and fallow lands to produce foodstuffs and commercial crops, many of which have export significance.

The expansion of Soviet-Vietnamese collaboration in the realm of light industry has become one of the most promising paths for solving the problem of unemployment, the VIA emphasizes. About 22,000 workers have come to the garment and shoe factories of the city that are filling Soviet orders.

Some 2.5 million people in all have obtained work in the southern part of the SRV since liberation. COPYRIGHT: "Aziya i Afrika segodnya", 1988

Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka"

Journal's 1989 Publication Plans

Moscow AZIYA I AFRIKA SEGODNYA in Russian
No 9, Sep 88 p 23

[Unattributed article: "To Be or Not to Be—A Subscriber to this Journal for Next Year?"]

[Text] The question is not Hamlet's, but it is serious enough. Today all of the Soviet press is of the highest interest, so we have many competitors—monthlies and weeklies, socio-political and literary, "thin" and "thick."

Anyone long familiar with our journal knows that we are always trying to avoid all sorts of cliches and simplifications and we prefer not to chase after the "evil of the day" (we would knowingly lose that race to the newspapers), but rather to go deeply, to interpret in objective, comprehensive and scholarly fashion the extant phenomena and processes being observed in the diverse Afro-Asian world. The new horizons of glasnost that have opened up for Soviet society are allowing us to follow that line even more firmly and with greater success.

We will share with you some of the editors' plans for the near future.

We will continue publication of materials on the topic of "The Political Testament of Lenin and the Problems of the Liberated Countries."

Sketches of Deng Xiaoping, who has played and is playing an enormous role in the current transformations

in China, and the Ayatollah Khomeini, whom it would evidently be superfluous to introduce to our readers, will appear under the rubric "Political Portrait."

Just what did Marx and Engels have in mind when discussing the "Asian mode of production"? A discussion of this, which took a sometimes tragic turn, was going on among Soviet scholars as early as the 1930s. We hope we will be able to offer you an article that will shed additional light on this issue.

Our principle is to make the journal not just for professional Oriental scholars and Africanists alone, but rather for all those who want to add to their knowledge of any aspect of the life of the peoples of Asia and Africa. We write about literature and sports, about cuisine and constellations of the zodiac, about ancient faiths and the latest postage stamps.

This year our readers will become the owners of a set of articles on the Chinese battle of Wu-Shu. The discussion of the martial arts of the Orient will be continued. You will find out, for example, what *kalari-payyat* is: the roots of this teaching go back into the depths of Indian philosophy, while yoga comprises its spiritual and psycho-physiological foundation.

We will print in serial form a detective novel by Peter Driscoll, an Irishman who lived for many years in South Africa. The tempestuous events unfolding in that country are also described by the author.

A unique gift to future subscribers is the publication of a biography of the Indian thinker and religious reformer Ramakrishna, who asserted that "all religions are true and are different paths to one and the same God." "The Life of Ramakrishna," from the pen of Romain Rolland, was translated into Russian and included in his collected works of 1936. Try to get that book in the library and it will be clear to you at once that one ought not go there at all, but rather to the nearest post office, where you can fill out a subscription form to the journal *AZIYA I AFRIKA SEGODNYA*.

The price of an annual subscription, by the way, is not high—six rubles. COPYRIGHT: "Aziya i Afrika segodnya", 1988

Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka"

Lenin's Political Testament and a Few Problems of Socialist Orientation

Moscow AZIYA I AFRIKA SEGODNYA in Russian
No 9, Sep 88 pp 24-26, 47

[Article by Candidate of Historical Sciences V. Maksimenko under the rubric "Problems and Discussion": "The Political Testament of Lenin and Some Problems of Socialist Orientation"]

[Text] There is a cycle of works among Lenin's creations that occupy a completely special place. They are the last

letters and articles dictated by V.I. Lenin in December of 1922 to March of 1923 and united not only by topic, but also by a foreboding of the fact that they were fated to become the political testament of Ilich. In 1929, giving a speech at a mourning session devoted to the fifth anniversary of the death of V.I. Lenin, N.I. Bukharin said that the later Leninist works are "not separate scattered bits, but an organic part of a single *great plan* of Leninist strategy and tactics, a plan developed on the basis of a completely definite *perspective*." In the face of all the study and quoting of Lenin's works, Bukharin emphasized, "there is still a gap" consisting of the fact that there have been no attempts as yet to analyze the last Leninist works "as they are mutually connected."

I would add that one attempt could hardly exhaust such a task. Bukharin's selection, for example, aimed at "depicting the entire plan of Ilich as a whole,"¹ was incomplete: such important works as "Letter to the Congress," "Imparting Legislative Functions to Gosplan" and "The Question of Nationalities or 'Automatization'" remained outside the framework of it. But that is not all. The classics, including the classics of Marxism, remain a permanent legacy, and each succeeding generation interacts with them in its own way. The legacy in this sense does not die for us either where and when the next generation opens it up again, proceeding from its own changing requirements. Only in such a consistently renewable interaction with the legacy does the untorn fabric of the continuity of causes and generations arise.

It would be naive, in analyzing the Leninist political testament today, to strive to embrace it at once in all of its aspects: that would require introducing an enormous amount of historical data. The difficulty is aggravated by the fact that the Leninist political testament is complex in composition (letters addressed to party leaders, articles for the general press, notes of a diary nature) and in the problems addressed (relations of Stalin and Trotsky and the problem of the cooperation of the enormous mass of the Russian peasantry, the legacy of the past and reform of the political order in the Soviet state, the revolutionary ferment in the East and the canons of European socialism, the mutual relations of nations and workers' control, revolutionary culture and breaking the apparatus skills of the new bureaucracy).

All of these difficulties of historical and methodological analysis of later Leninist works, however, not easily removable all at once, are lavishly made up for by a feeling of how Lenin, in these last weeks of his activity, was contemporary and close to us today: from the literal and terminological nature of the expression of his thoughts (where he writes about "restructuring," for example²) to the cardinal and all-defining task bequeathed as the need for "radical change in our whole viewpoint toward socialism," change, review and restructuring making possible "the development of all of the opportunities that could take shape in socialism."³ It

was namely thus: do not proclaim socialism, do not build it out of elements already prepared, but rather develop existing historical opportunities, develop them into a new social order.

An analysis of these opportunities as they were seen by Lenin gives the Marxist a true reference point in the assimilation of the legacy in the direction of development that was defined by the 19th All-Union CPSU Conference: "Through a revolutionary restructuring toward a new image of socialism."⁴ And herein there is only one means of avoiding the vulgarity of a mechanical transfer of what was said by the classic authors decades ago to the reality of the present day and a completely dissimilar world: acknowledge this dissimilarity as a given both for analysis and as a point of departure, and thereby understand that only by the labor of thought will a non-imaginary continuity be established thanks to which that which we interpret works in the world around us.

* * *

In considering the link of the Leninist political testament with the problems of studying socialist orientation in the developing countries, I am limited to a general and preliminary presentation of the issue touching only on those aspects of the topic that seem most important for today. Contemporary discussions on the prospects of socialist orientation are essentially conducted around one central question: the most optimal strategy for socialistically oriented transformations in a multi-institutional society with an undeveloped economy and a predominance of independent small producers in the makeup of the population. In its most general form, this is the question that is at the center of the Leninist testament. A direct analogy between multi-institutional Soviet Russia and the multi-institutional Afro-Asian countries, however, is methodologically unacceptable and simply anti-historical. There thus remains just one means of applying the ideas of Lenin's last works to the study of socialist orientation in our time: uncover and formulate (not in the language of the 1920s, but rather that of the 1980s) the *integral logic* of the radical reconsideration of the whole viewpoint of socialism to which we were called by Lenin at the end of his life.

There can be several approaches to the resolution of this theoretical task, and they mutually supplement one another. It is thus possible to reconstruct the integral nature of Lenin's testament through an analysis of the vitally important problems of the nationalities question. The Leninist cooperative plan aimed at seeing that the economic and social potential of the overwhelming working majority of Russia—the peasantry—is completely revealed under conditions of free economic activity on free land could be placed at the center of analysis in the same manner. The approach proposed in this article is connected with a consideration of another aspect that is also fundamental for Lenin: the political will of a state oriented toward socialism and the substance of the socialist ideal itself.

The last Lenin letters and articles are permeated with the persistent concern of the author of how to ensure the "solidity" and "stability"⁵ of the communist party ruling the state. In the face of the paramount nature of this question for Lenin, in the face of all of its importance, what the problems of the personal traits and differences of opinion of party leaders were in this regard, the thought of the leader is not fundamentally limited to an intra-party scope. It is developed in the course of analyzing two mutually connected aspects of the state: the social nature and the structure of the apparatus. This point is very important methodologically, since Lenin (perhaps the first of the Marxists to approach an analysis of the state from this angle) revealed in it the driving contradiction of the state in general and one oriented toward socialist transformation in particular. I have in mind the contradiction between political power (as an expression of the class foundations of the state) and the apparatus mechanism of the state.

A "new type of state"⁶ had arisen in multi-institutional Soviet Russia. With the sharp turn in 1921 toward the New Economic Policy (NEP), the social foundations of this state as a workers' and peasants' one were distinctly manifested. At the same time, however, the apparatus of that state, Lenin tirelessly repeats, is "thoroughly useless,"⁷ "is still alien to us through and through."⁸ The contradiction between two aspects of the state—the fundamental class aspect and the instrumental apparatus aspect—is thus evident. The contradiction can reach, in Lenin's opinion, such acuity that situations are possible where "this apparatus does not belong to us, but rather we to it!"⁹ For Lenin this was synonymous with the emasculation of the transforming political will and the degeneration of the new state order. It was vitally important to find a perspective in which this contradiction would be resolved, to find movement and a way out. And Lenin finds such a perspective: it is changing the correlation between direct state compulsion and the indirect influence of the state on the social process.

What was, according to Lenin, the novelty of the type of state organization in Soviet and NEP Russia in the sixth year of revolution? Undoubtedly the proletarian nature of political power. More precisely, the anti-bourgeois and, at the same time, bloc nature of the state, where the bloc in power is held fast by the political leadership of the working class ("the workers proceed in front of the peasants against the bourgeoisie"¹⁰). The bloc state-political model was the result of the turn to the NEP strategy and, consequently, the rejection of a militant communist policy equating the universal planning-and-distribution and monitoring functions of the state to collectivization as such.

The bloc nature of workers' and peasants' power (as it was seen by Lenin from the perspective of NEP) assumed not a temporary transitional stage on the path toward the compulsory reworking of the peasant class from a class of

small independent owners into a different social segment. The workers' and peasants' power bloc was considered in the political testament of Lenin from the point of view of the necessity of a long-term and non-competitive "agreement"¹¹ between two classes that preserve their class distinctions therein.

The state political will thus ceased to be considered a self-sufficing principle of revolutionary transformations: it proved to be dependent on the agreement of two laboring classes, one of which had a proletarian nature, and the other preserving a duality as a class of laborers and a private-ownership one simultaneously. This turn in Leninist thought was a fundamentally new one, but this does not exhaust the novelty. Since multi-institutionality of this type assumes the existence of not only commodity production, but of private-capitalist and state-capitalist production (with the known limitations) as well, this base feature of society is reflected in the whole social structure, which, as Lenin wrote, is erected on the basis of the collaboration of two classes with the assumption of the collaboration of the bourgeoisie "under certain conditions."¹²

A contradiction? The bourgeoisie in Russia had been politically overthrown, expropriated and... allowed to collaborate with the fundamental and politically ruling working classes? There is undoubtedly a contradiction, but it is, first of all, the real contradiction of the development arising out of the complicated nature of the multi-institutional social structure of Russian society in the 1917-22 period. Second, this contradiction, without a simple and obvious political solution, impelled the political thinker to leave the sphere of politics and enter the wider realm of culture.

The chief condition under which the bourgeoisie, in Lenin's thinking, should be allowed into state collaboration with the laboring classes was its participation in cultural and civilizing work. In advancing this condition, workers' and peasants' power thereby acknowledged the impossibility of "replacing" the bourgeoisie in its historical civilizing role and simultaneously, with the aid of the new economic policy, limited the growth of the bourgeoisie as a exploiting community. Lenin formulates the radical problems of the new revolutionary power and the problems of culture simultaneously. This was undoubtedly the core of all the late Leninist works: not culture "alongside" politics (as a "supplement" to authoritative compulsion), but rather culture of socialist transformations as a policy of the workers' state.

Lenin comes out in his treatment of cultural revolution directly against those who "hold forth too much and too easily on, for example, 'proletarian culture.'"¹³ Lenin depicted culture as a sphere of vital human activity endowed with great inertness not subject to attempts at "proletarianization" and its transformation into a willful

political force demanding a precise delimitation between that "which can be done in five years and that for which much more time is needed"¹⁴ in an era of radical social changes.

The Leninist conception of cultural revolution (as set forth in the political testament) delineates three major directions: ensuring universal literacy, neutralization of the "especially arrant types of cultures of a pre-bourgeois type" and, finally, the concentration of "human material of a truly modern quality, that is, not lagging behind the best Western European prototypes,"¹⁵ in the supreme political leadership and the apparatus.

Revolution, however radical it may be, is unable to eliminate the past, put an end to it, remove it from the brackets of development or delete it from collective memory and collective behavior. The past, even a negative one trampled by revolution, is "overturned but not overcome,"¹⁶ and its "overturnability" has a special significance: it weighs upon the actions of revolutionaries and transformers. It is namely from this point of view—the past as a historical freight, inevitably bearing within it centuries of cumulative violence—that Lenin analyzes the most complex issue of the mutual relations of nations within the framework of a multinational state formation, and namely from this point of view that he elucidates and explains the essence of the "really proletarian attitude toward the national question"¹⁷ etc.

Lenin's view assumed an understanding of the old culture as being a central point of past injustices and violence imprinted in national memory (he wrote of bureaucratic culture, serf culture and the like), as well as a repository without a mastery of which revolutionary power was unable to ensure the process of making state decisions. It is namely through culture and in the sphere of culture that the principal contradiction of politics in the state of a new type is permissible according to Lenin: the contradiction between two aspects of the state, between the workers' and peasants' social nature of state power and its apparatus mechanism. Whence the task of culturizing the administrative segment. And in parallel with it another no less cardinal task—"to establish intercourse between the city and the village," understood as all-round assistance for the cultural development of the village and the opposition of that part of capitalist influence on it that "corrupted it politically, economically, morally, physically and the like."¹⁸

In the face of the quantitative predominance of small producers in the country, Lenin considered the establishment of new relations along the lines of city—village as a "gigantic worldwide-historical and cultural task."¹⁹ Its worldwide nature arose from an understanding of the place of Russia in the historical dispute between East and West and the position of Russia "on the border"²⁰ of the Western and Eastern worlds, from the fact that Lenin had seen quite clearly long before his comrades-in-arms that the East would in its development largely upset the calculations of the "European petty bourgeoisie"²¹ on

socialism. But that is not all. I want to direct attention toward another turn in Leninist thought: the establishment of such ties of intercourse between the city and the village that would give the rural world a powerful impetus for development and would at the same time rule out the expropriation of the small producer, as the revolutionary task worldwide in scope that had already been seen by Lenin, and that its advancement signified a beginning of the study of a fundamentally new and alternative concept of socialism. The concept of socialism as a civil society with actually collectivized social contacts based on an initially given and developing multi-institutionality as opposed to views of the linear progress and understanding of socialism as a homogeneous and standardized society was born.

And so, what did Lenin include in the demand for a radical reconsideration of the point of view toward socialism in bequeathing it to his comrades-in-arms?

The Leninist plan for Soviet Russia as an economically backward and multi-institutional country was also an alternative to militant communism and to naive and common romantic dreams of the rule of universal prosperity as well as Western European development models. But what was the foundation of the Leninist plan, what are its real, practical preconditions? The answer given by Lenin in his last letters and articles is clear to the utmost: with the appearance of a state of a new type, with the fact that the state holds and nurtures its workers' and peasants' nature in the fight against the apparatus danger, only the cooperation of the population (the movement toward the civilized cooperator as the central figure of the new social order) "in and of itself achieves the goal of the socialism that earlier provoked justified laughter and smiles along with a contemptuous attitude toward it on the part of people who were justly convinced of the necessity of class struggle for political power etc."²²

"...The fantastic nature of the plans of the old cooperatives, beginning with Robert Owen"²³ suddenly revealed their non-fantastic side to Lenin: the idea was born that state power, developing the cooperative principle of organizing the population, could "transform class enemies into class allies and class war into class peace (so-called civil peace)."²⁴

We undoubtedly understand: in order for Lenin to write these lines, the country had had to pass through a most severe crisis and the disintegration of militant communism, and the myth of the universal elimination of private ownership with the aid of a unified central-distribution mechanism along with the myth of a "transition" to a stateless communist order on the path of state violence proved to be an anti-utopia. On that historical path the new understanding of the socialist ideal required a restructuring of the essence as well as the form of the order being created. This revealed itself in the shift of the center of gravity of all socialist work from the

sphere of politics, power, class struggle and the like to the "peaceful organization of 'cultural' activity."²⁵ In order for this transition to become a wholly practical matter, Lenin projected "the two chief tasks comprising the era": 1) culturizing the state apparatus, which "is no good for anything" in the sense of its inability for state matters and ineradicable need to suppress everything nationally, socially and culturally original; and 2) "cultural work with the peasantry as an economic goal."²⁶

The integral nature of the Leninist approach is truly noteworthy. The state, the cooperative producer, workers' control, the enlightenment of the politician and the worker, economic development, socialism as a social aim—these themes of the seemingly scattered fragments of the last Leninist dictations form into the image of a whole. Like any image (and not a strict "theoretical" scheme, not a dogmatized stipulation with pretensions to ultimate "scientific" knowledge), the Leninist plan does not have elements of prior indication, targeting or outlining "from this to that."

Only with such an understanding is it becoming possible to employ Lenin's conclusions to analyze the problems of socialist orientation in the developing countries today. The overall methodological essence of this understanding is to seek in Lenin not a finished "model" for the construction of socialism in multi-institutional countries with an undeveloped economy, but rather those principles on which any socialist faces a decision in those countries.

An orientation toward the fact that the social opportunities existing in this or that country develop into socialism is an orientation toward the social, cultural and political creativity of an enormous laboring majority whose energy socialism is called upon to release from the yoke of centuries of alienation. In a dispute with the canned narrow understanding of socialism as canon, Lenin deflects all sorts of claims by socialist doctrinaires to envisage ahead of time "all forms of development in future world history."²⁷ And socialism is thus revealed to the historian of the end of the 1980s as "namely that social structure for which the choice of itself, and more than once, is permissible and even indispensable."²⁸

The chief lines of this selection and its general principles are also drawn for us by the last works of Lenin. It is the choice between the all-encompassing nature of state compulsion and the conscious self-limitation of centralized political will; it is the choice between the state operational economic ties and their collectivization within the framework of a nation, possible only when the attitude of each worker toward the means of his labor as his property is preserved and developed; it is, finally, the choice between the image of a homogeneous standardized future and a fundamentally cultured multi-institutionality of the means of vital activity, which multi-institutionality needs new political forms for popular

life. And it must be said that the prospects for socialism in the developing countries, as in the world overall, today depend on the awareness and will of those who not only identify this choice, but also recognize its inexorability for our time.

Footnotes

1. See: N. Bukharin. The Political Testament of Lenin.—KOMMUNIST, 1988, No 2, pp 93-94.
2. V.I. Lenin. Complete Collected Works, Vol 45, p 393.
3. Ibid., pp 376, 402.
4. PRAVDA, 29 Jun 88.
5. V.I. Lenin. Complete Collected Works, Vol 45, p 344.
6. Ibid., p 347.
7. Ibid.
8. Ibid., p 357.
9. Ibid., p 441.
10. Ibid., p 347.
11. Ibid., p 344.
12. Ibid., p 387.
13. Ibid., p 389.
14. Ibid., p 385.
15. Ibid., p 389.
16. Ibid., p 390.
17. Ibid., p 359.
18. Ibid., p 367.
19. Ibid.
20. Ibid., p 379.
21. Ibid., p 381.
22. Ibid., p 369.
23. Ibid., p 375.
24. Ibid., p 376.
25. Ibid.
26. Ibid.

27. Ibid., p 382.

28. M.Ya. Gefter. "Stalin Died Yesterday..."—RABO-CHIY KLASS I SOVREMENNYIY MIR, 1988, No 1, p 129. COPYRIGHT: "Aziya i Afrika segodnya", 1988

Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka"

Soviet-Mauritian Relations Discussed

*Moscow AZIYA I AFRIKA SEGODNYA in Russian
No 9, Sep 88 pp 35-36*

[Article by A. Ganiyev, AZIYA I AFRIKA SEGODNYA correspondent for Madagascar and the islands of the Indian Ocean: "Mauritian Sketches"]

[Excerpt] [Passage omitted] My arrival on the island accidentally coincided in time with a significant event in Soviet-Mauritian relations. A trade delegation here from the USSR at the invitation of Prime Minister Anerood Jugnauth completed constructive talks in the ministries of finance and trade and the chamber of trade and industry. Tomorrow would be the signing of the first trade agreement between our countries! This had been preceded by a fundamental decision by the Mauritian government in the realm of foreign trade—"to turn toward the states of Eastern Europe, and first and foremost the USSR." The treaty envisages the procurement of 300 tons of tea on Mauritius by the Soviet Union in exchange for the delivery of 25 industrial sewing machines.

"This is just the beginning!" said Yu.A. Kirichenko, the extraordinary and plenipotentiary ambassador of the USSR to Mauritius, with conviction. "We have no small reserves for our collaboration."

Mauritian Finance Minister Vishnu Lutchmeenaraidoo reports that the delegation is going to Moscow with concrete proposals for the development of mutually profitable trade. Well then, a pleasant journey!

* * *

Tiny Mauritius today numbers about a million inhabitants. Over the last three decades their numbers have more than doubled. The country is one of the most densely populated in the world, so I did not hope to find untouched civilizations, wild places or primeval natural beauty there.

The keys to the car I rented by telephone were delivered to me at the hotel in 15 minutes. The steering wheel on the right confused me somewhat. A notice in the car reminded me that I had to drive on the left side. Everything went fine—with the aid of warning signals and excellent highways.

All around were endless fields of sugar cane. So much labor needed to grow, cut and refine it! The basic and most difficult operations are done by hand. But Mauritius cannot manage without sugar—it comprises half of the gross national product of the country.

A miraculous tropical world is revealed from the hillock on which there stand modern types of various sized windmills. The slopes of the hills are completely covered with strange, luxuriant bluish-green trees. Mysterious birds are chirping. A small stream, murmuring and ringing, rushed into the hollow, and the sound of the ocean came from afar. I went down to the shore, where there are luxurious hotels with the indispensable swimming pools. I wondered the price of a room—200 dollars a day! All right then, I didn't need quarters and a bath—just something to eat. In the restaurant I got into a discussion with an elderly but still robust and red-cheeked gentleman. A businessman from South Africa who had flown here to vacation for a week.

The journalistic profession trains you to put questions clearly even to strangers. Why have they, the whites, not been able to solve the race problem in their country? Why not put an end once and for all to the monstrous phenomenon that shames the contemporary world—apartheid? Can't South Africa finally take the path of Zimbabwe?

"Young man, in the absence of the strong authority of the whites, the African tribes would massacre each other right off," the old man feigned surprise at my ignorance. He's being clever, I see. He's not concerned for his black countrymen, but his own money. No discussion resulted.

"So that's why you decided to teach the blacks a lesson with weapons?" I said to him in parting.

The whole coast of Mauritius is filled with hotels and beaches for tourists. I happened upon settlements with little huts, stalls and small restaurants. Over them hung the mixed odors of fish, iodine and seaweed.

A wiry man of middle age was sitting in the shadow of an overturned boat and tying a net.

"The lot of the fisherman is a hard one," he sighed. "You heard that a boat did not come back again? That is not a rarity."

In the city of Curepipe on the way back, there was an enormous knot of people. A market! You can see there right off everything that grows on the fertile soil of Mauritius: gigantic pumpkins, pineapples and bananas tiny compared to them, avocados and mangos. You are dazzled and your ears ring from the endless penetrating shouts of the sellers. A young man with a box hanging around his neck offers to sell cheap blue lottery tickets. Blue is the color of hope. They say that when a poor Mauritian dies, they often find in some secret place a still undrawn ticket.

The day was already coming to a close. The voice of the muezzin calling Muslims to evening prayer came from a nearby mosque. And the buyers all went to the market: fruits and vegetables that had lost their marketable appearance since morning came down in price. And the lottery tickets were not all gone yet, the blue ones...
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Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka"

**Response to Query on Gorbachev "Spiegel"
Interview**

18250024 Moscow KRASNAYA ZVEZDA in Russian
4 Nov 88 p 3

[Response to letter from Ret Major V. Zaostrovtshev by
KRASNAYA ZVEZDA observer Manki Ponomarev]

[Text] Ret Major V. Zaostrovtshev from Kaliningrad
raises the following question in his letter:

"On the eve of the visit of FRG Chancellor H. Kohl to the Soviet Union, Comrade M. S. Gorbachev gave an interview to the West German magazine DER SPIEGEL. Among other questions they asked the Soviet leaders was this one: 'Would the USSR reject a new version of the Marshall Plan? Some kind of Marshall Plan has also been mentioned in the press in connection with the American-Philippine negotiations concerning military bases. What are they talking about? As far as I know, the Marshall Plan is something out of the fairly distant past that pertains to the first postwar years.'"

You are right, Comrade Zaostrovtshev, the Marshall Plan, named after the U.S. Secretary of State G. C. Marshall, who proposed the plan at that time, was presented in June 1947. This was a program of "restoration and development of Europe" after World War II on the basis of American economic assistance.

At a conference of ministers of foreign affairs of Great Britain, France and the USSR, which was held in Paris in June-July of 1947, the Soviet Union sharply criticized the American plan and revealed its true essence. This plan was actually directed toward ensuring U.S. hegemony in postwar Europe and creating a united imperialist front against the liberation movement, against the USSR, and against the world system of socialism that was beginning to form at that time. Under the externally attractive banner of rendering assistance, including non-reimbursable assistance, an attempt was made to create a mechanism for intervention in the internal affairs of European states, to deepen the split in Germany, and to divide Europe into two opposing groups of states. The Soviet Union and also the European countries that had entered on the path of socialism refused to participate in the plan proposed by the United States. They were also joined by Finland.

The further development of events in principle confirmed the correctness of the evaluation of the Marshall Plan made at that time by the Soviet Union. In July 1947 a conference of 16 West European countries (they were subsequently joined by West Germany as well) instituted the Committee for European Economic Cooperation which drew up a consolidated order for assistance in an amount of 29 billion dollars. But the U.S. Congress cut it significantly and stipulated additional conditions tied to the allotment of the funds. According to the "Law on Assistance to Foreign States" adopted by it, assistance

could be rendered only on the basis of bilateral agreements and under the conditions of refraining from nationalizing industry, granting full freedom to private enterprise, reducing customs tariffs for American goods and limiting trade with socialist countries.

The Marshall Plan was in effect for 4 years. During these years the overall sum of American assistance to West European countries reached 17 billion dollars. It was rendered on the basis of granting loans and nonreimbursable subsidies, mainly in the form of deliveries of consumer goods. Then the Marshall Plan was abolished by a law adopted in the United States in 1951 on "mutual security"—a program granting American assistance, mainly military, to Western Europe.

The implementation of the Marshall Plan laid the basis for the political and economic split of Europe. After the war, it led to the creation of NATO, and it contributed to aggravating the "cold war." At the same time one cannot but see, although for many years we tried not even to mention this, that the many billions of dollars in loans and subsidies actually did help in the economic restoration of a number of West European countries that suffered terribly during the war years and their overcoming of many difficulties of postwar development. And this corresponded to the interests of the United States itself, which not only was able to sell immense supplies of products produced during the war years, but also to create a large market for its foreign trade which plays a large role in the U.S. economy.

Since that time the Marshall Plan in the West has sometimes been used to designate plans of assistance from economically strong powers to those which with a certain amount of condescension they include among the weaker ones. Of course this is not a direct repetition of what existed at the end of the 1940s but simply a figurative expression. But with respect to the USSR it has a certain subtext: it is said that without the capitalist locomotive the Soviet economic train would not move. Obviously, this is the subtext of the question from DER SPIEGEL. In responding to it, M. S. Gorbachev noted: "In order not to get bogged down in a lengthy discussion I shall say this: We are convinced that we shall solve our own problems through our own forces." This means that the Soviet Union is not expecting that they "render assistance" to it but still our country is prepared to take advantage of those possibilities offered by foreign ties when the interest of the partners coincide. Restructuring in the USSR is opening up new possibilities.

As is shown by the results of the socioeconomic development of the USSR during the past 9 months of 1988, the process of improvement of the economy is continuing and it has emerged from its precrisis condition. Rates of economic growth have increased, the basic branches of industry are operating more stably, the effectiveness of production is increasing, and the living conditions of the people are improving.

But there are still great difficulties. We have not made up for the arrears that formed in preceding years. The ways to overcome these difficulties were considered in detail at the recently completed session of the USSR Supreme Soviet.

We have no need for any kind of charity from outside. But the USSR is willing to work for the development of foreign economic ties. This is manifested in particular during the course of the visit of the FRG chancellor when several mutual agreements were concluded, including for granting the Soviet Union 1 billion rubles' worth of credit for modernizing the economy, and a number of contracts were assigned for the delivery of goods and for cooperation and the creation of joint enterprises. Negotiations for granting credit are also being connected with other capitalist countries.

That is the situation, Comrade Zaoostrovsev, with respect to the question of the Marshall Plan for the USSR. As concerns the Philippines, it is a figurative expression there too. But the meaning is different. The Marshall Plan here means the U.S. promise to grant the country assistance in the sum of up to 10 billion dollars in order to persuade Manila not only to maintain American bases in the Philippines up until 1991 but also to continue the agreement regarding this into the future. If is obvious that this promise has played a certain role. Recently the regular amendment to the previous American-Philippine agreement concerning military bases was signed.

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Foreign Economic Bank Chairman Interviewed on Hard Currency Loans

18250040 Moscow IZVESTIYA in Russian
26 Nov 88 p 3

[Interview with Chairman of USSR Economic Bank, Yu.S. Moskovskiy, conducted by M. Berger: "Why Do We Take Currency Credits?"]

[Text] Can't we get along without currency credits? By accepting credits from western banks, won't we become dependent on our creditors? Will we be able to handle the borrowed funds responsibly? These and other similar questions turn up with increasing frequency in our letters to the editor.

[Berger] Yuriy Sergeyevich, talk of our currency problems, and of credits in particular, is a new topic of conversation, at least in the newspapers. Tell me, why in principle do we need international credits, and can an economically developed power get along without them?

[Moskovskiy] Credit is an indispensable element of international economic ties. Without it, participation in the international distribution of labor and successful resolution of specific domestic economic problems are impossible. I know of no countries that fully rule out

credits from their foreign trade practice. If an international borrowers club were to be formed, its members would include all trading states. The fact that not all of them would enjoy the status of a reliable borrower, and that some, for instance debtors who had been penalized previously, would find themselves completely bereft of creditor confidence, is another matter.

[Berger] Since as you said, credit is something indispensable, we can't get along without it either. What is our reputation in the "historical context", haven't we joined the ranks of the penalized at one time or another?

[Moskovskiy] Credit relations with various countries, including developed capitalist countries, have gone through different periods in their time, but have existed through practically all of post-revolutionary history. And not once have we been penalized. There were and are disagreements on individual matters, the payment of Czarist debts, for example, or the borrowing by the bourgeois governments of pre-revolutionary Baltic states. These disagreements have been examined and discussed, and in a number of questions it was possible to come to terms, while on others the work continues. But always, in all circumstances, we have been and remain very prompt payers.

[Berger] If this is so, then we can talk without special concern about the new credits we recently obtained. Citing foreign sources, the newspapers are already reporting the sums received by us this year. Various figures are given: 7 billion dollars, 9 billion. One can even find a detailed breakdown: the FRG gave us 1.7 billion dollars, England 2.6 billion, France 2 billion. What can you say about these figures, and how do we plan to use these funds?

[Moskovskiy] I will start with the second half of the question. The credits at issue here will be used to develop and reconstruct the light and food industries.

[Berger] Does this mean that these monies will not be spent, for example, to pay the interest on previous credits, which, again according to western data, now amounts to somewhere around a billion dollars annually for us?

[Moskovskiy] Under no circumstances! These credits are for the domestic market, for domestic consumption, so to speak.

[Berger] Are there no plans to spend some of these credits directly to acquire consumer goods abroad?

[Moskovskiy] Again I emphasize that these credits are earmarked. These funds will be spent to acquire machines and equipment to modernize enterprises of the light and food industries.

As for the figures on the total credits we have obtained, these figures, although "imported", are of low quality. The amounts are excessively exaggerated. Apparently they include sums that western banks have just offered us. Of course studies are being actively undertaken. But of agreements actually signed by us to date, besides the one already cited, with the FRG, I can name a credit agreement with Italian banks and financial organizations.

Even if we use a significant part of the offers now under study, the total credits still could not be called excessive. We will use them over several years, and this sum is not extraordinary in our experience.

[Berger] Yuriy Sergeyevich, I don't know about you, but I personally am irked that we need to rely on figures from the foreign press in talking of our loans and the interest on them, and of the currency statistics of our country in general. We openly and cheerfully discuss the problems of indebtedness of countries in the West, of Latin America, but are silent about our own, although our creditors make no secret of them. Is it worth while to sit on a secret that the whole world knows about? The total debt does not shrink just because we withhold the figures.

[Moskovskiy] The prevailing custom is that these figures are not published.

[Berger] But why?

[Moskovskiy] I think that it is one of the historically developed stereotypes. We in the bank believe the publication of such figures is quite possible and even useful. First of all, public opinion, whose concern at the problem of credits is so often mentioned, would receive food for objective analysis and I hope would be satisfied by the state of our credit strength. And secondly, publication of the figures of our indebtedness would only enhance our reputation in the eyes of the world public.

An idea of the sums that we receive may be gotten with greater or lesser accuracy without our consent. But the amount and type of credits that we extend to developing, socialist, and certain developed countries would be difficult to discover without us. Publication of these figures would show that we are net creditors, that is we extend a larger amount of credit than we receive, and such a position of a country is rated very highly.

[Berger] Probably our partners in the international credit market can guess this. Nevertheless, in the western press one encounters reports that the USSR is approaching its limit of confidence in the credit area. We are in 21st place in the so-called credit rating. Is this normal?

[Moskovskiy] Indeed, the journal INSTITUTIONAL INVESTOR, which every six months rates the payment capacity of different countries, assigned the USSR to 21st place in its September issue for this year. How should we assess that? The list of potential borrowers

obtaining currency resources from international markets comprises 112 countries. This list is headed by the leading capitalist countries, which regularly borrow funds from there.

Along with the factor of "presence", the calculation includes other indices, for example the national or regional risk assessed by the banks. Known problems with the foreign indebtedness of a number of socialist countries are taken into account by the experts of the INSTITUTIONAL INVESTOR in assessing the risk factors in the operations of the entire group of socialist countries. They also are exacting with regard to the USSR's rating.

To some extent, the evaluation of credit risk and the payment history of a particular state is reflected in the terms of the credits they receive. In practice however, the USSR is able to borrow funds at better terms than some countries with higher credit ratings in the scale of the INSTITUTIONAL INVESTOR.

[Berger] If, as you say, it is relatively easy for us to obtain credit at good terms, why are we so stingy in exchanging currency for our citizens traveling abroad?

[Moskovskiy] I hope you understand that the size of the amounts issued for exchange are not the result of an attempt by our bank or government to limit the opportunities of citizens. I stress that in recent years the total sums of currency exchange have grown significantly. This of course does not eliminate the problem of the amount of that sum with which our citizens travel to other countries.

In order for a currency to be sold to our tourists or anyone else, it must first be earned in the world market. Today, currency receipts are falling due to the "raw material structure" of our exports. Until we change this structure we can scarcely conquer the market. So the amount of currency exchange for our citizens is a continuation and outcome of the overall problems of our economy.

[Berger] Would our currency problems not be alleviated by membership in the International Monetary Fund? After all, the purpose of this organization, which has the status of a U.N. institution, according to the Charter is to further the development of international trade and currency cooperation; the granting of funds in foreign currency to member states to even out payment balances.

[Moskovskiy] In my view, under current conditions membership in the International Monetary Fund would not give us any tangible advantages.

[Berger] So what keeps the approximately one hundred and fifty countries in it, including the socialist countries of Hungary, China, Rumania, and others?

[Moskovskiy] I think that the IMF requirements that must be met to obtain credit do not always benefit the borrowing country, and that certain provisions of its Charter are not quite democratic. This same fund proved to be impotent in the debt crisis of Latin American countries.

In addition, another problem is that not all members of the IMF are interested in our membership there. However this does not mean that we should not seek ways to cooperate with the IMF and other similar international organizations.

[Berger] You mentioned our readiness to cooperate with other currency credit organizations. In their number one might include the Bank For International Settlements, BIS, in Basel. It does not impose such strict terms on its members as the IMF.

[Moskovskiy] We have rather close ties with the BIS. The bank invites us to participate in its annual sessions. For instance, the work the BIS is doing to standardize requirements on the banks of member countries has piqued interest in the Soviet Union too. This experience is not without benefit to us, although ambiguous. There are certain unresolved questions that prevent our relations with the BIS from moving to a higher level.

[Berger] Yuriy Sergeyevich, do our creditors require some forms of verification of the use of the credits?

[Moskovskiy] No forms of verification of the use of the credits extended us by western banks have been provided for. For any creditor, ultimately the most important thing is that he is paid on time and in full. But in a number of cases we ourselves have been interested in recruiting the experience of western bankers in implementing so-called pre-investment studies, in developing optimal plans for financing a particular project, in general for effective and economical use of the credit resources we receive.

I don't see anything wrong in specialists of a western bank coming to us and checking to see how a plant or other installation built with their money is doing.

[Berger] Judging from everything you have said, there are no grounds to fears that we will not pay back the credits on time, or that we will become dependent on our creditors. But it seems to me that there are grounds to be concerned about how the currency funds will be used. Unfortunately we have bitter experience here. Not so long ago, KOMMUNIST published a figure that astonished me. Receipts from sales of petroleum and petroleum products in the ten years from 1974 to 1984 amounted to a cosmic sum: 176 billion dollars. But where did this "golden rain" run off to?

[Moskovskiy] In general such analysis is the competence of Gosplan and Minfin. I believe that significant sums were spent to buy grain, food, sheet metal for motor vehicles, pipes and equipment for gas pipelines...

[Berger] But how were the hard currency funds invested in these and other economic goals used? One can cite many examples where imported equipment for these same gas pipelines, purchased for hundreds of millions (!) of transferable rubles, did not operate a single day. Currency was so energetically invested in the raw materials industry that the impression was created of an endless resource-wasting cycle. This system has already been written about somewhere: we are given currency for equipment to obtain petroleum or produce lumber, and we settle accounts with the petroleum or lumber we produce. With the rest we again buy similar equipment, so as to be able to produce even more, and deliver it for export in more standardized form, so as to etc. etc.

[Moskovskiy] In my opinion this is a classic example of a simplified approach: one aspect of the process is taken and made absolute. You see, simultaneously with development of the Urengoy-Western Border pipeline, several more gas lines were constructed for the needs of the country.

The procedures in effect for many years for centralized credit purchases of machines and equipment often did not create a sense of responsibility in the immediate contractor for their efficient and effective use, since the purchases were in fact at the expense of the state.

[Berger] Have these mechanisms changed today?

[Moskovskiy] I agree that the effectiveness of spending freely convertible currency in any number of cases has remained low up until quite recently. For example, the value of stocks of imported equipment, purchased with foreign bank credits, in warehouses of enterprises and construction sites exceeded four billion rubles at the start of this year. We are particularly alarmed by the fact that ministries and departments continue to absorb currency resources. Of the 124 studied enterprises constructed on the basis of complete imported equipment, only 22 produced export goods, worth a total of 207 million rubles, which is less than 3 percent of total production output.

In other words, as before, centralized state funds remain the main source for meeting import demands of associations and enterprises, rather than their own currency funds. Therefore the question of the shift to currency self-supporting production [samookupayemost] and self-financing remains very urgent. According to preliminary data, in 1988 the financing of important purchases by enterprises of the machine-building branches will be more than one third covered by "domestic sources".

[Berger] Perhaps in this case, instead of issuing currency according to a centralized plan, we should start extending hard currency credits on condition of repayment? This would reduce the appetites of some, and encourage others...

[Moskovskiy] Starting this year, when enterprises formed significant currency withholding funds and thus a source of repayment, we began the active practice of hard currency credits within the country. At present around 190 credits of varying "denominations" are operating: from several thousand to several millions of transferable rubles. Our bank has issued such credits for more than 600 million rubles.

At the same time, we should not run from one extreme to another. A number of state programs will continue to have centralized hard currency financing. But surely hospitals receiving imported equipment should not be required to pay off their credits.

The program for reconstruction of branches of the light and the food industry in this case, with credits obtained this year, will also take place on a "non-reimbursement basis". The burden of settling up credits will be assumed by the state.

[Berger] Yuriy Sergeyevich, you mentioned the advent of hard currency withholding funds in enterprises. You do not pay interest on these accounts, and generally you issue to the enterprises earning them a so-called ruble equivalent instead of hard currency, converting the dollars or pounds only into the right to use them, and only on the condition that a ruble payment be returned to you. Why such a strange system?

[Moskovskiy] Here you have to have a clear idea of the economic mechanism of these accounts. When an enterprise earns currency in the foreign market and wants to have it "in its savings", it should have sufficient profits so as to have rubles for paying wages, acquiring raw materials, making budget payments, etc., after setting aside a portion of the receipts in hard currency. Most do not have the funds for this. So we give them the ruble equivalent so that they can function normally in our domestic market, while retaining the right to use the hard currency.

I must say that many foreign bankers, when learning of our system, have found it reasonable.

[Berger] Foreign bankers may like this, but the directors of our enterprises do not. They want to have a genuine hard currency account and receive interest on it, but for now it all amounts to an non-interest ruble payment and the hypothetical possibility of using their own hard currency.

[Moskovskiy] In principle not only do we have nothing against it, we even favor the enterprises having "genuine" hard currency balance accounts.

[Berger] Meaning, the right of choice to the enterprise?

[Moskovskiy] Yes.

[Berger] And you will pay interest on this account in hard currency?

[Moskovskiy] Of course! However, to this point only three associations have officially expressed their desire to us to have hard currency balance accounts.

[Berger] Well, if the right of choice lies with the enterprise, I would hope that the number of those using it would grow larger and larger day by day.

[Moskovskiy] We hope so too. For you see, this will testify to the development of economic reform.

New Currency Exchange Rules

18250015 Moscow IZVESTIYA in Russian
29 Sep 88 p 3

[Article by E. Maksimova: "Like Snow on the Head"]

[Text] It is difficult to use the nice word "service" for what is done in the Department of the All-Union Soyuzsovrashchet Association in Moscow on Chkalov Street. People coming from abroad on frequent trips exchange rubles for currency here. The waiting list is 10 days, with daily interchanges and watch by night. On that cherished day of exchange there is an indescribable press at the doors and women shouting. Four policemen are not able to impose order. It is degrading to view from the side.

The cashiers refuse to work—for all the anger pours down on them. And they pass every coin through their own hands. And if they get so nervous that they make a mistake—they have to pay fivefold.

What is happening?

Last year several government decrees were adopted to simplify making trips abroad—to see friends and relatives and on urgent personal matters. This opportunity was given to relatives of those people who had worked abroad for a long time—children and parents.

"The freedom swept us off our feet, yet we landed on our heads, like a snowball," said the manager of Soyuzsovrashchet.

And how! Every day there are many hundreds of clients. The volume of currency operations has increased threefold as opposed to last year. There are exchange points in Brest, Chop, Uzhgorod, and the capitals of the republics. But all of them rush here, to Chkalov Street.

The first reason is that out there, on the periphery, it is much more difficult to exchange money because there are interruptions in the supply of currency. It is risky to put off the exchange until the border. Our neighbors, the

socialist states, have not counted on such a boom. Each has established certain monetary limits for exchange. But what should one do when these are gone and the number of people wishing to set off for trips is not decreasing?

And there is also this circumstance: the embassy issues the entry visa. Since a person has come to Moscow for it and has purchased his ticket here, what point is there in returning to Tashkent or Kishinev for money?

So the snowball of problems has become greater. In the department on Chkalov Street there are four windows, four cashiers, and four operations workers. It would seem that it would be quite simple—double or triple this number. No, it is impossible. Where would we put them in two little rooms of 40 meters each?

The ispolkom of the Moscow Soviet was in no hurry to carry out the relevant instructions from the USSR Council of Ministers. Finally, several months later it allotted 2,500 meters in a different place—the building of the Goskomleskhov. But it had no intention of giving up its meters of space to the bank.

While they were looking for new space, the resistance grew. There were complaints to all levels and endless conferences—with the chairman of the board of the Vneshekonombank, Yu. Moskovskiy. They met all summer without results. And when autumn came and the rains came, the situation became critical. And imagine, a solution was found. It might be temporary and far from the standard for modern banking service, but at least it provides for a reduction of the waiting line and one can wait under a roof. The bank was crowded out and it gave over for the client areas its own premises on Leningrad Prospekt and Smolensk Boulevard. Soon after the repair they will open up. Moreover, some of the operations were transferred to the Sverbank. As a result of this, the exchange of money for socialist countries was moved to Kalininskiy Prospekt. It became easier to breathe on Chkalov Street.

Why did all this not happen sooner? Why for a half year did the bank crowded with people compromise this most important of favorable changes in the life of society and serve as a disgraceful subject of photographs for foreign journalists which, of course, is less important but still annoying? If we were to listen to the people waiting in line, these are enemies of restructuring who arrange everything especially so that we will travel less and see less....

What is hostile to the restructuring is not the people, but the work method itself: wait until the limit in the hope that everything will somehow work out of its own accord. Have numerous bitter lessons not yet taught us that there are no miracles, that success of any innovation depends on energetic prompt actions? If, of course, we but recognize the need for innovations and our duty to implement them.

Alas, the bank relates to its clients with open unpleasantness and suspicion. The chief of Soyuzsovrashet, Yu. Miroshnichenko and his deputy V. Voronov think:

"Previously the ones who traveled were the ones who had to. Now it is whoever has the money. Do you know how much a trip to the United States costs? Just to walk through the museums they spend this kind of money. The majority have only commerce on their minds."

That is how simple it is—they attach a label to everyone and immediately have relieved themselves of the burden of responsibility for this disgrace. Moreover: the "bankers" are even ready to justify the city authorities who are not very concerned about the situation in the bank.

"Tens of thousands of people travel on private business while millions sit at home. So it is more correct to give empty space to a barber shop or a bakery."

How shall we expand the contacts and rights of the citizens? This also requires a material base and money which with our great shortages can always be applied more "correctly." A bakery is a bakery, but are democratic norms of life not our daily bread?

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Foreign Bank Credits, Agreement

West European Banks

18250042 Moscow *LITERATURNAYA GAZETA* in Russian 9 Nov 88 p 7

[Article by A. Orlov: "Credits of Trust"]

[Text] One noteworthy feature of this fall in Moscow was the unprecedented growth in the diplomatic activeness of our country: a whole series of supreme leaders of foreign states visited the USSR. And it is remarkable that the "teams" of these leaders included leading representatives of the business world, not just politicians and military men. They are anticipating, and not without reason, that the improvement in the political climate in Europe will be followed by an expansion of business collaboration. And he who outstrips his competitors, as is well known, wins in business.

The large amounts of credit granted by European banks to Soviet financial institutions over the course of recent weeks is testimony to the growing interest of the business world of the West in the USSR. The latest example in this realm could be considered the announcement of leading banks in Great Britain, including Midland, National Westminster, Lloyds and Morgan Grenfell, of their readiness to grant financial resources to the Soviet Union on the scale of a billion pounds sterling for the development of bilateral trade. Earlier, no less credit was granted by a consortium of West German banks headed by Deutsche Bank and a pool of Italian, Swiss and other banks. The overall total of possible credits is thus approaching 9 billion dollars.

It is important that the financial resources being allocated today, as opposed to the practice of past years, is planned to be directed to the development of sectors producing consumer goods, and first and foremost the light and food industries. It can be expected that consumers in our country will be feeling the first results of the credits as early as the beginning of the next five-year plan.

A readiness for collaboration is also being manifested with no small inventiveness by French banks. A consortium headed by Credit Lyonnais has thus become one of the founding members of the Soviet-French enterprise IRIS, which will apply the technology of the famous Soviet ophthalmologist Svyatoslav Federov. An expansion of contacts in the credit and finance sphere will undoubtedly also be the subject of interested discussion by representatives of the business circles of the two countries in the course of the upcoming visit of French President Francois Mitterand to the USSR.

Such an appreciable turnaround in banking policy is naturally also being widely commented on by the Western mass media. The range of opinions is exceedingly broad: from denunciatory calls from across the ocean to "cease flinging money in to finance the Soviet economy" to unrestrained rapture on the score of the opening of the "gigantic Soviet market." If one looks into the essence of the ongoing disputes, they can be reduced to several simple questions: can the USSR see the restructuring it has started through to the end? If so, is that good for the West? And is it worth helping the Soviet Union?

In reflecting on this problem, Francois Eisburg, a specialist at the International Institute for Strategic Studies in London, remarks reasonably, "Is it in our (the West—Ed. note) favor to sell our products to the West under conditions quite profitable to us? If so, then this will probably also benefit the Soviet Union as well. But that is, after all, the idea of business!"

It is for namely that reason that the businessmen of various countries, competing with each other, are offering newer and newer plans and variations for collaboration to their Soviet partners. And as for the chances of the ultimate success of restructuring, it looks like the Western bankers, who are in no way suspected of inclinations toward either adventurism or philanthropy, have already settled this question for themselves. The credits being offered to the Soviet Union can be entirely considered as credits of trust in restructuring.

English Approach

Moscow NEW TIMES in English No 45, Nov 88 p 7

[Untitled item by British Foreign Secretary Sir Geoffrey Howe]

[Text] We are certainly not rushing in pouring money into the Soviet economy. We are not making money available from the taxpayer to the Soviet economy at all,

because... too much of their money goes on arms expenditure and we are not propping up a communist military society, but it is moving in the direction of a less military-directed, more commercially-sensible pattern of economic growth and development, trying to shuffle away from all the nonsenses of communism, and we are willing to take part in that, to our advantage as well as theirs. At the same time, we are going to keep up the pressure for arms control, for arms reduction, and that is the strongest part of our message.

We are not rushing in pouring money down their throat. We are seeking for good business opportunities at the same time as pressing them to change their system...

Agreement with Bank of China

*Moscow EKHO PLANETY in Russian No 30,
22-28 Oct 88 p 13*

[Article by Yuriy Maksimov: "The Bankers Sign an Agreement—A Very Prestigious Delegation of Chinese Bankers Comes to the Soviet Union for the First Time in Many Years"]

[Text] Several interbank agreements, first and foremost on collaboration in assisting the development of foreign economic relations, have been agreed upon and signed (October 13) over a short period of time between the USSR Vneshtorgbank [Foreign Trade Bank] and the Bank of China. The discussion concerns trade between Soviet enterprises and organizations that have obtained the right to access to the foreign market and Chinese firms, as well as the further development of border trade. The agreements that were concluded, as was declared in my conversation with USSR Vneshtorgbank Board Chairman V.S. Khokhlov, testify to the political and business ties that are being arranged between the two countries. These agreements are called upon to assist in the creation of more favorable conditions for a further expansion of trade and economic relations, which will in turn serve as an impetus for reinforcing friendly contacts among our peoples. The agreements reached with the Bank of China are promising as well as important. They are essentially a framework agreement that will be filled in with specific substance in the very near future.

"The Chinese bankers displayed very high professionalism and great competence," said V.S. Khokhlov. "We especially direct attention to their cordial approach and great vested interest in developing partnership ties and rendering as much bank assistance as possible for the development of relations with our enterprises. The work with the Chinese representatives, in short, was very satisfying for us."

"Did they display any interest in the transformations that are taking place here in our country?"

"Very much so. They asked many questions about our restructuring and the reform of the Soviet banking system."

"Were you able to resolve all issues?"

"No, not all issues were resolved, not everything has yet been settled either in issues of border exchange or the establishment of prices for goods of Soviet or Chinese manufacture. But the discussions with our Chinese comrades showed that they have roughly the same problems we do in the development of new forms of economic collaboration, the development of productive cooperation, the improvement of the banking system and the organization of the currency market. The same problems are also arising in the creation of joint ventures with Western partners. But China has more experience in this

matter. They have already created roughly 10,000 such enterprises, while we have a little over a hundred. The experience of Chinese bankers in servicing such enterprises is considerable. The agreements we have signed with them will make possible the more active exchange of experience in granting credit to joint ventures. We thus value them highly."

A representation of the USSR Vneshtorgbank will be opened in Peking in the near future. The Bank of China also expressed an interest in having its own representation in Moscow.

Arbatov Interviewed on U.S. Politics, Life

18070026 Tallinn MOLODEZH ESTONII in Russian
23 Sep 88 p 2

[Interview by MOLODEZH ESTONII special correspondent Mark Levin with Academician Georgiy Arkadyevich Arbatov, director of the United States and Canada Institute of the USSR Academy of Sciences, under the rubric "Lessons in the School of Time": "Expected Difficulties on an Unexplored Path"]

[Text] *The most eminent American studies scholar Academician Georgiy Arbatov, director of the United States and Canada Institute of the USSR Academy of Sciences, took part in the work of the 38th Paguoshskaya Conference that was held in Dagomys. A member of the CPSU Central Committee and a deputy to the USSR Supreme Soviet, Georgiy Arkadyevich is one of the specialists developing the guidelines for the development of Soviet-American relations and, consequently, largely the whole foreign policy of the Soviet Union. During the work of the Paguoshskaya Conference, Georgiy Arkadyevich courteously agreed to grant an interview to MOLODEZH ESTONII.*

By virtue of the specific nature of the professional interests of my interlocutor, the questions in our conversation concerned first and foremost the United States, American policy and the American way of life. It would seem that we are separated from the Americans not only by thousands of kilometers and an ocean, but also by profound differences in the social order, the standard of living, in the very mode of thought... And that is just the point, that in our times the remoteness of the territories is not so important, and it is much more material today to see the interconnection of various states and peoples. The last Paguoshskaya Conference was thus devoted to seeking solutions to global problems and ensuring all-encompassing security. It is thus not surprising that G.A. Arbatov, in discussing America and Americans, often "throws up a footbridge" on our own shore.

[Levin] There is much discussion of democracy and in what ways it should be developed in connection with the restructuring in our country. The question of the state structure, the principles of federalism and the freedom of the individual within a federal state acquire particular importance therein. It is understandable that one cannot bypass the experience of the United States as a federation of states. But is it correct to seek direct analogies in namely this aspect?

[Arbatov] Permit me to recall as a beginning that the American states are not at all the complete likeness of our republics, although there are specific ethnic features of various regions of the United States as well. American federalism presupposes democracy and the American constitution requires the observance of the rights of the person and his civil liberties. But it must not be forgotten that it was namely when some states decided to secede from the federation that a civil war began—the most

terrible and bloody war in the history of that country... In speaking of democracy and the rights and freedoms of the person in America, one must not forget that these things are determined by economic conditions. Take migration—many facets of the problem are completely obvious using it as an example. Migration is part of the lifestyle of Americans, they are, so to speak, a nomadic people, and they were nomadic before, and now the number of moves has increased considerably: they can be caused by family circumstances, change in employment, ecological conditions or a mass of other factors. These movements of the population are moreover not regulated in any way.

[Levin] But the opportunity to migrate, if a person needs to, is wholly democratic, to all appearances?

[Arbatov] It is. A person can migrate from state to state completely freely, he needs only the corresponding material conditions. You wouldn't move to New York, say, if you had little money: a three-room apartment in a decent neighborhood costs two or three thousand dollars a month today. The cost of housing has grown sharply, they are being taken on credit and mortgaged to pay for them partly with a loan etc... But this is a limitation on freedom, is it not? Finding work is another problem, that is another limitation on freedom.

[Levin] But President Reagan is proud of the fact that he has created a great many new jobs...

[Arbatov] True, he is proud. But these jobs are not of the right quality: the lion's share of them are in the services sphere, and when a skilled worker moves into the services sphere he loses 40 or 50 percent of his income. That is, his standard of living does not rise. Although the material welfare of his family may not fall thereby: more members of it just have to work. Everything is not so simple on this plane, as we see. I would add in order to outline these problems more completely that it is important to live not simply in some city, but namely in certain, wholly prestigious neighborhoods by local standards. And this also puts certain limitations on democracy.

[Levin] What then, even the social status of the individual is determined by the neighborhood he lives in?

[Arbatov] Status depends not only on the neighborhood, but also on the company you work for, the store where you buy your groceries and the clothes you wear. This influence has become especially strong in recent years, during the Reagan administration, when a "turn to the right" has occurred (after all, Reagan is a turn to the right for America). An old trend has been resurrected—toward conspicuous consumption, toward the provocative and emphasized use of one's wealth. Earlier it had been way more reticent, they didn't try to demonstrate it so much. And there are social reasons for this. So-called "yuppies" have now appeared, young and upwardly mobile, that is, purposeful and programmed for the "way

up," people who are striving to make a career at whatever the cost. They dress for show and dine in prestigious restaurants several times a week so that they are seen and noticed... By the way, after the stock-market crash in October of the year before last [as published], when the value of securities declined by a third (this means that a third of their fortune was taken from the pockets of Americans), the fashion of showing off one's wealth any way possible began to lose its luster. An acute feeling of a lack of confidence appeared, unhealthy political and economic phenomena cast a shadow, and no one knows whether these phenomena will develop further tomorrow. That is why the snobs have had to pull back as well. But snobbism remains.

[Levin] Snobbism, imperiously dictating the manner of behavior and defining the lifestyle, also puts limitations on the freedom of the individual. And it is counter to democracy as well. But this is interesting: have these changes in American society also entailed any changes in the attitudes of the Americans themselves toward us or not?

[Arbatov] Today they (first and foremost in the Senate) feel that we and they have common economic interests and that it is desirable and necessary to reduce arms. But since fear of the USSR remains, they are afraid to do this on a unilateral basis. And their vested interest in collaborating with us is thus growing. This trend should not be exaggerated, there is still plenty of fat and wealth there, but nonetheless today's America is not in the state of euphoria it was in at the beginning of the eighties, when the dollar soared quite high. Today, I repeat, they need mutually advantageous collaboration, they have understood that they can no longer be closed unto themselves, they must seek contacts and understanding beyond the borders of their own country and even beyond the bounds of their own formation. On the other hand, they—both many political scientists and, to a certain extent, the psychological bent of the Americans and their way of life itself—need to feel a threat from without.

[Levin] That is, the "face of the enemy" is essential?

[Arbatov] The "face of the enemy" is essential. You see, the current American remembers that his ancestors were Pilgrims who emigrated from the Old World so as to create a "new Jerusalem," "the Kingdom of God," a "shining city on a hill." And this explains the aspiration to seek out the enemy as fast as possible, after all, the "shining city," they say, cannot be threatened. And moreover, you cannot feel yourself to be entirely good if somebody nearby is not entirely bad... The American propaganda machine, especially after World War II, has worked a great deal on the creation of such stereotypes—and it has achieved success. So today's disappearance of the "face of the enemy" is a great psychological break for the Americans.

[Levin] What helps the Americans to break their accustomed stereotypes that keeps them seeing only the enemy in the Soviet person? The overall world situation? Or the processes of renewal that are transpiring in our country? And do they believe them in the United States?

[Arbatov] Restructuring and glasnost have helped and are helping Americans take their blinders off. At first they did not believe our processes of democratization, but now they believe that we have undertaken something serious, but they argue about what will obtain. Yet another line of dispute is whether it is good or bad for the United States if restructuring succeeds. Extreme conservatives feel that it is bad, since the success of restructuring will strengthen the Soviet Union. Others, and they are in the majority, feel that restructuring in the USSR is also useful for the United States: yes, it will strengthen the Soviet Union, but it will be a different Soviet Union, not the one that wants to become a real threat to the United States. Some are even saying in America today, by the way, that it is not Stalin who was to blame for the Cold War, and they have been reproaching our country for that for a long time.

[Levin] A just reproach or not?

[Arbatov] Of course not. Stalin, it must be said, was exceedingly cautious in foreign policy. He made mistakes sometimes—very crude ones—but foreign policy efforts under him were aimed at prolonging the collaboration among states and with the United States in particular. Not everyone across the ocean wanted to see that. Today many documents have been declassified from which it is obvious that the American atomic bomb was essentially aimed against us and was detonated over Japan only to frighten us. The chief aim of the Americans at that time was to force the Russians to play by their rules. And after all, at that time our country was exhausted and poverty and hunger were at their limit... And many people in the United States understood that they had a debt to the USSR, which had saved a mass of American lives at a very high price. Nonetheless, in May of 1945 American ships sent here on Lend-Lease turned around in midcourse by direct order of Truman. History does not have a subjunctive case, of course, and I cannot confirm my assumptions of the actual facts, but I think I do not err in saying that although we were unable to preserve allied relations, the Cold War was not obligatory, was not inevitable, nonetheless. If Roosevelt had lived, if verity to the former political course had been preserved, then possibly this bitter change could have been lessened, or at least our relations may not have worsened to such a dangerous extent...

[Levin] Georgiy Arkadyevich, were you also engaged in Soviet-American relations during the Cold War?

[Arbatov] Yes, I had already written a great deal about America at that time. But I understand the possible bottom line of your question, and I will answer that no, even then I did not lie. In any case, I consciously tried not to speak untruthfully. This does not mean that I did not have delusions that I shared with many others. There could have been excessive sharpness in my evaluations, I may not have assigned significance to some aspects... That was so, but in principle I am not ashamed today for what I did. By the way, today I am planning to collect my

articles over the last twenty years and publish them with absolutely no changes. We must be honest and introspective in order to be seriously engaged in these issues. And I think that what we did in the realm of studying Soviet-American relations, at least over the last twenty years, retains its significance (I say this, first of all, about scholars, it was more difficult for international journalists, they depended more on the immediate requirements of the era, and it was the era of stagnation).

[Levin] Much really has been done, in any case, we, it seems, understand the Americans better than they understand us. And we have fewer apprehensions concerning the Americans, in my opinion, than they do concerning us. Is that correct?

[Arbatov] Certainly. Antisovietism in America is incomparably greater than anti-Americanism in the sentiments of the Soviet people.

[Levin] Just why? Why do they remember so poorly that we were allies during World War II, when we had common aims, and remember so well all the bad things there were in our life and our history that in principle do not concern them?

[Arbatov] I think this is partly connected with the fact that our propaganda was always very clumsy, and sometimes it even proved to have an opposite effect: we spoke the truth and people did not believe us, feeling it to be a lie. It is very difficult for us to compete with them on this plane today as well. Propaganda, after all, is advertising to a certain extent, and there they know that it should be effective, that it should justify itself. Propaganda specialists are cultivated in the United States and techniques are developed for influencing people with one goal—sell, market. American society is a propagandistic society to the extreme, propagandistic and ideologized. Look at major American politicians: so many advisors and assistants—both for speeches in front of the television cameras and for the “image” that he should create, not to mention the speechwriters... Every one of Reagan’s speeches is orchestrated down to the last detail. Specialists on makeup, on lighting, on the sequence of answers to questions, on intonation... And after all, he is a professional!

[Levin] It’s not for nothing they call him the “Great Communicator”...

[Arbatov] Not for nothing at all. And nevertheless, as soon as he falls into an unexpected or unprogrammed situation, it’s one “lapse” after another. It is very important to them how the leader looks, no less (and sometimes more) so than what he says. The Americans never agree to go public under the conditions our leaders are photographed for television and are speaking under. By the way, when President Reagan spoke at Moscow University, a plastic screen that was transparent from the audience side was set up in front of him. People didn’t understand—maybe it’s necessary to ensure the safety of

our guest? But in point of fact... On the other side of this “transparent” plastic ran the text, and even answers to questions were suggested to the president... Reagan usually has two such sheets, and he looks first to one side and then the other. All of this looks quite natural from the audience, but he is simply reading...

[Levin] I think it is noteworthy if a leader works with mass perceptions with such responsibility. He can probably achieve his aims more rapidly that way... Although there is some element of cheating here anyway. And do the Americans themselves know about these “mechanics”? Aren’t they indignant that the best product is sometimes packaged?

[Arbatov] Ah, Americans are not quite like us. One of their distinctive traits is they can even know perfectly well that they are being led by the nose, but if it is done skillfully, they can obtain complete satisfaction from it as professional and high-quality work.

[Levin] And what, Georgiy Arkadyevich, do they think of us today? What is their attitude?

[Arbatov] I would not take it upon myself to analyze the whole range of American society, it is very diverse. But if we are speaking of that portion of the American population that is best educated and informed, there is a knowledge of the basic processes that are developing in the Soviet Union, without question. And there is goodwill in interpreting them. They even say a little that America will have to carry out its own glasnost, its own restructuring someday. After all, they really do have many problems. Look, there have never been as many swindlers in the history of the White House as have proven to be part of the Reagan administration.

[Levin] And it seems that they have a quite tolerant attitude toward it anyway. Otherwise the noisy scandals from the affairs of high officials would not have been limited to transfers and firings alone... Don’t you think that Reagan’s career would have ended with Irangate if America had not already experienced Watergate? Back then it was a shock, but now they have become accustomed to it...

[Arbatov] I think the point is something else. No one needed Reagan to leave the White House. The Democrats didn’t need it because it would have reinforced the position of the Republican Bush, since after all, in that case—if only for a time—he would have become president. The Republicans also didn’t need it, since the impeachment of Reagan would have strongly undermined the Republican Party’s chances in the next election. And moreover Reagan is very popular, Americans are sympathetic to his whole image, and despite the fact that there are dark spots in his biography, he is a man with a light conscience. He is valued as a former film star (if not one of the greatest, still outstanding) and as a skilled politician who understands his people and knows how to address them. Although if we begin to investigate

his politics, we see that Reagan has rejected all of the promises with which he came to the White House, and all that he has proposed has not been justified. Reaganomics, for example...

[Levin] He reduced inflation, however...

[Arbatov] He reduced inflation, but at the expense of what? At the expense of enormous government indebtedness. And he has not raised the standard of living. And Americans will have to pay for this "reduction" in inflation, not the current generation, true, but the next one. After all, today the interest that the Americans have to pay on foreign debt alone is 120-130 billion dollars a year, and this is without taking the principal into account.

[Levin] Reagan has a few months left in the White House. Who will replace him?

[Arbatov] You know that if I have headed the United States and Canada Institute for twenty years, it is probably to a significant extent because I have never tried to predict the outcome of the next presidential election. And looking back, I note that I would have been wrong in every case had I tried to predict... Except the interim elections when the issue was electing a president to a second term—there I could have said with confidence that Nixon and Reagan were going to win... But I would not have guessed a year ahead of time, or even six months, that Nixon or Carter would come to power the first time... The only thing that consoles me is that all the other specialists, including American ones, would also not have guessed right either. The system of electing presidents in the United States is that flexible. Even now, first Dukakis and then Bush are overtaking each other...

[Levin] Do you see any fundamental differences between them? I have in mind the programs they have announced...

[Arbatov] You can begin talking about that when a person begins to implement a specific policy. One cannot say with confidence what sort of politician this is and what his course will prove to be on the basis of pre-election speeches (they are not even considered to be officially obligatory, nor are the party pre-election platforms).

[Levin] So it looks like the chief argument of the candidates in the pre-election struggle for president is their image?

[Arbatov] It shows with a greater or lesser degree of certainty which way the sympathies of the given candidate are inclined. When Reagan was coming to power, the voters knew that he wanted to reduce taxes, draw down spending in the government and cut back on the sums allotted for social needs and the poor—this met the sentiments of middle Americans. It should be taken into account herein that the "great victory" of Reagan (they

called it a "landslide" victory there) was given to him by fewer than 30 percent of the voters: Although in America about half of all those with the right to vote actually do so, the rest simply do not come to vote... And the party conventions in the United States are first and foremost great shows choreographed and rehearsed by very skilled producers. The imperfection of the voting system in America is, first of all, that if some special-interest group is able to wedge into it, it can paralyze the whole movement. Also very material is the fact that the members of the House of Representatives are elected every two years. The future congressman prepares for the coming elections for a year, then he has to spend a year settling up the debts accumulated during the election campaign...

[Levin] If you do not object, Georgiy Arkadyevich, we will now digress from American specifics. Please tell us how you feel: after all of the Soviet-American contacts at the summit and other levels, will our relations develop consistently? Or should we expect a retreat? To put it simply, will relations between our two countries become normal?

[Arbatov] And what do you consider normal: humane relations or cold war? Humane relations probably cannot get by without disputes, or even confrontations, but at the same time not without collaboration either. I feel that cold war is an abnormal state, and if it lasts for a long time, it will inevitably lead to very great difficulties. But I also assume that we have no need to "link up" either: even with the most favorable development of relations, after all, we won't become each other's main partners. There are many reasons: the structure of the economies here and there, geographical remoteness, the transportation problem... We have other, closer partners. No, I don't want to say that we should not develop relations with the United States; on the contrary, we should do business with them, we should trade, for example, but I do not think that we will really be able to incarnate any very broad claims... The problems of Europe are closer to us anyway, relations with our neighboring countries, with China, Afghanistan, Iran, Turkey... I think that we and the United States have long been reminiscent of two boxers in a clinch. Boxers in that position only see each other, without noticing that there is an enormous auditorium and a crowd all around that is also taking part in a way in what is happening in the ring. After all, we and the Americans make up just 10 percent of the world's population, and it is not good to forget that.

[Levin] Just us? Or should the Americans also remember that?

[Arbatov] They are beginning to take this consideration into account. But they also understand that another few agreements of the INF type and the "face of the enemy" will dissipate altogether. And as I was saying, that is not advantageous for everyone across the ocean.

[Levin] Isn't it out of similar apprehensions that the idea of a 50-percent reduction in arms has become stuck today?

[Arbatov] That is one of the reasons. If you go for a reduction of that level, you will have to change existing structures, as well as NATO, for example. And they are not ready for that yet.

[Levin] It turns out they are more conservative than we are?

[Arbatov] Of course. I simply cannot imagine such a turnaround in the United States as has occurred here. At all. I tell you that I cannot even conceive of such frankness, such honesty in relation to oneself—to the point of severity—there as here. American society is largely conformist...

[Levin] But even here you can sometimes hear "Open the newspaper and you don't want to live anymore, you find out so much about yourself and your country that is bad that you are ashamed to lift up your eyes. Let the press stop pouring mud on our history!" Do you agree with this postulation of the issue?

[Arbatov] No. I understand, of course, that it is painful to find out the bitter truth about oneself. But the truth must always be spoken nonetheless. It is another matter that one must observe moderation and not lose a sense of tact. This is difficult, but we are learning democracy too. And we never had the opportunity before. We are still a young society if you consider that in hockey terms, we have had hardly thirty years of "clean time." Thirty years of a normal, peaceful life. And the rest—an extreme situation, extreme conditions, our society was in a "state of emergency."

[Levin] You feel, then, that it is namely glasnost and democracy that can extract us from this "state of emergency"?

[Arbatov] At least the absence of glasnost and democracy was linked with the "state of emergency." What democracy can there be, say, under wartime conditions? And now we have to learn to live and work under normal conditions. We still haven't learned how. And we have to! We must learn self-discipline, self-adjustment, the ability to listen to different opinions... This is not an easy school, but we have begun to complete it. Of course, all sorts of stupidity is still possible, we are not insured against it. But I think Lenin was completely correct when he said that glasnost is a sword that heals its own wounds. It, glasnost, will also help us overcome our own stupidity. It is clear that democracy is a difficult and hard thing, but humanity has not invented anything better nevertheless. And we cannot bypass the school of democracy.

[Levin] In your opinion, past mistakes and the lessons of bygone times will bring benefits in this school?

[Arbatov] Yes, to some extent. No progress would be possible otherwise. And it exists anyway. But a trend is also noticeable at the same time: each new generation acquires a considerable portion of its experience not through books, not from the stories of elders, they rather strive to gain it themselves. This is a complex process, but I do not believe that we can simply repeat, for example, the era of stagnation.

[Arbatov] And if, as some fear, it is repeated in a worse version?

[Arbatov] I do not know who these some are. But I feel that a return to the period of stagnation is not possible for many reasons: economic, political, moral. We are moving forward, we are moving further away from that stage, but the question is how effective our movement is becoming. After all, one can walk rapidly and confidently, or one can get stuck and make new bumps in old places. No one has a prescription against mistakes. And I think nonetheless that the very worst and the most severe period in our history is already behind us and that there are grounds to reckon that we are worthy to make use of the great chance that is unfolding before us today. I believe that the country will develop successfully in the political, social, economic and spiritual aspects. The guarantee of that is our very great potential, after all, there are among us very many talented, intelligent and businesslike people... The desire to work conscientiously has been awakened in many...

[Levin] I acknowledge that I am embarrassed that among the talented and businesslike of our countrymen I somehow do not hear truly decent and cultivated people in the primordial lofty sense of the word singled out very much somehow... Do you agree with me?

[Arbatov] There really are not very many cultivated people, but there probably will never be very many of them. The climate of the last few decades was moreover not disposed to their appearance. But take a look at how many shining, socially mature and bold citizens have appeared here in recent years anyway. You even suddenly notice new—and remarkable—traits and characteristics in people you have known a long time. And the decency you are speaking of as well. Although it is evident that much stinking swill has also spilled out of the gates that have been opened, but it is better that the abscess burst than poison the organism from within. I would say that these are normal and expected difficulties on an unexplored path. We will probably create the road by trial and error, and there is much from past experience that we will be able to employ (especially in economics and political construction—here much that is new for us will have to be opened up), but there is a chance nonetheless. A significant chance. In America they call such a chance a "window of opportunity." It is important to take it.

Finnish-Soviet Trade Problems, Prospects, Debt
18250056 Moscow IZVESTIYA in Russian 29 Dec 88
p 5

[Article by IZVESTIYA correspondent V. Shmyganovskiy, Helsinki—Moscow: "The Burden of Mercury is a Heavy One—What is Happening in Soviet-Finnish Trade"]

[Text] There is perhaps no serious press organ in the world today that has not recently analyzed the problems of the development of trade between Finland and the USSR from various points of view. Whence such attention, such interest? The reason is our indebtedness to Suomi, which has now become chronic, and disruptions in mutual deliveries and plans for production cooperation that were agreed to earlier. In Finland itself, as opposed to here, this topic also does not leave the pages of the newspapers.

Why has such an enormous country become a debtor to its neighbor—a small state? After all, just a few years ago Soviet-Finnish trade was practically considered to be a model. In any case, this was advertised in glowing terms on our part, problems were not discussed, even in the corridors of Vneshtorg [Ministry of Foreign Trade] they were discussed in a whisper.

How can we not recall President M. Koivisto, who stated in an interview about that time: "Under Brezhnev matters were such that he read some paper, and I read my own paper. There was no dynamism then... Under Chernenko it was roughly the same as under Brezhnev... We, the Finns, were talking about our difficulties, and our Soviet interlocutors were talking about their achievements."

Now the times have changed, and the parties, as the Finnish press notes, have finally started talking in blunt language about trade, which is essentially the material foundation of our relations. It is developed, as is well known, according to a clearing system that is rare for the majority of countries, i.e. accounting for mutual deliveries according to the principle of balancing them. Wherein the basis of our exports to Suomi comprises large quantities (over 80 percent of the overall volume) of petroleum and other power carriers, as well as motor vehicles, fertilizers, chemicals etc. The Finnish deliveries are predominantly machine-building products, maritime vessels, exports of construction plans, paper, light-industry items and "turn-key" plants.

Finland as proven to be one of a few countries in the world that actually has a vested interest in high prices for oil. It has compensated for growing accounts for this commodity with the rapid development of exports to the Soviet Union, feeling confident at a time when other countries of Western Europe have been stricken with depression. Many recall how in the Olympic year of 1980, Moscow was inundated with Finnish cosmetics, juices, liquors, candy and cigarettes, not to mention

hundreds of thousands of suits and pairs of shoes supplied to the USSR. The country covered its debt to us that way. Finnish friends have told me that they were even experiencing difficulties getting toothpaste that year in Suomi, so much had been thrown into the Soviet market.

Now our economists feel that these funds would have been better used not for a show of temporary abundance, but rather for the reconstruction of enterprises and the construction of new warehouses and storage areas. Be that as it may, the little country proved to be a well-off debtor. And confusion later resulted. They wrote of growth in trade "starting where we left off" according to habit at our planning organs. A figure pulled, it must be said, right out of the air of a 10-percent rise in oil prices was made implicit. The capricious "black gold" really did change 10 percent in price, but with a minus sign.

The Soviet press did not mention the new imbalance either, just like the first one that had been in our favor.

Think of it: some million tons of additional oil and there was no problem, the balance was covered, that was the "prescription" that was making the rounds. How easily and thoughtlessly we spent these millions—and, unfortunately, continue to do so. Today we are supplying so much oil that our neighbors are forced to resell it to third countries, and this re-export also goes to offset it. We were proud of our trade in ship equipment for a long time. And after all, it simply returns to us on ships built for us! Such cooperation and such statistics are not very promising. In some cases, yesterday's navigational and other equipment is installed on the latest ships (there simply is no other). The new ships also have to be outfitted with Finnish towels, linens and even mops—running to hundreds of thousands of rubles. And with our debt!

The sharp drop in oil prices in 1986 could not be covered by additional deliveries. Pressure on our partners for the purpose of convincing them to buy more Soviet equipment has its limits.

The Finnish minister of trade and industry, I. Suominen, said in one appearance that "our resources in the realm of imports from the USSR have been exhausted to a considerable extent. Already today Finland is undoubtedly the major Western purchaser of Soviet machine tools and equipment..."

The enormous imbalance of five or more billion marks in favor of the Finns has provided grounds for some representatives of the business world to speak of a greater orientation of the national economy toward the West. (Already today over 50 percent of Finnish exports go to the countries of Western Europe. Suomi also sells high-quality products to the United States, Canada, South Korea and China.)

The difficulties in conducting business with the USSR were described by the director of the customs administration, Ye. Layne, who had long occupied the post of minister of foreign trade. In the newspaper KANSAN LEKHTI, which comes out in Tampere, he declared that "the foreign trade of the USSR is in a state of crisis due to its raw-materials thrust... The development of changes in personnel composition and the fact that the Soviet side has still not created a system able to make rapid and sweeping decisions are also making it more difficult."

Listen to these considerations. One always hears from the Finns the unobliging nature of some Soviet partners. Not to answer a business letter or telegram, it seems, is not considered in a rude light.

"In negotiations on some joint deal, right away the discussion is of secondary, pettifogging questions, elements of protocol, verbose expressions of this or that technical problem and, later, the main thing, ideas on how to make money," one of the young executives of the Rauma-Repola Company was telling me in surprise.

It is even worse when formalized assurances and promises, sometimes given at the highest levels, remain just empty words. The fate of the products of a plant of the Rautaruukki firm in the city of Otanmyaki is instructive in this regard. It produces the specialized railcars that are so needed by our railroads. These products are made on the basis of industrial cooperation with the USSR. Deliveries of up to 4,000 railcars a year were planned for our country.

"We will take six thousand!" USSR Council of Ministers Deputy Chairman I.V. Arkhipov promised our Finnish partners several years ago at the opening of the enterprise. Railcars deliveries will total just 1,000 cars next year, however. Alas, there are no funds. The irritated workers of Rautaruukki wrote an alarming letter to USSR Council of Ministers Chairman N.I. Ryzhkov. They wrote about the difficulties of this plant, begun so well, and the unemployment threatening them in connection with the non-fulfillment of the terms of the deliveries planned earlier.

This issue is being studied. We will possibly be able to purchase several hundred more railcars if Rautaruukki acquires more metal pellets from us. These pellets, however, do not meet the technical requirements that have been adopted in Finland.

At my request, the general director of the Finnpap Association, T. Nyusten, commented on under-deliveries from the USSR for the paper mills whose interests are represented by the association.

"Take a look, the protocol plans for the sale of 20,000 tons of cellulose to us. Some 62 tons have been supplied. They said there was none of the higher quality sulfate cellulose. They gave us some mixed, and then even none of that.

"Tall oil. Just over a fifth of the 5,000 tons have come in. Kaolin could give a push to our whole trade (Finland buys it from England today, like almost all of Europe). They promised a test batch of 5,000 tons. They supplied 480 tons. We would have bought sulfur oxide and chemicals, but there was a complete refusal. Kaolin is especially troubling. There is an enormous demand for coated paper in the world today, and this raw material serves as a filler in its manufacture..."

Commercial contracts signed earlier for new telephone stations in cooperation with the well-known concern of Nokia are not being fulfilled. There is one reason—no money. The Finns, however, feel that it should be found for cooperative deals: how can a long-term partnership be constructed otherwise? And today many joint enterprises are in disarray—basically because of our own internal squabbling (IZVESTIYA has written about this repeatedly).

The trade imbalance has led to something unprecedented in bilateral relations: the Finnish side was forced to halt the fulfillment of agreements signed earlier so as not to aggravate the chasm in trade turnover. Licenses were not issued for the delivery of goods to our country of a total of up to 5 billion marks! Paper suppliers, for example, are furious not only due to the untimely and inadequate supply of Soviet railcars for the removal of finished products, but also the permanent lack of confidence in receiving the next license. Over 200 new combines manufactured for export to the USSR are beginning to rust in the yard of the Rozenlev firm due to a lack of permission to ship. HELSINGIN SANOMAT wrote in July of this year that "the crisis in trade turnover with the Soviet Union continues to deepen..." Candidly speaking, the essentially interest-free debt has placed a burden on the national economy of Finland.

"Eastern trade is becoming unprofitable for us," as I. Suominen explained the delays in issuing licenses.

The last agreement that was achieved this fall was called very good by President Koivisto. The Finns have been seeking it for a long time. In brief, the essence of the document consists of the fact that with a net balance of over 100 million rubles, the debtor country should pay interest, and with an indebtedness of over 200 million rubles, it must be paid off in freely convertible currency. The task has been posed of eliminating the imbalance by the end of 1989. Alas, this can occur only at the expense of a painful reduction in exports by Finland. But there is no other way.

Realism in our trade is also beginning to be manifested in the rejection of "directive" numbers and plans for the upcoming year. Only directions for goods exchange have been designated in a number of cases. The protocol for mutual deliveries is of a tentative nature for the first time, and this makes more sense than the previously scheduled "from" and "to" documents that were not fulfilled year after year.

At the same time, both sides are expressing an adherence to the clearing principle in practice.

"This system will occupy the principal place in our trade in the future as well," feels, for example, Finnish Prime Minister H. Holkeri.

"Clearing is a distinctive guarantee of the preservation of a certain level of trade. It has created the preconditions for the stable development of the Finnish economy and has provided for planning at the enterprise level," in the words of N. Suominen. The Soviet side also feels that the rejection of a tested system of mutual transactions is premature.

But the economists should have their say as well. One of them—T. Keskinen—wrote in the new journal MOSKOVSKIY BIZNES that the old-style trade exchange was not able to expand the scope of trading ties. The impetus received from postwar reparations and oil, he said, has been used up.

Large reserves in this regard could be provided by the realization of the Kola plan for utilizing the wealth of the transpolar peninsula. Finnish firms have been invited to take part in their assimilation along with the other countries of Western Europe. It is also essential to seek new solutions, because the agreement we were discussing far from signifies a way out of the dead end. It is a temporary measure. It will not halt the continuing decline of the volume of bilateral trade. Many economists feel that clearing should remain the principal basis of our trade next year and should be supplemented with deals in freely convertible currencies, barter (non-monetary) exchange with Finland should be practiced more widely and that individual enterprises in our countries should be brought closer together.

And it is quite intolerable that holes should gape in such promising forms of trade as cooperative projects due to unfulfilled obligations and muddles, as is happening today. The officials and departments who are to blame for this happening should remember that a loss of trust in the business world is not coincidentally equated to bankruptcy.

French Politicians Cited on Common European Home

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[Article by Yu. Kovalenko, IZVESTIYA correspondent: "France and the USSR: Working Together to Build a 'Common European Home'"]

[Text] Paris—The Lassois Palace, adjacent to the Palace of Bourbon, where the National Assembly meets. This is where, three years ago, during his official visit to France, M. S. Gorbachev met with members of Parliament, members of commissions on foreign affairs and of

French-Soviet friendship groups of the National Assembly and Senate. Louis Mermaz, then chairman of the National Assembly, greeted the Soviet leader in the name of the deputies.

In his speech delivered before the Parliament, M. S. Gorbachev related the new steps being undertaken by the Soviet Union to stop the devastating process of the arms race and avert the threat of war which hangs over mankind. Among the initiatives put forth was a proposal to conclude an agreement on intermediate-range nuclear systems in Europe. I had occasion to attend this memorable meeting at Lassois Palace and here, three years later, have the opportunity to converse with Louis Mermaz, presently the leader of a group of socialists in the National Assembly.

"After the Soviet leader's visit to France," Mermaz stated, "relations between our two countries, it seems to me, have been developing successfully. The French public is focusing a great deal of attention on reforms presently underway in the Soviet Union. We are following restructuring and the democratization of your state with intense interest. As far as international affairs is concerned, we welcomed the conclusion of the treaty on intermediate-range and shorter-range missiles and would like to see the disarmament process consistently develop and include strategic missiles. France hopes that the recent proposals of President Mitterand on banning the production of chemical weapons and destroying present reserves, which he advanced at a recent session of the United Nations General Assembly in New York, will gain the support of all countries, great and small, and assist in averting the spread of these weapons."

"France is striving to strengthen her traditional friendly ties with the Soviet Union," Mermaz continues. "We believe it is necessary to devote particular attention to the development of bilateral trade and economic relations. We also wish to continue the productive exchange of views on the most important international issues. When I served as chairman of the French-Soviet friendship group in the National Assembly, we expressed a desire at one meeting along with our Soviet colleagues to discuss the concept of 'a common European home.' I believe the European Economic Community should support and develop relations with all the European countries. We support Europe in the fullest sense of this geographical concept. As chairman of the socialist party group in the National Assembly, I would like to continue joint study of the most important issues confronting Europe. 'A common European home' is a wonderful and interesting formula for the EEC as well. The unified Europe we create will not be somehow closed off or isolated. On the contrary we would like to be open for the whole world, including the Soviet Union and the other countries of Eastern Europe."

Among the participants in the Lassois Palace meeting were Andre Lajoini, French Communist Party group chairman in the National Assembly, and Pierre Morois, former prime minister and current first secretary of the Socialist Party.

"Over the past three years," Lajoini stated, "the world has witnessed many major events. The French Communists support the policy of restructuring as well as the proposals for peace which the Soviet Union has advanced. Following initial successes in the disarmament sphere—the elimination of intermediate and shorter-range missiles—forward progress will require new, decisive actions on the part of the popular masses. As far as French-Soviet relations are concerned, these currently do not go deep enough, in my opinion. They need a new impetus. There is a tendency on the part of the French government to slow down the process of disarmament. We may state that, with regard to chemical weapons, our government has retreated from its previous orientation and has advanced a proposal to ban production. But this approach must be expanded to other spheres as well."

"The concept of a 'common European home' can play an important role in solidifying peace, protecting the environment and other areas," Lajoini continues. "But it does not remove sharp conflicts in the arena of class struggle. We must carry on the fight for peace, disarmament and ecology with the support of all the people. Otherwise it will not be won. In order to facilitate construction of this 'common European home,' the positions of France and the USSR must draw nearer together. General De Gaulle spoke of the significance for the future of a healthy and stable alliance between our two countries, but discussions alone will not suffice here. Specific measures must be undertaken. Complete independence is necessary in the face of American pressure. Americans still dictate their conditions in the EEC and until such time as this changes, there will be no 'common European home.'"

"Relations between France and the Soviet Union are good," states Pierre Morois, "and I am confident that they will continue to develop. Certainly we follow all the events going on in your country with the greatest attention, to include the most recent events, and we view these positively. Just as the Soviet side is doing, the French side is advocating and promoting more intensive ties between us, including trade and economic ties. Current Soviet international policy directed towards strengthening peace, the reforms which are being carried out in your country, and intensified efforts to achieve restructuring will create, in my opinion, all the required conditions for enhancing cooperation and developing friendship between France and the USSR. We hope that the upcoming visit of Soviet Foreign Affairs Minister E. A. Shevardnadze to France will serve to strengthen ties in the political and other spheres."

'Leftist Victory' in French Elections

18070025 Tbilisi PARTIYNOYE SLOVO in Russian
No 15, Aug 88 pp 25-27

[Article by Nikolay Nanitashvili, professor, international observer for PARTIYNOYE SLOVO: "They Are Even Too Tired to Vote"; first paragraph is PARTIYNOYE SLOVO introduction]

[Text] A second round of presidential elections took place in France on 10 May. The main result was a victory

for leftist forces. Francois Mitterand has retained his post for a seven-year term.

After the liberation of France from Hitler occupation, left-wing forces in the country headed by the Communist Party achieved the adoption in 1946 of a democratic constitution, establishing the Fourth Republic in the country. Right-wing elements gained the upper hand in 1958, however, and created the Fifth Republic. In contrast to the constitutions of the Third (1875-1940) and Fourth (1946-1958) republics, according to which the chief of state (i.e., the president) was to be elected at a parliamentary session for a seven-year period, the Fifth Republic—after 1962, when its first president, General De Gaulle conducted a referendum on direct election of the president—has seen elections of the chief of state conducted not in indirect fashion, but rather by the direct general vote of the electorate itself. As De Gaulle himself expressed it, the general election should solidify the position of president as "the chief of state and leader of France." As a result, the president of France in the Fifth Republic has become completely independent of the parliament and the new constitution has somewhat expanded the powers of the second house (i.e., the senate), elected by indirect vote, to the detriment of the National Assembly (i.e., the first house). From this time forward both houses have had almost equal rights. In this regard, if the president has the right to dissolve the National Assembly and call for new elections, he does not have the right to dissolve the second house. In contrast to the situation during the Fourth Republic, the powers of the president during the Fifth Republic at the expense of parliamentary authority. If a candidate for the presidency does not obtain an absolute majority of the votes, the two candidates who have accumulated the most votes enter a second round. The victor of this second round is that candidate who receives the most votes from the electorate.

In the interval between the first and second rounds of voting, many parties which were not particularly successful usually withdraw their candidates and call upon the electorate to cast their votes for the remaining candidate whose position is closest to their own, so as to prevent the victory of a more dangerous opponent from the opposing camp. Bourgeois parties thus have the opportunity to make deals, whereas the Communist Party is deprived of this ability.

In 1981 leftist forces in France—socialists and communists—were victorious in elections to the National Assembly and presidency. Socialist Party leader F. Mitterand became France's president. In March 1986, however, after an incomplete five-year rule by the socialist party, which joined in an alliance with the communists prior to 1984, a bloc of right-wing parties again obtained a majority in the National Assembly—the Gaullist-conservative Union in Support of the Republic (USR) and the liberal-centrist Alliance for a French Democracy (AFD), headed by former president Giscard d'Estaing (1974-1980). Paris mayor J. Chirac, the USR leader, became head of the government. The leftist parties

suffered a defeat which can be explained by widespread popular disappointment with what had been achieved under the socialist government. Nonetheless, the AFD succeeded in remaining the most powerful party in the leftist camp, in the National Assembly and in the country, 31.2 percent of the voters supporting it. As a result, the AFD, along with the Left Radical Movement (LRM) obtained 216 seats (289 in 1981). The Communist Party sustained significant damage, receiving 9.8 percent of the votes and 35 mandates (45 in 1981). Whereas the balance between the two political camps during the parliamentary elections of 1981 was 55:45 in favor of the leftists, the 1986 elections saw this situation reversed. In 1986 the right majority also consolidated its position in the second house of parliament, the senate, one-third of whose membership was reelected on 28 September. The neo-fascist national front of J. M. Le Pen obtained 9.7 percent of the votes and won representation in parliament for the first time (35 seats). In this manner, Francois Mitterand, leader of the leftist forces, remained chief of state and J. Chirac, leader of the rightist forces, headed the government. Mitterand declared his determination to remain in his post through expiration of his term of office (1988). As a result, there began a temporary, forced but strained "coexistence" of leftist and rightist groups.

In March and September of 1986 Paris was rocked by major acts of terrorism—bomb explosions, as a result of which 11 people were killed and almost 200 wounded. Responsibility for these acts was claimed by the so-called Committee of Solidarity with Arab and Near-East Political Prisoners, which demanded the release of three individuals from French prisons charged and convicted of terrorism and also a revision of France's policy in the Iran-Iraq war in favor of Iran. Other terrorist were committed as well which elicited the outrage of leftist and rightist forces in the country alike. J. Chirac took advantage of this and expanded the authority of repressive agencies. During his term as prime minister, the Council on Internal Security was created, comprised of the ministers of internal affairs, justice and national defense. Entry visa requirements were introduced for foreigners (except for citizens of the EEC, Switzerland, Austria and French-speaking African nations). The neo-fascists even began a chauvinistic campaign to evict foreigners of African and Asiatic descent who had found refuge and employment in the country during the years of economic boom. Le Pen promoted an exile slogan: "Two million foreigners—two million job vacancies." The unemployed and rightist elements in the country began supporting this slogan.

The first round of presidential elections was conducted in May of this year under these conditions. Le Pen received 14.4 percent of the votes (9.7 percent in 1986); Mitterand received 34.1 percent; Chirac and R. Barr together received 36.5 percent of the vote.

The second round of presidential elections took place 8 May and resulted in victory for Francois Mitterand. According to official data, he received 54.02 percent of

the vote; his opponent, J. Chirac, received 45.98 percent. However, the election did not resolve the country's acute political problems, particularly the problems of mutual relations between the president and National Assembly. Socialist M. Rokar was entrusted with forming a new government after Chirac, head of the previous cabinet, went into retirement.

Mitterand hoped that Rokar would be able to create a coalition government in alliance with representatives of the right center. The latter refused, however, and Mitterand subsequently declared the National Assembly to be dissolved. This National Assembly, elected in spring of 1986, in which the majority of seats was held by a bloc of rightist parties (292 seats, the socialists having 212), was dissolved by Mitterand, who then called for new, early elections. From 1986 literally right up to their final moments in power, the rightist National Assembly ground out laws one right after another which strengthened the power of large-capital interests in France. Major state enterprises—industrial associations, television stations, banks, insurance companies—were denationalized. The rightist elements finally pushed a five-year arms-race plan through parliament (1987-1991) costing 500 billion francs. Nuclear explosions rang out at French test ranges in the Pacific. France started production of chemical weapons and, having the capability to start neutron weapon production, factually isolated herself from all negotiations on disarmament. The Chirac government accepted unenthusiastically the Soviet-American agreement on elimination of intermediate range and shorter-range missiles in Europe, and intensified military cooperation with the FRG and other NATO countries. The police department began evicting "undesirable foreigners."

The elections entailed 2880 candidates competing for 577 seats in the National Assembly. About 100 deputies were elected in the first round, i.e., those who received an absolute majority of votes. Candidates who amassed at least 12.5 percent of the votes of the registered electorate continued their fight in the second round. A simple majority of votes was sufficient to award victory to a candidate in the second round.

The Socialist Party and her allies have 276 deputies in the new National Assembly (formerly they had 212) and the rightist party bloc—271 (formerly 292). In this manner, the end came for the notorious "co-existence" in effect the past two years between socialist president Francois Mitterand and the rightist parliamentary majority hostile to him. At the same time, the expectations of socialists who had hoped to achieve in the early parliamentary elections as convincing a victory as Mitterand, on the wave of his recent reelection, failed to materialize.

After a series of defeats, the French Communist Party achieved an indisputable success, obtaining 27 seats in the National Assembly. The ultra-right National Front (NF) was dealt a crushing blow, retaining only one seat in

the National Assembly (it had had 33). NF head Le Pen himself was deprived of his deputy mandate. These elections confirmed as well the fact that the French are "tired of" voting. 30 percent of the electorate abstained

from voting in the second round, a record number for second rounds in any elections during the years of the Fifth Republic.

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German CP Tactics in 1930's Against Hitler Criticized

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[Article by Professor V. Iyerusalimskiy: Through Ordeals and Achievements: On the 70th Anniversary of the Communist Party of Germany"]

[Text] Exactly 70 years ago, on 29-31 December 1918, an event took place in Berlin which has not been forgotten in our age oversaturated with vast changes and most dramatic conflicts—creation of the revolutionary party of the German proletariat was announced, the German Communist Party, at the All-German "Union of Spartacus" Conference (the organization of left-wing social democrats and internationalists which emerged back in 1916 named themselves after the ancient hero). The essentially small cohort of the socialist intelligentsia and revolutionary workers has decisively put the hands of time forward: It translated the objective need of the era opened up by the Great October Revolution and the freedom-loving passion of the soldiers, sailors and metal workers of Berlin, the portworkers of Hamburg, miners of the Ruhr, and the textile workers of Saxony into the plane of political class action, selfless struggle, and the language of program principles. The founding of the Communist Party of Germany [CPD] was a political, intellectual, and feat of the unforgettable leaders of the German proletariat Karl Liebknecht and Rosa Luxemburg, who several days later fell victim to White Guards terrorism, and their closest comrades-in-arms and friends K. Tsetkin, F. Mehring and W. Pieck.

The formation of a revolutionary Marxist party in Germany, at that time and for the next one and a half decades one of the "weak links" of world imperialism, was an important volte-face full of profound historical meaning: both from the standpoint of the dynamics of the November revolution that was unfolding at that time and from the general viewpoint of the future fortunes of the German people, Europe, and international socialism. The birth of the CPD became a central act of a broad historical process of making a most influential force of social progress and in forming the international Communist movement. A high realization of their international mission and responsibility inspired the founders of the CPD. Their special contribution received grateful international recognition. "...When the 'Union of Spartacus' named itself the 'German Communist Party,'" wrote V.I. Lenin, "that is when the founding of a truly proletarian, truly internationalist, truly revolutionary Third International, Communist International (Comintern), became a fact." From the first hour of the CPD's existence, the German Communist movement's genetic code itself, its moral foundations and program principles contained the most far-reaching internationalism, in particular, a sense of inseparability of its destiny with Soviet Russia and the party of Lenin.

Throughout the period between wars, the CPD and its leadership rightfully held a special position in the Comintern—they represented its largest (up to 360,000 members and almost 6 million votes in 1932) section, tempered in class clashes. The strategic and tactical guidelines of the CPD were seen by many as a "model" for a number of fraternal parties. It was the hope and pride of the international Communist movement; its fighting songs were heard in many languages. Ernst Telman, chairman of the CPD, who in the mid-1920's rose as the indisputable leader of the party, became one of the most authoritative, popular and, without exaggerating, loved leaders of the international working class.

Throughout the existence of the Weimar Republic, the Communist Party decisively battled for every inch of material interests, social rights and political freedoms of the working people, and searched for ways to unite the workers' ranks. From their very first steps, the Communists demonstrated by deed their adherence to democratic republican institutions and procedures. In 1932, together with the Social Democrats and workers without party affiliation they came out against an attempt to stage a counterrevolutionary coup.

The CPD personified the passion for socialism of the progressive-minded, most revolutionary part of its class and, what is more, the best part of the German people. Telman's party was an integral part of socio-political national life on all its levels and in all its manifestations—in the working class quarters and in the Reichstag, in the trade unions and in mass demonstrations, and in the sphere of culture and the struggle of ideas. It is credited with quite a few class clashes that were won and important political actions against big capital and militaristic circles.

The historical truth, however, is always more complex and contradictory than we would like when summing up results on an anniversary. It primarily lies in the fact that the life and struggle of the CPD during those years were based on an insufficiently realistic strategic perspective that did not correspond to objective conditions. In the spirit of the times, the program course of the CPD, even initially after the Nazis came to power in January 1933, did not have a clear orientation (it virtually did not have intermediate stages) towards a proletarian revolution and establishment of power of the working class in Soviet form. In its intensive quest and difficult internal conflicts, on the whole the party was also unable to find the correct, dialectically flexible interrelations between strictly proletarian and nationwide interests, between protecting and struggling to develop democracy and advancing toward socialism, between revolutionary and "reformist" methods, between the historical model of Bolshevism and a creative approach to specific reality. It was unable to find effective forms of combining class, national, and international interests. As a result, given all the individual and even quite significant achievements

of the CPD, its policy of social, class and political alliances proved to be insufficiently realistic, convincing and effective, and the problem of hegemony remained unresolved.

Many actions by the Communist Party during those years gave somewhat of an impression of skepticism and sectarian narrowness. The unfounded branding of the Social Democratic Party as a "moderate wing of fascism," as "social-fascism," had particularly far-reaching negative consequences in the face of the spasmodic growth of the fascist threat. It is known that this went entirely in the course of the overall concept of the Comintern of those years, the essence of which was expressed by the formula "class against class." One of the most fatal decisions in this light—the CPD's participation, essentially side by side with the Nazis, the right-wing national party and steel helmet, in the referendum against the government of Prussia (August 1931) headed by the Social Democrats—was made under direct pressure from I.V. Stalin and V.M. Molotov.

But given all the delusions and expenses, the Communists' opposition to the Nazi onslaught and terror was decisively distinguished by its fighting nature from the inconsistent, uncharacteristic, and at times defeatist policy of the leadership of the Social Democratic Party of Germany (SPD). Correcting the errors in assessing the rapidly deteriorating situation and overcoming the fetters of the speculative schemes, the party leadership and the broad masses of its activists acquired new experience in the antifascist struggle during the last years and months of the republic's existence, experience which became a part of the international arsenal of the Communist movement and its historical change at the Seventh Comintern Congress in 1935.

The Germany people and all of mankind had to pay a bloody price because the prophetic warning by the German Communists was not heard: "He who votes for Hitler chooses war!"

The 12-year reign of fascist terror became a merciless historical test of the steadfastness of Communists and their unbending devotion to democratic and socialist ideals. Given the most complete and valid accounting of the contribution of other political forces, historical justice requires recognizing the special role of the CPD in the antifascist Resistance. Having overcome the leftist-sectarian delusions and paid the highest price for the new experience, Communists progressed and defended by all methods available to them the only realistic concept of the broadest proletarian and national unity against fascism and war. The Communists won valid recognition from all the other forces of the Resistance as the most durable, most consistent part of the Resistance. The underground relied on them, and they fought together and died with the Social Democrats, trade union activists, and religious people.

The suffering and casualties suffered by the CPD were huge in Nazi Reich: 145,000 of its members (i.e., practically one out of every two) went through concentration camps and torture chambers; about 30,000 were exterminated. The German Communists were thrilled to rush to the aid of the Spanish Republic and comprised the backbone of the best international formations; more than 3,000 of the 5,000 German antifascists, most of them CPD members, gave their lives in the first armed clash with fascism.

The unparalleled tragedy of the CPD in the 1930's, however, was that it also lost its sons and daughters in the Soviet Union, a country that they considered the homeland of all working people. Many members of the CPD central leadership fell victim to the Stalin-Yezhov terror. German antifascists died in northern and Siberian camps, and after the fall of 1939 several hundred of them were extradited as Gestapo executioners.

The German comrades perceived the Great Patriotic War of the Soviet Union as its own liberation, international, and just war. In the summer of 1943, the National Committee "Free Germany" emerged on the territory of the USSR as a result of a tremendous amount of political and organizational work of the Communist Party and with the help of the Soviet government. It united antifascist, party and non-party emigres, prisoners of war, enemies of Hitler, and patriots of all classes and sections of the German people. This was the first stone laid in the foundation of the future renewed, free, democratic Germany.

The CPD honorably fulfilled its great duty to the German people after the liberation, during the last year of its independent existence. Bled white, but grown wise with its tremendous experience, in an historical appeal to the German people on 11 June 1945 it put forward a clear-cut concept of a democratic-antifascist revolution, which became a platform of cooperation between all anti-Nazi and all vital forces of the nation, and the starting point for a new chapter of national history. The CPD entered this new chapter enriched by lessons of the class battles of the November Revolution, the policy of the Popular Front, and the "Free Germany" movement—unity became the highest principle in its activities. Together with the SPD, the CPD laid the foundation for a bloc of antifascist-democratic parties and organizations. A crucial event took place in April 1946—the SPD and CPD in the Soviet-occupied zone were combined into the Socialist Unity Party of Germany (SED). With a brotherly handshake by Communist W. Pieck and Social-Democrat O. Grothewohl, a line was drawn under a huge and dramatic piece of German history.

Seven decades in our swift age is a huge chunk of time that cannot help but shift to a certain degree the point of view on collisions, on those involved in the revolutionary drama of distant years, on their historic righteousness and historic illusions and errors. Mankind and the

world have changed radically since those times. Civilization itself is at a sort of critical turning point. Our ideas of social progress and its forms are undergoing changes.

The new conditions give rise to an urgent need for renewed historical awareness. We are just beginning to assimilate the past of our movement with all its difficult completeness and contradictory nature, with all its flights, delusions, and myths. A contemporary, fresh analysis of the heroic life and struggle of the CPD within the framework of a worldwide revolutionary organization, Comintern, is without a doubt one of the most fundamentally important and complex approaches to a huge overall problem—creation of a true history of the international Communist movement.

The world has radically changed in 7 decades, the sphere of exploitation in it has narrowed, dozens of peoples have made their way to independent historical creative work, and those who fancy militaristic adventures have been place within certain limits—this is greatly due to the selfless struggle of millions for the ideals proclaimed by the CPD at its founding congress.

The cause of Karl [Liebknecht] and Rosa [Luxemburg], the Spartacus members, the heroes of the underground, and the activists of the postwar "first hour" has also proved to be historically steadfast on German soil. The German Democratic Republic, a reliable bulwark of socialism and peace in the very heart of Europe, has for nearly 4 decades been building a new, fitting life for man.

The German Communist Party (FRG) and the Social Unity Party of West Berlin, legitimate godparents of the glorious tradition, are waging an intense daily struggle for the interests of people of labor, for a world without violence and weapons, for democracy and social progress.

Hungarian CC Secretary on MSZMP Renewal
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No 17, Sep 88 pp 74-79

[Article under the rubric "In the Fraternal Countries of Socialism" by Janos Lukacs, Politburo member, Central Committee secretary of the Hungarian Socialist Workers' Party: "Party Renewal"]

[Text] A conference of the Hungarian Socialist Workers' Party was recently held at which decisions were made regarding significant changes, regarding acceleration of the process of reform in all important spheres of our society, and regarding a thorough renewal in the internal life of the party.

The party leadership circulated a number of documents in the months prior to the conference for discussion by party members. In preparing the party conference theses, we carefully summarized and utilized the results of the animated—even passionate—discussion, and the effect

of this was keenly felt during the course of conference debate and in the speeches of the delegates. In this manner, the entire party, as an integral whole, participated in the conference preparation.

It may be said that this conference was more critical, more self-critical, more active and constructive, than any party measure that preceded it. Fifty individuals took part in the debates, and another 230 individuals submitted their presentations in written form. A whole series of presentations was published in party newspapers and magazines, and all presentations will appear when the recorded minutes are published.

Because of the deficiencies of the preceding period, conference delegates were especially intense in criticizing the fact that decisions handed down often remained unaccomplished, or were distorted in the process of accomplishment. This was a reflection of the fact that our past decisions were not always sufficiently well founded, often were based on faulty assumptions and illusions. But weaknesses and faults were also apparent in the organization and supervision of execution. Taking this experience into account, the newly elected Central Committee—at its very first post-conference plenum—adopted a detailed two-year plan for tasks to be executed in implementing conference decisions. The plan charts the chief issues which the Central Committee and Politburo (27 major questions in all) will discuss over the next two years, recommendations for national agencies (13 issues), and the means through which social organizations and scientific institutes can participate in the overall effort (6 areas). Enlisting the support of a broad circle of experts and party workers to develop a number of questions, the Central Committee appointed working commissions which will analyze all of these subject areas. Precise time periods were designated for each issue within the plan and personal responsibility was clearly delineated—specific individuals were designated from the membership of leading party agencies as being responsible for execution of given tasks.

The Hungarian Party Conference devoted its basic attention to urgently needed reform of the system of political institutions, without which desired changes in the economic sphere as well as any other area of public life will not be able to be accomplished.

Based on our on-hand experience, we were forced to conclude that the present functioning of our system of political institutions does not meet current requirements. This concerns all component elements of the system of institutions, and especially its directing force—the party. In accordance with this, the conference made especially thorough analysis of tasks related to modernization, renewal of the party's internal life, and national, social agencies.

We are proceeding in our effort from the fact that party members have sharply criticized the situation as one which prevents them from participating to the extent

they must in the formulation of specific decisions and solutions, and as one which leaves them uninformed as to the activities of higher party organs. In a word, party members are insisting—and, in our view, with full justification—on greater participation in the formulation of party policies. We are therefore striving to bring the party leadership and its members significantly closer together, to thoroughly analyze what it is that interferes with this, and ascertain what practical steps must be taken to change the situation. Clearly, a basic condition for more active participation is being adequately informed, but we must also develop specific means and methods of effecting this participation.

The Central Committee took a further step forward at its July plenum, deciding to establish 15 permanent and temporary working commissions and working groups under its auspices. Consisting of Central Committee members and experts from various spheres, these commissions will act as connecting links between the party leadership and its active membership. In the course of their activity in decision preparation, they will solicit the views of a broad circle of communists and non-party members who have delved into a given issue, thereby involving them in the formulation of policy and the direction of political activity. Insofar as the network of working commissions will be established under the auspices of oblast and lower-level committees as well, it will become an important element in the activity of communists directed towards policy formulation.

The need for introducing these and similar methods is also motivated by the fact that party members and members of leading organs often hold varying opinions on specific issues, and a correct point of view can be formulated based on a comparison of these opinions. It is in our interest that diverse viewpoints on this level are expressed, that they encounter one another; for this provides the essential guarantee for sounder decisions. Not only in this sphere, but in general as well, we are striving to stimulate open exchanges of opinion within the party, since this is the only way we can generate an active social life where communists really participate in political activity.

This is particularly important in the primary party organizations, for it is they which are functioning on the front line of political activity, they which, in the final analysis, will determine the vitality of the party and its influence on the masses. We are convinced that the party is strong when its primary organizations do not simply execute decisions of higher organs, but—first and foremost—function as responsible political administrators of their spheres, as independent participants in the entirety of party activity.

With respect to insuring greater effectiveness in the political work of the party, increased independence for local party organs offers much room for improvement. Party members typically show great intensity in their work, but such intensity is often unable to develop as it

should since party life is exceedingly limited by rigid rules. The party conference came out in active support of reduced regulation by central authority in the work of primary organizations, of far less interference in local activities. This effort is already beginning to be implemented in practical terms. Thus, the central plan of matters awaiting resolution contains no taskings for lower party committees or for the party organizations. Instead of ordering such taskings we recommended that each committee and each organization reach its own conclusions based on the above-mentioned central plan and put together a plan of its own, after correlating central decisions with local political requirements.

We are also striving to enhance the independence of local cadre work. As a result of the latest Central Committee plenum, the number of job positions under directive agency jurisdiction (Central Committee, Politburo) was reduced from 1241 to 435. Jurisdiction of an entire set of positions was awarded to lower-standing party organs. At the same time we are prompting a similar decentralization in these organs. In other words, we are consistently trying to achieve a situation in which each leader is evaluated by the party organ which best knows the local requirements and the work of the leader concerned.

Then too, strengthened democracy has brought about unusual events. As a result of changes which took place at the party conference, the post of first secretary of the Budapest Gorkom has become vacant. This is an extremely important post in view of the relatively great weight of the capital (almost one-fourth of the country's communists belong to the Budapest party organization). For the first time, the Central Committee did not present a candidate for this post. It took into account the fact that the Budapest Gorkom appointed a commission to present candidates, recommending two comrades based on discussions with each committee member. Their names, biographies and the results of preliminary calculations were published in the party press. It is interesting that voting had to be conducted three times, since the vote count for the candidates was so close (this too has been reported in the press). Only in the third round did one of the candidates obtain a majority—50 percent plus one—as prescribed by regulations.

Providing a framework of greater independence, we are pursuing the goal of increased independent initiative at all levels, including that of the primary organizations. Having eliminated frequent centralized recommendations, we are providing opportunities for the primary organizations themselves to determine the agenda for party meetings, the frequency of sessions conducted by their directive organs, and the protocols and documents they prepare with respect to these measures. We are also exhorting party organizations to display greater initiative in matters affecting Hungarian politics as a whole. If they consider it necessary, let them introduce proposals to higher-standing party organs with regard to discussing certain issues, let them try out daring new operating

styles. We are not only creating the opportunities for this, but are directly encouraging it, for in that way their work can become more outstanding and nearer to reality.

Without a doubt, a suitable atmosphere is necessary in the party organizations to effect all of this. Experience tells us that party members often discuss pressing political matters not at party forums, but apart from them. Of course it is no calamity if members engage in lively political discussion outside the party, but the lack of it within the party framework is an indicator of certain deficiencies in our party life. It is therefore necessary to establish everywhere such an open, candid spirit of discussion that it will be only natural for communists to discuss pressing political issues primarily within the party framework, where opposing views can be openly presented in turn, and where every party member enjoys equal rights of participation no matter what his job title or duty position. Of course, this cannot happen by virtue of instructions from the center; the general will of all party members is necessary to achieve it.

We must especially stress—although it is already evident from what has been mentioned above—that we consider the most important aspect of renewal of party life to be a deepening of intra-party democracy. Our experience also shows that it is impossible to imagine active intra-party democracy without glasnost on a broad scale. Here too we had defects in our work in this regard and these were sharply pointed out by party members during the course of discussions preceding the party conference. The Central Committee derived a lesson from this and adopted a special resolution at its plenum, conducted a month after the conference, on greater openness in the work of the guiding party organs. The resolution provided, in part, for the party aktiv and membership to be informed from now on with respect to decisions while they are undergoing preparation, which will allow for the expounding of possible variants. In this manner, documentation will be prepared taking into account opinions of the party organizations.

A resolution was also adopted—and practically implemented 6 July—which provides for the publication in the party's central organ several days prior to a Central Committee plenum of the basic provisions of documents being introduced at the plenum. Conclusions reached by various Central Committee working commissions and alternative resolution proposals will also be published. Our plans call for a whole series of issues to be discussed beforehand among party members, and resolutions to be handed down following generalization and summarization of these discussions. (One such issue will be, for example, changing the party rules, a resolution on which is to be reached by the 14th Party Congress; or the means of intra-party discussion of various concepts, on which the Central Committee will reach a resolution in summer of next year.)

It was also decided to change the information aspects with regard to Central Committee plenums and the resolutions they adopt. The function of press representative has been newly introduced. Following the plenum,

the speaker for the major agenda topic—this will most often be one of the Central Committee secretaries—will inform radio listeners and television viewers that evening (every evening, when the plenum continues several days) concerning the main elements of the speech, about debates and decisions. Party newspapers and journals will publish drafts and resolutions and set forth the basic elements of the debate. Already we have informed the population of the country in precisely this manner concerning the Central Committee plenum conducted 13 July. Everyone was able to learn about the speeches, about the written presentations and the arguments presented in debate. We are introducing a system in which members of the leading organs participate in the sessions of oblast and lower-standing party committees in order for them to be able to get more personally involved in reaching their conclusions.

The above-mentioned plan of tasks we must accomplish has been published in the HSWP Central Committee journal PARTELET ("Party Life") which fact also provides evidence of increased glasnost. Consequently, every interested individual—party member or not—can find out what topics will be discussed by the leadership during the coming two years. And if he so chooses, he may constitute his own point of view on any topic and introduce it within his party organization, or he may pass the information up to higher-standing party organs, i.e., he may use his own initiative to facilitate preparation of a given resolution.

In such a manner, expanded glasnost not only pursues the aim of better satisfying the interest of party members. We expect as a result of this that decisions will become more well-founded, that the party membership will consider them their own to a greater extent, and that the party will become more unified both with regard to evaluation of issues and in practical affairs.

We are planning significant changes as well in the system of intra-party elections. It is no accident that the Central Committee established a special working commission on this subject.

Here too the essence of change lies in strengthening democratism. We intend to enhance the role of members of leading organs. It will therefore become a rule to effect preliminary consultation with the membership of an organ prior to filling one or another position in it. (Of course, the final decision will be expressed during the elections.) But we want to enhance the role of party members and the public in this process. Local newspapers published in advance the names and biographies of candidates—not only with regard to the previously-mentioned election of first secretary of the Budapest Gorkom, but in filling other positions as well—so that party members could state their opinions. Another proposal was made during the course of preparation for the party conference—that no one should assume a higher leadership position without the opinion of the primary organization being elicited in this regard.

In discussions which preceded the party conference, quite an intense desire was expressed to have part of the membership of the leading organs delegated directly by lower-standing organs. It is felt that, over the course of making corrections to the elective system, the proposal to make immediate use of this method in the election of Central Committee members will receive widespread support. We see that very same kind of universal—and natural—desire to establish commissions for the purpose of advancing candidates a long time prior to the elections, not just for primary organizations but for higher levels as well. This will provide sufficient time for obtaining information and formulating opinions. Taking the desires of party members into account, the party conference came out in favor of allowing for election from among several candidates, where there is such a demand, and providing for the vote on all levels—from primary organizations to Central Committee and congress plenums—to be conducted by secret ballot.

As is clear from what has been mentioned above, we are relegating a great role to fundamental relationships among communists in intensifying democratism in party life. We consider very important consistent application of the principle according to which every party member shares equal rights at party forums. In principle we have already declared this an innumerable multitude of times, but in practice it is difficult to provide the conditions for implementing equal rights. Diversity in the job positions people hold in the division of labor results in their being afforded unequal opportunities in obtaining information. In addition, the word of the leader and that of the subordinate, even in party organizations, often carry different weights. Of course, we can only rejoice when the collective respects its leader and takes his opinion into account, but this cannot in any way mean that it must relate in an uncritical manner to his words and deeds, or that collective monitoring is not applied to the leader. The weight of argument—and not rank—must be taken into account at party forums. This requirement was consistently observed for a while in the HSWP after 1956, but its practice faded in time, a fact which must be altered.

The principle according to which leading organs are accountable to their electors will be observed to a greater extent. We have therefore planned that the Central Committee will render annual reports to the party from now on. We are developing the specific format for this prior to the end of the year. There are probably grounds to introduce this for the Politburo and oblast party committees as well.

We intend to make subject to glasnost the work of the leaders as well as that of the organs. It would be appropriate for the party membership to become acquainted with their personal character and be able to get an idea as to their ideas and activities. That method whereby policy was expressed unanimously, in which party leaders sometimes used the very same words to formulate their thoughts, turned out to be unsuccessful. It is more

advisable for them to inject their own individuality, their own personal traits into the process. We want party members to be truly familiar with the activity of individual leaders when they go about their work—this is the only way their capabilities and suitability can be practically evaluated.

The significance of work results, talent and capabilities in evaluating political suitability is increasing, but no less important is the force of human integrity and moral character. The importance of this was stressed by many speakers at the party conference. One of them, a first secretary of one of the Budapest raykoms, spoke fervently on this topic, emphasizing that we have long known that communists are not a special kind of people—they are not perfect; but we have every right to expect that they will provide an example when it comes to morality. For this reason it is necessary to publicly announce from here—from the platform of the party conference—a relentless struggle against illegal privileges, against immodesty, nepotism, corruption, and all forms of abuse of power. The party has every right to rely on its leadership to take a more resolute stand against such phenomena. We consider this a question of political significance, especially with respect to our leaders, whose slightest mistakes are naturally magnified in the eyes of public opinion. Therefore we cannot be lenient in this regard; we must not “empathize.”

The renewal of party life we envision here will, without a doubt, create favorable conditions for an increased role to be played by each individual party member—increased responsibility, activity and sovereignty. And this will facilitate formulation of our resolve to establish a new kind of relationship between the party and state organs, between the party and social organizations. If knowledgeable, independently thinking, active communists are working in this sphere, people interested in politics who are capable of and ready for independently resolving the issues which arise, we will more easily be able to effect the planned division of party and state activity, and afford appropriate independence to social organizations.

Practical experience has already shown that the guardianship of state organs by party organs does not assist in achieving our goals, but rather hinders this. There is no need for party organs to be making decisions in place of state organs in matters falling within the latter's jurisdiction. Nor is it necessary for party organs to determine any specific resolution by developing its opinion in advance. This is advisable only in matters of great significance which bear a truly political character. We must formulate our work style in such a way that the party charts the main course of activity conducted by state organs, but the carrying out of specific decisions should remain the responsibility of these organs. We must show confidence in communists who occupy various state positions, but at the same time we are obligated to constantly monitor their activity to insure that they are following the party line. This is not a manifestation

of lack of trust, but rather the rendering of assistance in providing the necessary political conditions for successful state operation. Party organs provide the greatest assistance when they refrain from unwarranted interference and concentrate their attention on political questions.

In like manner we disapprove of petty interference in the work of social organizations, all the more so when party organs take on their responsibilities themselves. This practice also evoked criticism at the party conference. In this regard, we would direct the attention of party organs to the fact that it is inadvisable to interfere in the decision-making of social organizations, even in the form of giving advice or expressing their opinions. It is desirable that the leaders of these organizations—party and non-party members—assume full responsibility for their decisions and rely primarily on the organization members and their opinions. And if they commit an error in one matter or another, let them come to that conclusion themselves and learn from their mistakes. Naturally the party cannot fail to hold communists occupying leadership positions in social organizations accountable to it for their activities, and the party organ should formulate its view on this. But this does not contradict the fact that new types of relationships are presently being formed and developed between the party and social organizations.

All of this concerns as well decisions on personnel questions, in which the independence of qualified popular representatives, state leaders and social organs is also growing. The reduction mentioned previously in number of people falling under the jurisdiction of the Central Committee also serves this aim. We consider it expedient overall—and this is a recommendation—that party organizations express their views only with respect to the number one leader of a given territory or sphere of activity; with regard to the remainder, they should entrust full confidence in the decision of the organ under whose jurisdiction election or appointment is conducted. We are convinced that party members who work in the most diverse locations are mature enough to independently weigh the political directives of our party during an election and during evaluation of the candidates.

In this manner, the role of each individual communist—in the primary organization itself as well as in social life and other spheres—is growing. His responsibility is increasing for implementing the guiding role of our party which, as a direct result of the reasoning and convictions of more than 800,000 party members, can become the ideological and political guide in the true sense of this word. This urgent political activity, combined with direct participation in execution and monitoring, has been and will remain a most important, invigorating element in the everyday link between the party and the masses.

The party is going through a time of renewal. At the same time we know that everything taking place in the party has its effect on the system of political institutions as a

whole, on all spheres of society. We feel a responsibility flowing forth from this which grows even more in view of the fact that we are engaged in our effort under circumstances where, as a result of the country's economic difficulties, erroneous decisions and defects in our work, the confidence of the working people has diminished and ties between party members and the leadership have collapsed. Preparation for the party conference and the atmosphere which reigned during it provide our starting point for positive changes. Now our efforts are directed towards solidifying confidence in the party, having intensified our effort and made our work newer and more attractive. Renewed activity is a reassuring sign and shows that we should continue precisely along this track. This can become a most important guarantee for insuring that the historical tasks facing the people and our country are successfully accomplished.

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Medgyessy Interviewed on Hungarian Economic Reforms

18250007 Tallinn MOLODEZH ESTONII in Russian
24 Sep 88 p 3

[Interview with Peter Medgyessy, Deputy Chairman of the Council of Ministers of the Hungarian People's Republic, by NOVOSTI Press Agency special correspondent Yu. Lysenko: "Hungarian Reforms: The Economic Aspect"; date and place not specified]

[Text] [Lysenko] Great interest is being shown in the Soviet Union towards the renewal process which has begun in Hungary, including reforms in the economic sphere. What prompts the necessity for such reforms?

[Medgyessy] Our country is burdened with foreign debts which have reached the level of 17 billion dollars. This is primarily due to a lack of ability on the part of Hungary to compete in world markets. In the sphere of technology and equipment, our industry lags behind that of the developed countries. Clearly, we use little of the newest technology and there is little production output of the quality that would meet world market demands.

True, our agricultural productivity is distinguished by its high quality, but expenditures needed to achieve that are great.

Industry and trade in Hungary are too centralized and their management is monopolized. This is especially hard felt in foreign trade. Our producers do not have the opportunities to fully sense international market business conditions. Hungary's share of world trade is decreasing. With respect to the domestic market, it is still inadequately developed—existing prices are not an effective stimulus for promoting various kinds of economic activity.

The situation today is significantly different from that which existed in 1968, when our country set about on the path of change for the first time. We had a more balanced economy then which was developing more dynamically. Thanks to successful agricultural reform, agriculture became the major socialist sector of our economy. The party enjoyed the complete confidence of the masses of working people. And the world economy of that time was not going through upheavals the likes of which later appeared.

Basically, conditions at that time were completely favorable for the conduct of economic reform.

Today the situation both within the country and in the world arena has grown more complicated. All the same, the situation demands that we decisively continue our reforms in spite of the economic difficulties we face.

We understand, of course, that reforms must have the support of society. But how can you gain such support when you are forced to tell people that for a certain period of time while the reforms are underway life will be more difficult than before? I see here a significant socio-political contradiction here in accomplishing economic transformation in our country. We must therefore take two factors into account in planning the reforms. Firstly, we must see to it that certain layers of the population are themselves able to feel positive results from the transformation as soon as possible. In this regard, we cannot promise all the workers of one enterprise or another that they will immediately have better living conditions as a result. We can only promise that those among them who adapt better and more quickly to the new economic conditions (who acquire new professions, for example) will truly have better living conditions.

We cannot promise that all enterprise directors will immediately have an easier time engaging in production activity. But active, business-minded directors who exercise initiative will find real opportunities open to them for making a significant jump forward in the economic development of their enterprises.

Secondly, there will be people who find themselves on the periphery, as it were, of the changes taking place in society, who will not immediately join in the process of renewal. It will be necessary to establish for them a "special net" of social protection so that they are not deprived of their chances in life—especially if they are not guilty of being on this periphery.

Still another problem requires solution. We must do everything possible to insure that people who, for one reason or another, have not at first landed in the social category of "success" get the opportunity to reach it. In other words, it is necessary to create conditions for social mobility, so that people who exercise constant effort and personal initiative will have the opportunity to cross over into that category of society in which the reforms are advantageous.

We must confess that we as yet have no ready-made answers to these questions. We are seeking them in the sphere of economics and in the sphere of politics.

[Lysenko] What line of strategy is the Hungarian Socialist Workers' Party taking in the course of economic renewal? What are the paths and stages in accomplishing the economic reforms?

[Medgyessy] With regard to strategy of reform, I would like to note immediately that it is impossible to effect transformation in the economic sphere alone. If we take a look at the experience of restructuring in the Soviet Union, it becomes evident to all that reform takes place not only in the economic arena, but in the social and political spheres as well.

The essence of the strategy of today's reforms in Hungary lies in the fact that we must effect the restructuring of political institutions at the same time that we restructure the economy. These reforms must be achieved in parallel. Only this can insure success in economic renewal.

Another important element of the strategy consists in the fact that we intend to renounce the view, prevalent earlier, that reform must be accomplished slowly and gradually. In other words, changes which took place before did not create that "critical mass" capable of yielding desired results. We have to create such a mass. The tactics of slow, gradual changes conceals within itself the danger that we might remain in our previous positions.

In addition, reforms must be accomplished in an integrated fashion. They cannot be achieved selectively, one element at a time. It goes without saying that the reforms must be well prepared, thoroughly worked through ahead of time. But it is not a simple matter to do this, insofar as we have little time and one might say "we got a sitting start..." for the whole decade.

It is necessary in conducting reforms to combine consistency with flexibility. I emphasize this because we have already undertaken fairly good measures towards economic renewal in recent years, but we lacked patience in awaiting concrete results. We prematurely sounded a retreat from such beginnings before checking through to the end to see whether they were correct. And this is understandable. The country's leaders have tried in every way possible to avoid conflict situations in society, although I am personally convinced that it is sometimes impossible to make one's way through without conflicts—you must travel at risk.

Flexibility in conducting reforms is also necessary because our beginnings are fairly new—there is much uncertainty and no guarantees that we are not making a mistake somewhere. When we determine sufficiently clearly that we are going in the wrong direction and not obtaining the results we expected, we do not have to continue working in this direction only out of prestige considerations.

We expect that, as a result of expanded democracy and socialist pluralism, our political leaders will receive timely signals from society if their policies are developing in the wrong direction. In other words, we will have greater opportunity to correct our efforts in developing and improving the economy.

With regard to stages of reform, we already know the following. In 1989, reforms in the spheres of politics and economics must be carried out at a rapid rate so as to create that "critical mass" I was talking about before, and get that mass to begin operating. From that point on we will act according to how the situation develops.

[Lysenko] With regard to the process of renewal in your country, can we speak about a Hungarian model of socialism?

[Medgyessy] I would say that there are no experiences, there are no premises which can confirm whether our reforms will lead to the emergence of some exclusive model of socialism. Naturally we have many elements which are similar to what has been seen in other fraternal countries, but there are also many specialized characteristics.

For example, with regard to the use of market regulators in the economy, we have much in common with the Yugoslav experiment, but the Yugoslav self-management model is not adequately understood here and is therefore unacceptable.

Many comparisons can be made with Soviet restructuring. Thus, in the sphere of social and political reforms, it seems to me Hungary actually lags behind the Soviet Union. With regard to glasnost, for example, clearly we are moving behind our Soviet comrades. Our view differs somewhat from the Soviet view when it concerns, let us say, the role of the market. At the same time, we attach greater significance to planning principles in the economy than do our Polish friends, etc.

There is one other interesting question—how far should we go in permitting the activity of private and foreign capital in the interests of improving the economy?

Ideology should nonetheless predominate over economics to a certain degree in this area. Here we must carefully analyze the history of socialist construction in Hungary over the past 40 years and take international experience into account as well. We cannot be content

simply with the fact that we are abandoning our previous model of socialism—we must create a new optimal model. And such a model cannot be developed on just a purely pragmatic basis.

[Lysenko] What can you say about Hungary's economic cooperation with the developed capitalist countries and international economic organizations?

[Medgyessy] As far as ties to the developed capitalist countries are concerned, we are strictly looking out for the economic interests of Hungary and trying to utilize these ties to enhance effectiveness and strengthen our economy, proceeding from the principle that only a country with a solid, healthy economy can truly be strong and sovereign. This requires technology, capital and engineering.

On this basis we are building relations with the developed capitalist states and international economic organizations. Constantly mindful of our debts, we are also looking for ways and means to cast off our debtor status which would yield positive results.

[Lysenko] How would you evaluate cooperation between Hungary and the USSR and the other fraternal countries within the CEMA framework?

[Medgyessy] Concerning our relationship with the CEMA nations, primarily with the Soviet Union, I would first take note of our political affiliation with the socialist community. It must be said that this political affiliation is not measured in percentages, i.e., if 50 percent of our foreign trade is conducted with the socialist countries, then we are with them—if it is 47 percent, we are not. We have common principles and interests which determine our political affiliation. At the same time, we also have our own specific economic goals in accordance with which we build our mutual relations within the CEMA framework. I am convinced that CEMA's prospective development in the coming years may constitute that path in which several countries or small groups of countries will find their common interests and a common language in vital issues.

You are aware that not very long ago I was the finance minister of Hungary. I will therefore use that sphere to cite an example. A variant might arise where, let us say, three socialist countries decide to establish a small financial currency exchange to start with—the Soviet Union, Czechoslovakia and Hungary, for example. This would provide an opportunity to work out many matters on a practical basis with regard to financial relations which are presently difficult to resolve within the CEMA framework as a whole.

Of course, it would be necessary as a result to repudiate certain established stereotypes, which right now appears unthinkable to us. When these methods justify themselves within a small group of nations, it will be possible to extend them to a wider circle of countries.

Impact of Hungarian Enterprise Closings
18250016 MOSKOVSKAYA PRAVDA in Russian
14 Sep 88 p 4

[Article by S. Abramov, candidate of economic sciences, and V. Ivanov (Budapest-Moscow): "When a Plant Closes..."]

[Text] "Are there many unemployed in Hungary?" we were asked this question repeatedly by colleagues who are informed about the fairly active practice of eliminating less profitable and mass-producing enterprises, cooperatives and other economic organizations of the country from which we recently returned.

There is no unemployment in Hungary in the generally accepted sense, but the "black borders" in the central press announced that, for example, the Budapest Typewriter Plant and the Hat Factory, the Ready-Made Dress Factory and Pecs, the Ganz Mavag Machine-Building Association, and a number of other enterprises have joined the ranks of the "bankrupt." The problem of labor placement, naturally, exists, and it is far from simple. And we were very interested in seeing how it is being resolved in the current economic situation.

Last year, 1987, ended with losses for 160 Hungarian industrial enterprises and organizations whose maintenance cost the state no less than 17 percent of the national income. But even this figure is not final. Hungarian specialists think that the tax reform will reveal the true situation with respect to profitability for another approximately 20 percent of the economic organization.

"The main goal of the procedure envisioned by the rules of the law on liquidating unprofitable enterprises adopted in the second half of 1986," said a department chief of the Hungarian Ministry of Industry, Geze Anbrozi, "is to reveal the reasons for the lack of profitability and determine the optimal variants for rectifying the situation. The measures that have been adopted do not necessarily involve closing down productions that are operating at a loss. The main goal is to help them, if possible, to get back on their feet."

The story of the Budapest Plant imeni A. Gabor is remarkable in this respect. When the enterprise's debt exceeded 100 million forints the plant administration, without waiting for liquidation "from outside," declared its insolvency. A meeting of the "creditors" was held immediately, at which the directors explained how they intended to get out of the crisis at the plant. In particular, he suggested liquidating production that was operating at a loss and thus releasing equipment and buildings and also above-normative supplies, modernizing production, and expanding the assortment of products produced.

When they considered the proposed measures acceptable, the "creditors" still resolved to help the plant, but they established strict control over the fulfillment of the

program of improvement they had set forth. Getting ahead of ourselves, let us say that their hopes were justified: things at the plant are gradually improving.

But the program for getting out of trouble had other consequences that were not at all pleasant. Of the 110 management personnel at the plant, only 50 remained. With the elimination of the smelting production another 80 people were threatened with being discharged. Naturally, measures were adopted at the plant to find them jobs. They were offered a choice of jobs in other enterprises of the capital. Those of a "critical" age were given the opportunity to go on pension. Occupational retraining was organized and paid for by the enterprise.

Let us turn to the other variant, whereby an enterprise that has been or is being closed is acquired, as it were, "lock, stock and barrel," by some powerful flourishing economic organization. In this case the process of labor placement is simplified. Thus the Budapest Association for communications equipment imeni Beloyanis, intending to expand, came to the conclusion that it would be more advantageous to purchase the related KhTV Association, which was on the verge of bankruptcy, as a whole, than it would be to construct new buildings, install equipment, and gather people.

Having taken out several million forints in credit, the first thing it did was to pay off some of the creditors of the "relative" it had acquired. It used another part of the money to pay off the Ministry of Industry. Then, after the management of the former KhTV had been reinforced, and it had become one of the subdivisions of the association, they began complete modernization which they intend to complete by 1990.

In just a year the production volume of the enterprises previously included in the KhTV increased by more than 20 percent and profitability increased significantly.

Our Hungarian comrades stated frankly that it is impossible to solve all problems using these measures alone. This, incidentally, is confirmed by practice: many, in spite of all the efforts of the administration and trade union organization, cannot find new work during the 3 months they have after being warned of their forthcoming discharge.

What is the solution? The Budapest Center for Labor Placement came to the rescue. "The enterprises," its director, Anna Matoric, shared with us, "are obliged to announce staff reductions if the number exceeds 10 with an indication of the data reduction, the skills of the people being discharged, and so forth. The information about these reductions comes to us from the trade union committees as well. Honestly speaking, their information is more precise and we are rarely told about the harm caused to the workers as a result of their discharge."

We became familiar with the labor placement mechanism. Everyone who comes to the center is asked to fill out a questionnaire, give detailed information about his qualifications and education, and express his desires regarding the new workplace. No less than once a month the people registered here must become familiar with the data concerning the vacancies at the center that correspond to their desires to one degree or another.

Of course everyone wants the new job to be at least as good as the former one. It would seem that everything was clear here, but in the Hungarian press a broad discussion has developed regarding the very concept of "a suitable" job. And it has shown that far from everything is as simple as it seems that first glance.

According to a special clarification of the Hungarian Ministry of Industry, "suitable" is considered to be a job which corresponds to the level of qualifications and health condition of the person who has been discharged. And the wages should be no more than 10 percent lower than the previous wages. Moreover, the distance from home to the new job is taken into account—it should not exceed 2 hours' travel time on public transportation.

Other aspects are also taken into account. That person should not suffer materially as long as the center is looking for work for him. Therefore for the first 3 months after the administration has warned him of his forthcoming discharge and for the subsequent 6 months he receives the average wages, continuing to be formally registered at the enterprise.

There is an additional time period if 9 months has not been enough to find proper work. In this case another half-year is given, during the course of which the center pays a so-called unemployment stipend. In the first 3 months it is 75 percent and the second—60 percent of the average monthly wages.

It is no secret that many people ask the question: "How actually does the unemployment stipend in the West differ from the material assistance rendered during the time of labor placement in Hungary?" At one of the press conferences, the government representative Rezhe Banyas answered the question this way: "We are not following the path of capitalism. Nobody will be closing our large enterprises employing tens of thousands of workers as is done in certain Western countries. Nobody will be left without work here."

Indeed, as the weekly FIDELE wrote recently, for each person looking for work at the present time there are five or six vacancies. More than half of the vacancies are concentrated in industry. The demand for skilled work force is great in transportation, forestry and construction. In Budapest, for example, for every 18,100 vacancies there are 840 people looking for work.

Nonetheless an analysis conducted by Hungarian specialists showed that these apparently good statistics concealed critical problems. What are they? Let us turn to the facts unearthed from local press and in numerous conversations.

According to predictions, 28,000-30,000 people will be out of work this year. These are mainly people who have no specialty, and in whom the enterprises are not very interested. The demand for these workers will be cut in half over a short period of time. In order to place workers of this category who for various reasons do not want to go through retraining, local councils have organized socially useful work. We are speaking about tending parks, public places, repairing roads, removing garbage and snow, and so forth. The pay is modest but it is guaranteed.

The decision of the government, a special employment fund, was created to finance these jobs. Money is spent from this fund also for maintaining enterprises that are opening up new jobs and expanding courses for requalification of workers. Stipends are paid from it for labor placement and "early" retirement.

There are other problems as well. The Law on Liquidation of Unprofitable Enterprises does not apply to all categories of workers. For example, members of the cooperative did not come under it. The public also raised the question of the possibility of extending payments of unemployment stipends by another half-year. The press cited cases in which workers of enterprises that were closed were not warned about the reduction within the 3-month period prescribed by the law.

In general there are many problems and their solution depends primarily on the implementation of measures in the sphere of the economy that have been suggested by the country's new leadership.

In spite of how critical the situation may be, we think that it is possible without being cunning to answer the question of whether or not there is unemployment in Hungary. There is no unemployment as a chronic social phenomenon, there is a difficult, frequently painful regrouping of productive forces and a complicated process of searching for ways of improving the national economy.

Upon leaving Hungary we thought that with all the differences in the problems facing the economies of our countries there is much that is valuable in the experience we have tried to relate. It cannot be ruled out that we too shall encounter some of these problems.

Hungarian Efforts To Curtail Red Tape Detailed

18070020 Moscow SOVETSKAYA ROSSIYA
in Russian 13 Oct 88 p 3

[Article by A. Melnikov (Budapest): "For Us, Service Comes First"]

[Text] Try to remember if we have ever heard from our relatives, friends or acquaintances even a single good word about any kind of bureau, office, or other "work place." Hardly. So it was even more surprising to hear from one of my old acquaintances that, it turns out, in Budapest there is a regional ispolkom whose work the simple citizens do not complain about at all, but praise and hold it up as an example. This is how a news item prepared especially for SOVETSKAYA ROSSIYA by the TASS correspondent in Hungary began. Having decided to verify everything on the spot, I found in the outskirts of Budapest in Peshterzhebet Region a modern building with the signboard "Bureau for Receiving Visitors."

It was a busy time right after lunch but one was struck by the total absence of waiting lines. In the spacious hall, which was as large as a post office, there were elegant tables with no less elegant businesswomen and only about 10-15 customers. It took any one of them literally only a few minutes to obtain a certificate or an excerpt from a document, to fill out or obtain insurance, to make an entry in a passport, to decide on the spot dozens of other issues which usually cause people to leave work several times and lose entire days of personal and working time. One was struck by the signs that were on each table: "For Us Service Comes First." I was considerably surprised by the box at the entryway with the inscription: "Wishes, Ideas, Criticism," and also the declaration that "The Lion's Share of Formalities Can Be Taken Care Of...On the Telephone."

In a word, the picture turned out to be so unusual that one immediately wanted to "ask for explanations" from the people who organized all this. One of these people was the chairman of the ispolkom of the Peshterzhevetskiy XX Region, Gustav Dyulai, whom we met a couple of days later. Our conversation began in a fairly unusual way.

"In the 20 years I have worked in local agencies," he noted, "I have indeed heard little that was good about the apparatus. It is even good when they simply mutter about 'bureaucrats'.... After all, there are plenty of shortcomings in this sphere. This became especially clear to us about 10 years ago when the traditional office style of work gradually began to be transformed into a completely unbearable burden both for the population and for the ispolkom workers themselves...."

Recalling the beginning of the local restructuring the chairman noted that one of the most obvious "bottle-necks" for a long time had been the shuffling of various official papers. In order to find out whether or not this

work was really "too much" he instructed each typist (and they were in all departments at that time) to type for the management of the rayispolkom an additional copy of each document. Having added it up, he came to his senses. Was it a joke that with all this talk of "overwork" they were actually typing only...two pages a day? Soon almost half of these positions were cut and from several of the most experienced typists they created a special bureau with a daily output norm of 25 pages and significant piece-rate payments for additional work.

The first successful experience gave the impetus for a number of subsequent experiments. Some time later each person visiting the regional ispolkom began to be given a small list in which he was to mark down all of the staff workers he had gone to. This information was put in the schedules and it became clear that the "traditional" system of receiving visitors was good for only one thing—to take up people's time, to spoil their mood, and to impede the solutions to even the most elementary problems. Several of these "elucidations" of the work staff revealed many surplus units and also disclosed examples of "imitation of busy activity" and the mechanism of slowing down. During the course of the subsequent elimination the staff units of the regional ispolkom were reduced by 10 percent and the wage fund was distributed among the remaining workers.

Having straightened the situation out somewhat, the leaders of the ispolkom took the next step—they opened up the bureau we now know for receiving visitors. The main principle of its operation was that every clerk, first, engages in the entire complex of issues that were previously distributed among individual offices and in the second place, each has the right to sign documents which previously could be approved only by the "masters" of the aforementioned offices.

Having a good enough idea of what it means for a bureaucrat to depend on the longed-for right to sign a sweeping resolution, I could imagine that it was this stage of the reorganization that turned out to be the most painful for the staff.

"Indeed," agreed G. Dyulai, "but practice showed that giving the right to sign documents to the clerks themselves significantly reduced the load of the staff management and saved a great deal of time. It is also quite significant that people now feel that they are equal partners with the representatives of the regional ispolkom and we have gotten rid of that degrading waiting in the corridors and that supplicating tone that some people develop after spending a lot of time communicating with the 'superiors.' Naturally, when they were given the right to sign documents the clerks also had more responsibility. But this responsibility was paid for by giving them a significant increment to their earnings."

"We are constantly emphasizing," he continued, "that the staff of the regional ispolkom is not anything that is inaccessible to the simple mortal, not a concentration of power, but mainly a place where the laws are carried out efficiently in the interests of the population. This is why at each desk in our bureau there are signs reminding the workers of their main duty—to serve the customer. We say that even rejections must be done in the interests of the population. The very atmosphere of the reception room corresponds to this idea. In the bureau any visitor sees behind the desk not a bureaucrat whom one must wait for many long hours to see, but a pleasant, happy person with whom one can talk."

Of course it would be difficult to believe that it would be possible to eliminate waiting lines simply by reorganization and redistribution of functions. Indeed it turned out that electronics helped a great deal in improving the receiving of the population. With its help they set up more than 400 different reports that pertain to the population of the rayon. Now in order to clarify the majority of figures it is not necessary to dig through bulging files or to send the visitor away for the required excerpts. In a few minutes all the necessary information comes onto the screen of the monitor. As the bureau workers said, for certain purely formal questions the decision is "made" by the machine itself.

The revision of certain customary office forms produced no less of a savings of time. To confirm this I was shown the form for the ordinary application to set up a stand on a street during a holiday. On the first page it was necessary to enter the data of the applicant and the essence of the request, and to place a signature. The same information was transferred by carbon paper to the next copy as though it were "written in" on completely different forms—with official permissions concerning the essence of the request, which was immediately sent to all of the interested organizations. This means that all the troubles that are customary in these cases, the multiple retyping, and the numerous signatures which took, according to the norms, 40 days to gather, now were reduced to just two operations: the form was filled out by the visitor and it was signed by the clerk.

One of the most important results of the restructuring of the work of the ispolkom was a qualitatively new psychological climate among the staff. As G. Dyulai said, now the main thing in the actions of its workers is not a desire to protect the "honor of the uniform" but the search for newer and newer possibilities of doing away with formalities, reducing formalities, and accelerating the solutions to various problems. People are gradually beginning to believe that local authorities too, it turns out, can change and work in a human way and not in a bureaucratic way.

In many regions of Budapest I had occasion to hear about the experience of Peshterzhebet. And I must admit that this was frequently followed by a comment about the authorities themselves. It is not difficult to explain

this criticism. For while in preceding years all the complaints against local soviets were left in the shadow of the growing well-being. Today, in light of the increasing prices, people, in the words of one of my acquaintances in Budapest, at least claim to be in a good mood. It is not surprising that more and more delegations are coming to Peshterzhebet from other regions of the Hungarian capital and special courses have even been organized to study its experience. The new policy for receiving visitors is already being introduced in seven regions of the city. This year some of the expenditures related to the reorganization of the work of the ispolkom was taken on by the Budapest City Council. Is it really true that Peshterzhebet has found a medicine to fight institutional stubbornness and bureaucratism? The workers of the regional ispolkom themselves at least think that they have taken only the first step. It is possible to proceed further only under the condition that the first ranks of the restructuring are solidly filled by the rank-and-file citizens with their interests and their initiative.

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Uzbek-Romanian Ties in Light Industry Noted
18250017 Tashkent PRAVDA VOSTOKA in Russian
18 Oct 88 p 2

[Interview with Uzbekistan Minister of Light Industry E. A. Taymazov by Yu. Kruzhilin, Uzbek Press Agency correspondent: "Uzbekistan-Romania: Direct Ties Arranged by Light Industry Enterprise Collectives"; date and place not specified; first paragraph is PRAVDA VOSTOKA introduction]

[Text] Rough fabric (undyed and unfinished) was delivered from Uzbekistan to finishing factories in the Socialist Republic of Romania. Then the first examples of ready products were sent back to Tashkent—finished cloth in a bright, fashionable design, for which there is a high demand in the USSR as well as on the world market. The Romanians are producing finished fabric from Uzbek base material.

[Taymazov] This is part of a broad program of cooperation charted by Romanian and Uzbek experts. We didn't even dream of this before. Restructuring has opened the way to initiative. Enterprises and industrial branches of the union republics now have new rights and opportunities and we intend to take fuller advantage of these.

The idea came up last year and there was no delay in its implementation. The ministers of light industry exchanged visits. Prominent engineers and production leaders made trips. Following negotiations, protocols on cooperation were signed. Now is the time for practical activity.

[Kruzhilin] What kinds of practical activity?

[Taymazov] Reciprocal deliveries of unfinished and raw materials, exchange of technology experience, reciprocal on-the-job training of engineers and workers, and mutual elimination of production bottlenecks.

[Kruzhilin] Why to Romania? Isn't it an extra burden to send fabric such a distance for finishing, then ship back the finished product?

[Taymazov] The branches of industry native to our two republics complement one another remarkably well. For example, we have high-capacity spinning and weaving factories but are sometimes weak in providing the finished product. The reverse is true for them—they do not have the raw material, but do have high-capacity, excellently set up finishing factories.

As far as distances are concerned, well, we transport unfinished cloth to Siberia, the Ukraine and Moldavia, where it is finished and sold as local production. And here we get good-quality, ready-made goods which we sell ourselves—either within the country or for export. The turnover tax stays in the republic. It is also profitable for the Romanians—they retain some of the fabric for themselves, fill out production capacity, provide jobs and save on freely convertible currency (barter transactions and "natural" accounting are used).

And so self-support management rules, and the Law on Government Enterprise enables us to find the most advantageous economic solutions...

[Kruzhilin] Is textile production the only sphere of cooperation?

[Taymazov] In addition to the textile combines of Andizhan, Bukhara and Fergana, there is also participation by the "Malika" knitting association, Tashkent leather association, and "House of Design," the Chirchik garment factory. On the Romanian side there are the "Merkur" export association, and garment, knitting, textile and worsted factories in Bucharest, Tiesti and Ploesti.

[Kruzhilin] Worsted? But there is no such production in Uzbekistan.

[Taymazov] The time has come to have it. We've become a major wool producer—why not make finished product out of it? We intend to establish a worsted branch in Uzbekistan and are counting on the cooperation of Romanian enterprises. They have excellent wool fabric.

In addition to cotton fabric, the Romanians will get dressed leather from us. They will deliver us the necessary technology and accessory materials for production of knitted wear, the lack of which here impedes quality enhancement in footwear and leather apparel.

[Kruzhilin] You mentioned reciprocal on-the-job training. With respect to the engineers—I understand. But for workers? How many will there be? Under what conditions?

[Taymazov] Fiver workers per year from each enterprise participating in the cooperative effort. There will be no monetary accounting for this—we pay for their stay in our country, they for ours.

[Kruzhilin] What will the on-the-job training workers be doing?

[Taymazov] I would pose a broader question—what is of value to us, generally speaking, in the Romanian sphere of experience? And for them, what is there here?

Romania's broadly developed output of blended fabric is instructive for us—they combine cotton and artificial thread. We are assimilating this reluctantly—it requires a great degree of skill, technical discipline and production ability. But this fabric is hygienic, durable and very comfortable.

[Kruzhilin] And that's not their only value—you economize on yarn, fiber, raw materials and areas to be cultivated. Your branch can contribute to the solution of a most important ecological problem: elimination of the cotton monoculture which has caused quite a bit of harm to the republic.

[Taymazov] Absolutely correct. We intend for all these reasons to collaborate with our Romanian comrades in a serious effort to produce blended fabrics.

But I think the most valuable aspect of the Romanian experience is their labor standard: excellent care of equipment, highly qualified working force, ideal cleanliness and order in production, a struggle for every gram of raw materials. We complain about obsolete equipment and frequently this is the case. But in Romania they are operating with machinery that is 15-20 years old and producing high-quality, durable goods under high labor productivity. This is what we will learn first of all.

[Kruzhilin] And what attracted the attention of the Romanians to our enterprises?

[Taymazov] They value the success of our designers very highly. They have expressed the desire to purchase our national fabric—khan-atlas, bekasam—and make clothing from it according to our designs. We should note the high quality of our porcelain and textiles. In their view, we have moved ahead with regard to technical equipment. For example, they still don't have garment assembly lines like ours in Romania. That makes our experience in equipment use all the more valuable to our friends.

They have heard a great many good things about our dining rooms, health and psychological relaxation rooms, health centers, shower rooms—about all our everyday facilities at the work place. I must admit that this was somewhat unexpected.

[Kruzhilin] Interesting. Our press reports criticize light industry a lot in precisely that area—deficiencies in social and everyday-life conditions...

[Taymazov] And correctly so. We still lack quite a bit. We must improve working conditions not "for export" but rather for ourselves. Criticism is a powerful accelerator in this regard; I think it will help us become an example for our foreign friends. Although sometimes it is necessary to balance demands with capabilities.

[Kruzhilin] How will the cooperation develop in the future?

[Taymazov] We are awaiting representatives of Romania's export organizations in Tashkent and are making arrangements for 1989 delivery volume. They will make approximately two percent of the printed fabric from our unbleached cloth in Romania. That is a significant amount. Another track involves our unbleached cloth and designs, their sewing and finishing, then joint export of the finished clothing. A third track—the Romanians have, as we do, a developed silk-spinning industry. We are making arrangements for cooperation in this sphere as well.

In conclusion I would like to emphasize that all stages and all levels of contact with our Romanian comrades are being pursued in an atmosphere of complete mutual understanding and sincerity. It seems that the accomplishment of purely economic and commercial tasks will assist in strengthening friendship between our two countries and peoples. This too is one of the fruits of restructuring.

Overview of Yugoslav Economic Management

History, Results of Economic Reforms

Novosibirsk EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA in Russian
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[Article by S.A. Vasilyev, candidate of economic sciences at the Leningrad Finance and Economics Institute imeni N. A. Voznesenskiy: "Economic Reforms in Yugoslavia: Trends and Results"]

[Text] Study of economic reforms in the fraternal countries makes it possible to discover the laws which govern restructuring of the economic mechanism, to eliminate in a deliberate way alternatives which do not work, and to avoid repetition of miscalculations and mistakes. In this sense, the experience of Yugoslavia is unique. Since 1950, three full-fledged reforms of the economic mechanism (not counting failed attempts) have been carried

out there: in 1950-1953, 1965-1967, and 1974-1976. Between them, four economic mechanisms have been in operation: the traditional mechanism of management by directive, a mechanism of normative management, a "de-nationalized economy" (a limitation of state interference in the economy), and an "associated labor economy". As distinguished from the other socialist countries, right from the first reform, Yugoslavia been oriented toward market methods of regulating the economy and toward self-management.

Various assessments may be made of the effectiveness of these reforms and of the correlation of the actual situation to normative acts and political declarations. However, there can be no argument that attempts made at broad democratization of economic and political life within the country deserve great attention.

The Reform of 1950-1953: A First Step Toward Workers' Self-Management

In 1946, when the first five-year plan was being worked out, Yugoslavia lay in ruins. The damage inflicted by the war has been estimated at 9 billion dollars, which was 9-fold greater than the country's national income in 1937; 40 percent of the factories and plants were destroyed. It was necessary not only to restore what had been destroyed by the war, but also to ensure rapid economic development, to overcome backwardness, and to eliminate the serious sectoral and regional disproportions inherited from the pre-war economy.

The economic mechanism which finally took shape by 1947, when practically all sectors (besides agriculture) were nationalized, did not do badly in coping with these tasks. The national economy of the federation and the republics was managed by a large number of ministries, which controlled the total activity of subordinate enterprises. Planning was directive and detailed and price formation was rigid, with the exception of certain agricultural products which were sold on the open market and through commercial stores and restaurants. All the profits and a large part of the amortization fund of enterprises was confiscated, allocation of capital investments was strictly centralized, and the share of accumulation in national income reached 33 percent.

However, as early as 1949, significant changes began to take place in the economic mechanism. The level of subordination of enterprises was lowered: part were transferred from federal to republic subordination and part from republic subordination to that of local organs of power. In 1950, a law on the management of state enterprises introduced worker self-management. True, at that time, this was extremely limited: The administrative organs directly designated their own representatives in the workers councils; candidate directors were selected by special commissions, half of which consisted of representatives of higher-level state and party organs; the director answered both to these organs and to the workers council; the worker councils were basically concerned

with control, and not with management; rigidly centralized regulation limited the independence of enterprises to operational management.

The real transition to a mechanism of normative management dates to 1951—to passage of the Law on Planned Management, which abolished centralized planning of production and expenditures and gave the enterprises the right to select trade partners on their own. The law introduced enterprise plans and social plans, but did not stipulate methods for coordinating these. Right up to 1975, there continued to be very little coordination. Social plans had a non-obligatory character and were frequently violated.

The following algorithm began to be used as the basis for planning the wage fund: First, a standard of wages was set for the enterprise for each professional category; then, the general wage fund was determined by multiplying the actual number of workers in a given category by this norm and by adding these quantities for all the qualification groups. This fund was centrally approved, but the workers' council controlled its distribution. Thus, an individual worker might receive a wage either higher or lower than the corresponding norm. Deductions from the earnings of enterprises to the budgets of the federation, the republic and the commune [obshchina] (the local organs of power) were established, as a rule, in proportion to wages, and norms for them (the "average level of accumulations and funds") were differentiated by sector. After deducting wages and budget deductions, the enterprise distributed what remained of its earnings as it wished between the production development fund and the material incentives fund. The latter was subject to a progressive tax.

In 1952, the system of price formation was changed. The state began to establish firm prices only for commodities of primary importance (fuel, energy, foodstuffs). Price limits were introduced for commodities that are widely consumed in production and for non-production purposes. Free and contractual prices predominated in sectors having a large variety of products. Local organs of power approved a portion of the prices for light and food industry products. This system, with certain changes, exists in the SFRY up to the present day.

In the sphere of foreign trade, a special register afforded certain enterprises the right to export and import operations. At the same time, the enterprise could enter the foreign market only with certain types of goods. Hard currency returns were distributed between the state and the enterprise on the basis of a norm which, in 1953, left 40 percent of the hard currency to the exporting enterprise. After paying taxes, the enterprise was able to sell its hard currency at the market rate of exchange to other enterprises via a special department of the State Bank. The competitive capacity of exports was maintained by a

developed system of subsidies, and imports were limited by duties—measures that are unavoidable for such a weakly developed economy as Yugoslavia had at the time.

The reform did not touch the centralized system of financing capital investments. True, the system by which they were allocated did change. The federation, the republics and the communes, through their executive organs (the investment banks), announced a competition for the distribution of capital investments. Parties interested in obtaining funds submitted applications to the banks along with technical planning and cost estimate documentation, which was analyzed by technical and economic experts. The best project was selected, taking account of economic results (recovery of capital investments, growth of export possibilities, utilization of local resources) and social and political consequences (development of underdeveloped regions, increased employment, a strengthening social infrastructure). Investments took the form of interest-free credits, and sometimes also of budget appropriations. The largest part of the investments were formally considered repayable, however the debts of an enterprise unable to pay were paid back by a guarantor (the commune or the republic).

In 1951, the system of short term credits was changed. All the working capital of the enterprises was divided into normative and supplementary funds. Normative credits were provided at a low interest rate and requirements for them were satisfied in their entirety. Credits were issued for supplementary working capital on a competitive basis and general conditions were established for their provision (interest rates, repayment period, guarantees). The rate reached 17 percent.

During 1950-1953, the ministries were eliminated in stages—beginning with light and then heavy industry. They were replaced by sectoral economic chambers, which coordinated the activity of the enterprises in a single sector; special temporary associations for the solution of individual problems; and associated enterprises (analogous to the associations in the USSR). The corresponding social and political communities (the communes, the republics and the federation) controlled the establishment of any associations.

As a whole, the reform of 1950-1953 led to a considerable degree of decentralization in management, the main characteristics of which were: self-management of enterprises, with directors being elected and accountable to their collectives; abolishment of directive planning of production, material expenditures and production relations; primacy of free price formation; affording enterprises the right to enter the foreign market and the allocation of foreign currency to them; free distribution of a considerable part of earnings between accumulation and consumption funds.

At the same time, the government retained sufficient levers for centralized management of the economy: a large part of the accumulation fund was concentrated in the social and political communities and centrally distributed; foreign trade was controlled by the foreign trade register, subsidies, duties, and import quotas; income distribution was regulated by norms for wages, tax rates on them and on the material incentives fund [FMP], and fixed and limited prices; integration of production was totally controlled by the state.

Assessment of the Reform of 1950-1953: A Yugoslav Version of the NEP

The official premises for the reform, according to which directive management had demonstrated its ineffectiveness and the danger of bureaucratically distorting the bases of socialism even at the very dawn its existence, have been discussed widely in Yugoslav economic literature. However, such an assertion is not in keeping with the facts: To the contrary, it was directive management that ensured the high rates of Yugoslavia's postwar recovery and development. It is doubtful that it was rejected only because of the potential threat of bureaucratization. In our view, little likelihood also attaches to the proposition that the transition to market levers for regulation were forced upon Yugoslavia by countries extending her economic assistance during 1951-1953 (in particular Great Britain), and to the explanation of this process as a striving by Yugoslav leaders to put forward an "ideological" alternative to the Soviet model of economic development.

Most likely, in the complex economic and political situation at the start of the 1950's, domestic reasons, first of all the necessity of industrialization, played the leading role in carrying out the reform. For any agrarian country setting about accelerated industrialization, a basic problem is redistribution of a part of the surplus product of the agricultural sector to the benefit of industry. This is solved either on the basis of speeding up the cooperation of agriculture and directly taking a large part of the surplus product away from the cooperators or by its indirect redistribution through the market and the activation of trade between town and country.

The formation of agricultural cooperatives, begun in 1949, was not supported by a majority of the peasants. And there was no talk at that time about enforced cooperation. The process of cooperation was brought to a halt and soon the larger part of the cooperatives dissolved. It was possible to organize trade between socialist industry and a peasantry not organized in cooperatives only by developing market relations and, as its first step, this required giving greater independence to the enterprises. Thus, market relationships in Yugoslavia were introduced just at the beginning of industrialization.

The economic mechanism in the 1950's can be called a Yugoslav analogue of the New Economic Policy [NEP], but with a basic difference: in the USSR, the NEP functioned not in a period of industrialization, but in a period of postwar reconstruction. In Yugoslavia, to the contrary, directive management reigned during the period of reconstruction.

The mechanism of normative management, which functioned in Yugoslavia from 1953 to 1965, recommended itself positively in two aspects. In the first place, it turned out to be rather stable and required practically no additions and revisions. Only in 1957-59 did changes occur in the distribution of earnings: the "average level of accumulation and funds," having led to an increase in prices in labor-intensive sectors, was replaced by a progressive tax on profits, and later by a progressive tax on income. The share of hard currency earnings left to enterprises was also reduced, inasmuch as exporters were obtaining speculative incomes from its sale on the open market. In the second place, in post-reform years, high growth rates of social product were ensured, the living standards and employment level of the population increased, and the export possibilities of the economy improved (Footnote 1) (For more detail on this see K. Mikhaylovich, "The Economic Activities of Yugoslavia," Moscow, EKONOMIKA 1986, pp 11-14.) It is necessary to note that foreign aid—about one billion dollars—was used for the country's industrialization. For the underdeveloped and half destroyed Yugoslavia of that time, this was not a great deal. In the 1950's (as distinguished from the 1970's), it was able rationally, in the best way, to accommodate foreign funds.

There were, of course, also problems. Serious disproportions existed in the development of the raw material and processing sectors, inasmuch as the procedure of price formation and foreign trade was more favorable for the latter. The high rates of growth were half covered by an influx of manpower from the countryside. State organs frequently selected projects on the basis of non-economic criteria, which resulted in a scattering of capital investments and an increase in uncompleted construction. Considerable instability became characteristic for the economy (prices grew, material supplies declined, and production growth rates periodically fell in some sectors).

What kinds of general conclusions can be made for the socialist countries on the basis of the results of the Yugoslav reform of 1950-1953?

First—the repudiation of the NEP in the USSR in 1928-1932 was not economically necessary. An analogous mechanism in Yugoslavia provided effective industrialization and increased military and economic potential without producing substantial negative consequences in the social and political sphere.

Second—The mechanism of normative management is effective and rather stable (this was also shown, incidentally, by the experience of Hungary in the 1970's). There is no inherent tendency within it to change into a mechanism of directive management or of market regulation.

Third—the mechanism existing in Yugoslavia in 1954-1965 is reminiscent of the economic mechanism, the concept for which is reflected in the materials of the June 1987 CPSU Central Committee Plenum and in the Law on the State Enterprise. We are not, of course, talking about a direct correlation—different countries, different levels of development.

The Reform of 1965-1967: "A Denationalized Economy"

The reform of 1950-1953 took place in a complex domestic and foreign political situation and under conditions of an undeveloped economy. Therefore, the direction of the reform (as also in Russia in 1921) was rigidly dictated by economic and political reality: by the impossibility of collectivizing agriculture and the necessity of internal consolidation. Ideology in this period emerged in the best of cases as a means for justifying decisions that had already been made.

By 1965, the economic situation of the country had strengthened and increased possibilities had appeared for the realization of non-economic goals. The successes of the economy during 1954-1965 had confirmed the correctness of the course that had been chosen and facilitated development of a theory of a self-managed economy, which served as a basis for the reform of 1965-1967. The well-known economist from Ljubljana, Aleksandr Bayt noted in 1967 that "many creators of Yugoslav policy think primarily in theoretical terms. They are giving too much attention to the role of the law of value, to the relationships of the market and the plan, to standard prices, to denationalization. Practical solutions, as a rule, represent a realization of theoretical models." Therefore, for a better understanding of the purposes and character of future reforms, we will briefly characterize the Yugoslav concept of the economic mechanism, as it had developed to this time.

Its principle foundations were public ownership of the means of production and distribution in accordance with labor. Public ownership is interpreted to mean that organizations, collectives or individual persons are the owners of the means of production. The right to dispose of and use them is exercised by labor organizations (associations of producers). Public ownership is expressed in the equal right of all workers to work in any organization and in the inalienability of the means of production. In practice, the latter means that if the means of production, which comprise the "statutory fund" of an enterprise, cannot be sold. Public ownership is reflected by worker self-management, the principle

characteristic of which is that a workers meeting or a workers council manages production, while administrative organs designated by it perform technical functions only.

Distribution according to labor is understood as the right of the collective to totally dispose of the results of its work. Usurpation of the functions of ownership by an individual person or an organization and any involuntary alienation of the results of production from the direct producers run counter to the principles of socialism. Distribution according to work is tied to determination of socially necessary expenditures of labor for the production of output, which, in the opinion of Yugoslav economists, can be discovered only in the market. Socialist production is looked upon as being commodity production in its essence. Monopolies, state intervention, localization of markets, and protectionism in foreign trade, which hinder the free action of market forces, violate the principle of distribution in accordance with work, and therefore their influence should be reduced to a minimum.

The result of the activity of an enterprise in socialist commodity production is expressed by the size of its earnings (pure production), distribution of which is the prerogative of the labor collective. Centralized planning violates the self-management rights of the workers and therefore directive price formation, the tax system, and tariff barriers are looked upon as mandatory temporary measures.

These theoretical concepts served as a basis for the following: expansion of the rights of workers' councils, self-financing, anti-monopolistic measures, an increase in the role of limited and free prices, restriction of tax policy and consolidation of taxes, liberalization of foreign trade, reduction of subsidies and abolishment of quotas, restriction of interest rates and the norm of trade profits (of forms of income "alienated from the direct producers), and equalization of the conditions of activity of various organizations by means of taking away rent incomes for deposit in development funds.

Yugoslav economists ascribed the problems which arose in the Yugoslav economy at the beginning of the 1960's—primarily extensive development, disproportions, a certain increase in prices—to hypertrophy of the state's role in the economy and to truncated realization of the above-described principles of organizing the economy. Therefore, the reform of 1965-1967 took place under the flag of "denationalizing the economy"—of limiting state intervention.

The most important part of the economic transformations was reform of the investment system. As early as in 1963, from being subsidiary organs of the social and political communities, banks were transformed into the basic holders of investment funds. Profitability became the main criterion of their activity. It was supposed that the concentration of basic investment funds in the banks

would ensure effective inter-sectoral and inter-republic flow of funds. Social investment funds were reduced several-fold. A traditional two-level banking system was introduced, in which the national bank fulfilled only issuing functions and provided credits to the commercial (in Yugoslavia—the business) banks. Such a system made it possible to exercise effective influence on the economy with the aid of credit and monetary policy.

The majority of export and import benefits and limitations were recorded in foreign trade. Quotas were retained only for 30 percent of import goods. The progressive tax on income was abolished and a single turnover tax was introduced (12 percent—federal and 8 percent—republic). These taxes, along with personal income tax, were transformed into the basic source for forming the budgets of the federation, the republics and the communes. In the sphere of production integration, state control was totally eliminated.

The results of the reform of 1965-1967 turned out to be extremely contradictory. Average annual growth rates for labor productivity during 1966-1970 reached six percent (the highest level during the postwar period). The export possibilities of the economy increased. However, the rapid growth in labor productivity was achieved mainly on the basis of reducing the redundant numbers of employed, which led to the appearance of considerable unemployment: 31,000 persons in 1965 and already 331,000 in 1969. Unemployment was intensified by the relative "cheapening" of investments (for long-term credits the banks took two percent annually) and the relatively higher cost of manpower as a consequence of introduction of a progressive tax on personal incomes. Thus, development of the economy followed a capital-intensive and labor-saving direction. Despite the rather strong interest in investment, the share of the accumulation fund in the income of enterprises turned out to be insignificant: Collectives preferred current consumption to accumulation. Investment projects were financed primarily on the basis of cheap credits, the interest for which was lower than the level of inflation (i.e. credits were in fact being extended gratis).

Such a scheme of expanded reproduction had negative consequences. Inasmuch as investments were accomplished primarily by individual enterprises, it became extremely difficult to carry on a state-wide structural policy. Capital investments in the raw material sectors were habitually insufficient: The low prices for raw materials and long pay-back periods made this direction of investment unprofitable. The backwardness of these sectors was compensated for by an increase in raw material imports.

As a result, following the reform of 1965-1967, the Yugoslav economy fell into a strong dependence upon imports. The deficit in the foreign trade balance was for a long time successfully covered by remittances from Yugoslavs in other countries, income from tourism, non-commodity operations, etc. Besides this, the SFRY

began to make broad use of foreign loans. As distinguished from the 1950's, when there were no loans, but gratuitous assistance, debts began to accumulate. By the beginning of the 1980's, the foreign indebtedness of Yugoslavia had reached 20 billion dollars.

The deficit in capital investments along with the low interest rate for credit led to the situation that enterprises took out loans for projects known to be non-effective, "long-term construction" flourished, and economic criteria for investments were not observed. The state had the capability to halt the investment boom by limiting the credit potential of the business banks, but did not do this because unemployment had become problem number one. And the simplest means for overcoming it was seen in an increase in production capacities.

An analogous situation developed in the area of short-term credits. Considerable differences in profitability for individual sectors and enterprises are a distinctive characteristic of the Yugoslav economy. They are related to an historical differentiation between the republics in terms of production efficiency, the monopolization of markets, and a price formation policy which has placed sectors that do not have a large products nomenclature in an unfavorable position. As a result, approximately a third of all enterprises in Yugoslavia worked (and work) at a loss or on the edge of being self-supporting. The bankruptcy or shutting down of most of these enterprises is not permitted for social reasons. They are kept solvent by means of exceptionally favorable conditions for short-term credits and therefore they do not fail.

In order to provide long- and short-term credits to all who wished them, the government was forced in the 1970's to carry out an above-plan issue of currency. The increase in the money supply steadily exceeded the nominal increase in the social product that was produced and created the prerequisites for an intensification of inflation. As a result, an excellent centralized management tool—the two-level banking system—ended up as a useless plaything. Meanwhile, under conditions where the tax system fulfilled the exclusive function of raising budget revenues, the banks remained the only non-administrative means of centralized management.

In such a situation, it would seem that some thought should have been given to the fact that a rejection of administrative management methods does not necessarily mean a curtailment of centralized economic policy, and that they should have set about developing and introducing methods of indirect regulation. Then, however, it would have been necessary to introduce a flexible and differentiated tax system and to raise interest rates, i.e. to abandon the basic principles of the theory of self-management of the economy. Therefore, they began to look in another direction for a solution to their problems.

Following the reform of 1965-1967, enterprises found themselves "all alone with the market," and therefore there was an increase in the influence of their administrative and management and their engineering and technical personnel (the technocrats). In large production, trade and industrial, and banking associations, the upper management levels emerged from under the control of the collectives. The role of the technocracy grew not only in the economy, but also in the country's social and political life. Influential movements within the Yugoslav League of Communists insisted that it not interfere in social development, in the spontaneous development of self-management. (Footnote 2) ("The Socialist Federated Republic of Yugoslavia," Moscow, Nauka publishers, 1985, pp 60-61) In such a situation, all the shortcomings in the functioning of the economic system were attributed to technocratic perversion of self-management and served as grounds for introducing the "economy of associated labor".

The Reform of 1974-1976: An "Economy of Associated Labor"

The basic idea behind this reform was to resolve the contradiction between the integration of production and self-management, having transferred maximum authority to production units and shops that were controlled by the workers. These became the fundamental units in the institutional structure of the economy—the basic organizations of associated labor (BOAL). Individual BOAL voluntarily grouped themselves together into labor organizations (an analogue of the enterprise) or into complex organizations of associated labor (an analogue of the association). The BOAL delegated certain powers to various levels of the system of integration, while retaining control over the activities of the associations.

Within the "economy of associated labor," an important role is played by self-management agreements and social contracts, which provide a basis for regulating the joint activity of the associated labor organizations. Inasmuch as plan fulfillment is now ensured by contractual commitments, directive and indicative planning have been repudiated. Policy in the spheres of taxation, price formation and foreign trade also is regulated by social contracts. (Footnote 3) (For more detail concerning this, see Knyazev, Yu.K., "Contractual Relations in the Yugoslav Economy," *EKONOMIKA I ORGANIZACIJA PROMISLENOSTI I PROIZVODSTVA*, 1983, No. 2.) In the nonproduction sphere, activities are structured on the basis of new principles (the concept of a "free exchange of labor"). It is assumed that the results and costs of labor in material production and in the nonproduction sphere can be directly equated. Thus, a certain amount of productive labor in the form of income is exchanged for a corresponding amount of nonproductive labor in the form of social services. The nonproduction sphere comes out from under the control of the state and becomes a partner of the BOAL within the framework of self-managed communities of interest (SCI). In order to make up the loss of income by

producers, public control is established over banking and commercial activity: Bank funds are transferred to the BOAL, and trading organizations enter into long-term associations with the producers.

The economic transformations during 1974-1976 related primarily to the organizational structure of the economy. Along with a complex system of integration relationships in the production and nonproduction spheres, supervisory organs were created: arbitration, associated labor courts, worker control, public defenders of self-management. It was supposed that an abundance of supervisory authorities would ensure realization of the self-management rights of the workers.

The results of these measures turned out to be rather poor. The division of enterprises into BOAL contributed in part to an increase in production efficiency; when their internal conditions were unfavorable, organizations were given the right to turn to other firms. But frequently this increase in efficiency was "eaten up" by the inflated administrative apparatus of the BOAL. The contractual basis of planning also did not produce anticipated results. An agreement concerning the social plan is signed by all the enterprises in a region, republic and sector. On one hand, this ensures sufficiently full coordination of their interests but, on the other, it drags out the planning process. Its effectiveness is particularly low at the level of the republic and the sectors.

If, in planning and organizational structure, the reform did not produce anticipated results, and also did not result in perceptible harm, then, in the functional sphere, its consequences were extremely negative. A single turnover tax was replaced by a "layer cake" of various proportional taxes and nominally voluntary fees, which were established with a precision of up to a hundredth part of a percent for all the participants in self-management agreements. Along with this, deduction rates (altogether, up to 60 designations) are examined practically every year on the level of the communes, the republics and the federation. There was a sharp increase in the operating costs of such a system compared to the previous one. At the same time, it did not become an tool of economic policy but, as formerly, fulfills only the function of raising revenues.

Commercial and industrial integration lead to further monopolization of the market. And subordination of the banks to the organizations of associated labor reduced the responsibility of the former for the results of their activity, inasmuch as the fixed funds of the banks now belongs formally to their "debtors". Creation, on the republic level, of self-managed communities of interests totally paralyzed centralized policy in price formation and foreign trade and subordinated it to republic interests.

The situation was complicated even further by a "purge" of the technocrats from the ranks of the economic managers. The most energetic and capable administrators, who had ensured intensive development of the

economy during 1966-1970, were removed from their jobs in industry, trade, and the financial and credit system. Incidentally, the sole justification for such a "purge" was the coincidence of a wave of anarchic liberalism with the growth of nationalistic sentiments and crises in Croatia in the autumn of 1971, which posed a threat to the unity of the federated state.

Passage in 1974-1976 of a new Constitution and the Law on Associated Labor was accompanied by an onset of public euphoria. The "fathers" of the reform were certain that the BOAL, the delegations, arbitration, and the courts of associated labor would once and for all resolve all economic problems, because, from then on, the workers would begin to manage everything and the bureaucratic and technocratic distortions of self-management would automatically fall away. Reports of victory drowned out the critical voices of certain economists who, moreover, were exhausted by long years of struggle for the creation of a workable economic mechanism.

This did not lead to the creation of such a mechanism. After 1976, the Yugoslavs discovered with surprise that the BOAL were not behaving themselves very well: They were "selling" more funds than they were earning, they were undertaking risky investment projects, they were violating payment discipline, and they were raising prices with no justification. Since admonitions did not help, they began to talk about making the economy more "operational." And, this time, they found the way out not in an intensification of the functional side of the economic mechanism, not in economic centralism, but in the development of economic and legal methods of regulation.

Laws were issued one after another: on ensuring payments, on commodity turnover, a statute on minimum obligatory indicators and a unified planning methodology. The list of these so-called systemic laws was crowned by the Law on Fulfillment of Obligations (1109 articles) and the Law on the Bases of the Price System. This time has been aptly characterized as a period of "hyper-institutionalization" and "hyper-normativization." The abundance of laws enormously complicated oversight of their fulfillment. The situation was aggravated by the fact that all federal laws were formulated too generally and too diffusely, because more precise and detailed legislative statutes are formulated at the level of the republics and take into account their special characteristics. At the same time, it is possible to find a justification within the republic laws for any actions taken by the managers of the economy.

The 1980's: Crisis in the Economy

Immediately following the reform of 1974-1976, the situation within the economy was satisfactory. At a time when, after the crisis of 1974-1975, Western Europe found itself in a depression, Yugoslavia, despite a heavy dependence on oil imports, maintained practically the

same average annual growth rates of its social product—7-8 percent. But this result was achieved at a high cost: There was an increase in the dependence of the Yugoslav economy on imports, in the country's foreign debt, and in the indebtedness of its enterprises to its banks. The state sustained the investment boom by unjustifiably increasing the amount of money in circulation.

Lightning struck nonetheless. In 1979-1980, a new increase in prices for oil and in interest rates for foreign debt dealt an extremely heavy blow to Yugoslavia's balance of payments. This increase could no longer be covered only on the basis of foreign loans, because the country's foreign debt had reached 20 billion dollars (1,000 dollars for every citizen). As much as 8 percent of its gross national product was being spent to pay it. A further increase in its indebtedness could bring Yugoslavia to financial collapse. In response to the increase in prices, the Yugoslavs immediately introduced sharp limitations on imports and large bonuses for exports. Moreover, for the first time since 1965, export quotas (plan assignments for exports) were established for enterprises. With the aid of these administrative measures, they succeeded in sharply increasing exports, in reducing imports, and in putting a temporary brake on growth of the foreign debt.

Export-import limitations produced a shock. In the first place, import deliveries of raw goods and materials were sharply reduced. At the start, the economy lived off its reserves, but then they became exhausted and reduced production ensued. In the second place, the necessarily forced export of consumer goods produced a retail trade deficit, lines, a "black market," and ration cards—none of which Yugoslavia had known since the postwar days. This, along with the import of inflation, led to a sharp rise in prices: by 30 percent in 1980 and by 40 percent in 1981.

In parallel with these export and import measures, capital construction was frozen and the growth of personal incomes was restricted. During 1980 alone, real incomes were reduced by 6 percent and the population used personal savings to maintain its achieved standard of living. The flow of cash from savings accounts, where its rate of turnover was very low, to the accounts of economic organizations, with a high turnover rate, paralyzed the restrictive credit and monetary policy of the state.

Intensification of inflation produced new distortions in prices. The number of unprofitable and insolvent enterprises grew. Regulation of prices was carried out indecisively; short periods when they were frozen were followed by ones of stormy growth. A typical situation: In the beginning of the year, Skupshchina accepted an annual plan with an unrealistically low rate of inflation; the planned growth in prices was "eaten up" in 5-6 months, after which prices were frozen until the end of the year. In 1983-1984, credit policy was tightened up—interest rates went as high as 40-50 percent. However,

these measures were much too late: Under conditions of galloping inflation and economic crisis, high interest rates were no longer able to produce a substantial effect.

What were the reasons for the crisis of the 1980's?

Evidently, they lie mainly in the foreign economic sphere: a rapid increase in prices for raw materials and slowed growth of prices for equipment and producer goods (the basic articles of Yugoslav exports) and an increase in foreign debt interest rates under the influence of the restrictive credit and monetary policy of the United States. Other countries with the same level of development and a similar export-import structure also found themselves in an analogous situation. At the same time, Yugoslavia's economic mechanism lacked elements capable of blocking negative processes (in particular, the increased dependence of the economy on imports and the intolerable growth of foreign indebtedness) which, under certain foreign conditions, lead to crisis.

Why did the Yugoslav economy turn out to be unstable in the face of inflationary pressures from without? The collectives of the BOAL preferred current demand to accumulation and therefore, in order to achieve necessary rates of development, the government permitted deficit financing of investments. Another, relatively independent factor in the growth of prices was the varied profitability of production by sectors (price disparities), which was related to the autarky of the republics, the disintegration of the Yugoslav market, and its high monopolization. The more monopolized sectors, by raising prices, receive surplus earnings and worsen the solvency of the enterprises and sectors which require their output. Therefore, society is forced to support insolvent enterprises as well. Against the background of intersectoral price disparities, really ineffective BOAL "decline" and it is necessary to reorganize or liquidate them.

A constant reproduction of differentiation in profitability with regard to enterprises and sectors contributes to increased inflation. Inflationary instability of the economy is also connected with incentives and counter-incentives for the BOAL. Incentives for increasing earnings are adequate, but those for production accumulation clearly are not. A unique kind of asymmetry of earnings and losses can be observed: The BOAL appropriate surplus earnings for themselves, and society, in fact, covers losses (through cheap credits).

Yugoslavia's experience clearly demonstrates that market relations and self-management by themselves, without powerful incentives for raising the scientific and technical level of production, without full responsibility on the part of collectives and administrations for the results of their work, do not ensure the effectiveness of economic management and the stability of the economy.

The "Shadow" Economic Mechanism

Formally, the entire social and economic mechanism of the SFRY is controlled by the organizations of associated labor and their delegations. (Footnote 4) (For more detail concerning the delegate system, see "The Socialist Federated Republic of Yugoslavia," pp 36-42.) In fact, they do not do this even at the level of middle management, particularly because of a lack of competence. In the best of cases, the large banks and industrial associations are controlled by social and political communities (SPC), i.e. by republic and local organs of power. In practice, the possibilities of the SPC are limited, and therefore the SPC and the leadership of the BOAL emerge as equal partners in determining economic policy in the republics and communes. Economic management of the largest enterprises and banks, which in fact is not supervised by the BOAL, is in practice exercised by the technocracy, the struggle against which was proclaimed to be the main task of the 1974-1976 reform.

The union of the technocracy with the bureaucratic stratum within the social and political communities is based upon important reciprocal services. Thus, the social and political communities exercise a protectionist policy within the communes: They prohibit "foreign" BOAL's from organizing branches and they create obstacles in trade. The BOAL now and then go in for unjustified investment risks, knowing that in case of failure, the SPC's will give them credits. The banks, controlled by the SPC, have little concern about the economic effectiveness of projects. Several years ago, the Yugoslav economic press reported that the largest metallurgical combine, "Smederevo", which had received enormous credits from the Bank of Belgrade, "went bust." However, the BOAL founders of the bank and the state repaid the losses. The directors of the combine and of the bank were given only a slight scare and, moreover, the former director of the combine was promoted within party ranks.

The technocracy also provides services to the bureaucrats. Deductions from organizations for general and joint consumption in the communes and republics are growing more rapidly than the personal incomes of the workers within the BOAL. Meanwhile, general consumption represents expenditures for maintaining the state administrative apparatus, while joint consumption is expenditures for maintaining the self-managed communities of interests in the nonproduction sphere. These SCI are actually subordinate to local organs of power and are used to place elected officials in jobs after they have left office. Any director, after sitting in his chair for the two terms (4 or 8 years) set by the law, is supposed to be returned to production. But he doesn't go back to production; leaves for a "warm spot" in an SCI in the areas of public health, education, or social security (personal incomes in the SCI also grow faster than in the BOAL). Under the specious excuse of developing the nonproduction sphere, it is not difficult for the leadership of the

BOAL to assign large sums to the funds of the SCI. And the low quality of the work of the social services continues to provoke dissatisfaction and criticism.

On the republic level, the SCI, which were created in order to increase the influence of the BOAL on price formation and foreign trade, are in practice used for the realization of the non-economic priorities of the social and political communities. If some large enterprise is working poorly, an excuse can always be found to increase the price of its products, to pay it export premiums, or to give it hard currency for the purchase of foreign equipment.

Undervaluation of the role of state economic policy under the pretence of "denationalizing the economy" while preserving the natural division of production, engineering and technical, and administrative and management functions in the economy, gave rise to decentralized bureaucratic management structures on the level of the republic and commune. The new "self-management" bureaucracy is distinguished from a bureaucracy of the centralist type by the fact that it takes a tolerant attitude toward glasnost, electivity, and collegiality in decision-making. It has skillfully mastered demagogic methods of manipulation through normative acts and social agreements, of imposing its decisions on the organs of self-management, and, whenever convenient, foists responsibility for its own mistakes and miscalculations off on to them. The bureaucracy, in union with the technocrats, condemns any kind of centralized economic measures under the specious excuse that they limit the self-management rights of the workers! At the same time, it is characteristic that direct administrative interference by the federation produces no such strong opposition from it.

The "economy of associated labor" has turned out to be a felicitous myth not only for the bureaucracy and technocracy, but also for other social groups. It is actively supported by the theoreticians and ideologists, inasmuch as it fits in with their concepts of the withering away of the state, the unification of labor, and the development of social self-management. In the central organs themselves, far from all workers are prepared to shift over to economic methods of management; they are more inclined toward administrative levers which are frequently used in "emergency" situations. From this, there are negative consequences which do enhance the authority of the state administration. Therefore, it does not object that many decisions are made by the republics and communes themselves—there is less trouble this way.

It is wrong to think that, in an "economy of associated labor," the direct producers possess only the formality of power. If the workers meeting or workers council considers, for example, that the personal incomes of the collective are lagging behind price increases, they can change the proportions in which the collective's income is distributed. Labor collectives put a halt to abuses in

their own ranks within the BOAL, within the local communities, even within the commune. And so, they are not worried about the national economic consequences of economic decisions, because they do not fall within the sphere of their interests.

What next!

The economic crisis has provoked critical attitudes among Yugoslav economists. In the beginning, talk was about imparting a dynamism to the existing economic mechanism, but by 1982 they had begun to speak actively about a need for a new economic reform. However, nobody has proposed an extensive program for this. Many have pointed to the need for an active, centralized, responsible economic policy. It has been proposed that there be a stricter credit policy, that the interest scales be raised; that a more flexible tax system be created; that norms for accumulation within the BOAL be established; that the law on sanctions be consistently implemented; that sectoral scientific and technical and structural policy be strengthened. The harsher critics of the existing economic system demanded a return to the spirit of the 1965-1967 reform, to self-management entrepreneurship, that contract relationships be reduced to a minimum and that market relationships be strengthened.

A long-term program of economic stabilization, passed in the SFRY in 1983, is being implemented slowly and inconsistently, and regional interests are predominating in its realization. Less than full anti-inflationary measures (credit and money limitations, liberalization of prices) are either turning out to be without result or are working in the opposite direction. In the next 5-6 years, the situation will evidently not change for the better, because a large part of the social product will go to pay off the foreign debt, while reduction in the amounts of capital investment will limit possibilities for technological reconstruction and acceleration of economic growth.

In Yugoslavia at the present time, many socioeconomic concepts are being examined, a complex economic policy is being worked out, and a consolidation of forces advocating social and economic process is taking place. It has become more difficult to make any kind of predictions regarding the future. However, it is clear that, in order to overcome the economic difficulties, what is needed is not simply a centralized economic policy, but a thorough restructuring of the economic mechanism, a redistribution of economic and political power.

A forthcoming reform will be difficult for yet another reason. The fact is that, of the three economic reforms that have been carried out in Yugoslavia, in our view, the most successful was the first one, and the least successful was the last one. How is the consecutive worsening of their "quality" to be explained? The first reform bore a programmatic character and was not burdened by the weight of ideological dogma and persisting social and

political structures (which simply did not exist in the SFRY up to 1950). The second reform already assumed an ideological direction (limited state interference in the economy), but still had not run into opposition from counter-acting social groups. The third reform not only had a precise hidden ideological content, but was also "expanded" by a privileged bureaucratic and technocratic minority in their own interests to a degree that it looks like a "counter-reform" in comparison with the second one. The reform of 1974-1976 clearly showed that the present economic ideology and the structure of economic power have become a brake on development. Therefore, in order for the new reform to be successful, it must bear a revolutionary rather than a evolutionary character and must be founded on a new concept of economic development and it must rely upon different social groups than earlier.

USSR-Yugoslav Economic Legislation

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[Article by L.V. Tyagunenko, candidate of economic sciences, USSR Academy of Sciences Institute of the Economy of the World Socialist System: "Two Laws: Notes on the Economic Legislation of the USSR and the SFRY"]

[Text] The Law on the State Enterprise is not the first document dealing with economic restructuring. Changes have been introduced to methods of planning and providing economic incentives. The management of foreign trade has been restructured and the rights of enterprises have been broadened in this area. But the Law on the State Enterprise is the core of the entire system of legislative acts which define economic relationships in the process of social production.

In this connection, it is particularly timely to analyze the economic mechanism of Yugoslavia, which has given birth to a large number of original economic forms and methods, some of which are being successfully used in the course of socialist construction and others of which have turned out not to be viable. Self-management, self-support, and self-financing are the basic principles of the Yugoslav economic system. Management of the national economy is realized primarily by methods of economic stimulation and of legislative and normative regulation.

The 14 years that the (by count, the fourth) Constitution of the SFRY (1974) has been in existence and the 12 years of existence of the Law on Associated Labor (1976) (abbreviated LAL), which introduced important changes to the development of Yugoslav self-management, have been termed a new stage, the transformation of self-management into an integral social system. The present system of economic management has the support of broad segments of the population. Nevertheless, in connection with the appearance of crisis phenomena in the

development of the economy, and with failures in implementation of a program of stabilization, the problem of changing the existing economic mechanism has been posed once again, in all its acuteness. A loss by the economic mechanism of its earlier impetus was manifested in a slowdown in the dynamism of economic development which characterized Yugoslavia during the 1970's and in centrifugal and stagnation phenomena in various spheres of social life. In the 1980's, doubt is being cast on the functionality and effectiveness of an economic system built on the principles enunciated in the Law on Associated Labor, the realization of which has led to disorganization of the economic activity of the national economy, to its disintegration and its "atomization."

A comparison of the USSR Law on the State Enterprise (Association) with the Law on Associated Labor and their detailed examination lead to the conclusion that there is an obvious similarity between the main formulations and the posing of problems in these documents, although there are also fundamental differences. The common problems are: introduction of a mechanism of economic accountability, self-financing, and self-support; transition to primarily economic methods of managing the economy and to wholesale trade in the means of production; the possibility of direct entre to foreign markets; and also the development of socialist democracy, self-management, electivity of leadership, the creation of labor collective councils—all this necessarily also gives rise to a commonality of formulations. However, identical formulations sometimes are invested with a difference in meaning.

When comparing the Law on the Enterprise with economic legislation existing in Yugoslavia, the following should be kept in mind:

—In the first place, there is a time interval of 11 years between the development of these laws;

—In the second place, the LAL, as already stated, will be fundamentally changed in the near future, although the basic principles that governed passage of this law remain unshakable.

—In the third place, the Law on the Enterprise applies only to state enterprises and associations and is not applicable to kolkhozes and other cooperative enterprises; this is conditioned by differences in the forms of property, to which essential features of the organization and activities of these enterprises are connected. The legal situation of cooperatives and kolkhozes, as at present, will be defined by statutes and separate regulations.

In Yugoslavia, they have developed the concept of direct social property. The term itself emphasizes its distinction both from state and from cooperative property. Yugoslav theoreticians believe that direct social property guarantees a union between labor and the means of

production (which, in their view, is not ensured by state property) and allows the workers to relate in a proprietary way toward the means of production and the products being produced.

Under direct social property, enterprises in industry, agriculture and other sectors are considered to be links of a single system of associated labor, and therefore the methods of managing them are identical.

The Collective is The Owner

In the Soviet Law on the State Enterprise, the concept of the "labor collective" is key. According to the law, the "labor collective", utilizing public property as its owner, creates and multiplies national wealth and ensures a combination of the interests of society, of the collective, and of each worker." (Footnote 1) (Law of the Union of Soviet Socialist Republics on the State Enterprise (Association), PRAVDA, 1 Jun 87)

In Yugoslavia, the lowest labor unit is the basic organization of associated labor (the BOAL), within which "the workers, directly and with equal rights, carry out economic or other activities, utilizing resources that comprise public property, exercise their socio-economic and other self-management rights, and make decisions on other questions relating to their social and economic situation." (Footnote 2) (Law on the [Udruzhennyi Rad], Belgrade 1976, p. 13)

On one hand, the BOAL have been assigned all the prerogatives of full-fledged economic objects, but on the other, within the system of mutual relationships with other economic objects, the BOAL, as a rule, do not act independently because they fall organizationally within the structure of labor organizations—of former enterprises.

The primary organizationally independent economic objects within the Yugoslav economy are the labor organizations (LO). At the same time, the BOAL cannot be organizationally independent because, according to Article 14 of the Law on Associated Labor, the "basic organization cannot exist outside the structure of the labor organization." (Footnote 3) (Law on the [Udruzhennyi Rad], p 12)

The workers in any component part of a labor organization (enterprise) have the right to establish a BOAL if they comprise an organizational, technical and economic unit. The Constitution of the SFRY and the Law on Associated Labor (LAL) envisage measures for transforming the BOAL into mutually dependent links of a single system, in order to stimulate integrational processes and, on the contrary, to prevent disunity within the national economy.

The next form of self-management organization in Yugoslavia, after the BOAL and the LO, is the complex organization of associated labor, which is created, as a

rule, on the level of the sector. Its structure may include both labor organizations and also individual BOAL. One of the forms of association of labor organizations is the business association, which can include various organizations of associated labor in the aims of realizing specific joint interests, for example, improving economic management conditions, market study, and joint entry into domestic and foreign markets. The members of business associations remain completely independent.

A promising form of associated labor is the community of associated labor for joint planning and economic activity. This, as a rule, is an inter-sectoral community, the structure of which may contain organizations and associations from various sectors of the national economy operating on the basis of coordinated plans.

The structure of enterprises and associations is examined in Part Two of the Soviet Law on the Enterprise.

"An enterprise consists of subdivisions, production units, shops, sections, sectors, farms, brigades, lines, etc, which operate on the basis of internal cost accounting.

"On the basis of procedures established by a enterprise, the subdivisions of the enterprise may be allocated portions of the material incentive and the social development funds, the amounts of which will depend upon the results of the activity of these subdivisions."

"Within the sectors of the national economy... there function various types of associations and independent enterprises. The basic types of associations are production and scientific and production associations. The association, irrespective of the territorial distribution of its structural units and of the independent enterprises which are included within its structure, functions as a single production and economic complex and ensures that the developmental interests of sectors and of territories are organizationally combined. They carry out their activities on the basis of a single plan and balance" (Art. 5, para 1). "Within an association, its structural units operate on cost-accounting principles. The structural unit may have a separate balance and account in banking institutions" (Art. 5, para 5).

As is noted in the law, "in order to further raise the level of production concentration, the enterprise, association and organization can be included within organizational structures (which, in essence, are of a new type)—the state production associations. In this case, the "enterprise, association and organization joining the indicated associations preserve their economic independence" (Art 5, para 7).

An Enterprise Produces Commodities

The basis of national economic restructuring in the USSR is a course toward a broadening of the independence of enterprises and toward full cost accounting.

As is stated in Article 1 of the Soviet law, "the enterprise is a commodity producer; it produces and sells products... under conditions of full economic accountability, self-financing and self-management, and of a combination of centralized direction and the independence of the enterprise". For the first time, the socialist enterprise is viewed as a commodity producer, which is simultaneously supposed to increase the production of products in physical terms and to ensure economy of resources, to reduce prime cost and to increase profits, cost-accounting income. In the same article, it is stated that "the requirements of the customer are obligatory for the enterprise, and their full and timely satisfaction is the highest sense and the norm of the activity of every labor collective" (Art. 1, para 3). Earlier, Soviet economic legislation was limited only to a statute concerning satisfaction of the needs of the population, but today a need is noted to satisfy the effective demand of the population. This presupposes, correspondingly, that an enterprise will have an obligation to seriously study this demand.

Point 4 of Article 2 introduces the concept of "economic competition" for customers, which obligates the state to make wide use of competitive planning and production, financial and credit levers, and prices for the utmost development of economic competition between enterprises, and also to restrict the monopolistic position of the producers of a particular type of products.

It is noted that a superior organ must counter the monopolistic tendencies of individual enterprises, for these purpose taking measures which are directed at overcoming an increase in prime cost and prices, stagnation in the technical development of production, and artificial limitations to the production and sale of products which enjoy a demand by the population.

The monopoly situation of certain enterprises in Yugoslavia, which freely establish high prices on the market, is one of the main reasons for high inflation within the country, and also of unjustified differentiation in the level of wages both between enterprises of one and the same branch and also between branches of the national economy.

Over the course of three decades, a conception has reigned within the SFRY, in accordance with which socialist production bears a commodity character. It will continue to bear this as long as the productive forces have not achieved the particular degree of maturity needed for a transition to direct appropriation of produced output according to needs. Inasmuch as high commodity production presupposes the existence of individual independent commodity producers, socialist economic enterprises must possess independence in the production and exchange of their own products within the framework of a unified planned national economic system. In fact, Yugoslav enterprises do possess considerable independence. This is expressed not only in the

full economic accountability, self-financing and self-support of their economic activity, but also in the freely-established supply and sales relations between them, and also in the right of free entry into the foreign market. Enterprises finance current production activity, capital construction and renovation of production from their own funds, and also from bank credit funds.

In Yugoslavia, for a long time there have been no branch ministries and departments. Their functions are fulfilled in part at the present time by the various economic sector associations which comprise the Economic Chamber. Its members are all of the country's enterprises. The Economic Chamber plays an important role in coordinating the plans of organizations, in distributing short-supply and important raw materials, in coordinating their foreign economic activities, and in utilizing foreign credit and loan funds.

A Right to Income

The most important principle which underlies our law on the enterprise is that expenditures are to be covered by earned funds, by its own cost-accounting earnings [khozraschetniy dokhod], and that it will be capable of living within its means. One of the central articles of the Law is devoted to the cost-accounting earnings of enterprises, a new economic category which is the source for the productive and social development of the enterprises, for paying wages and material incentives, for the fund for development of production, science and technology, and for the fund for social development. The desire to increase profits or earnings must stimulate labor collectives to economical operational management, to increased labor productivity and output quality, to careful utilization of all resources. Cost-accounting earnings are utilized independently and cannot be taken away.

In Article 3, entitled "The Cost-accounting Earnings of the Collective, Their Distribution and Utilization," it is indicated that enterprises (with the authorization of a superior organ) can utilize two models of full cost accounting and self-financing: one based on normative distribution of profit and the other based on normative distribution of earnings received after material expenditures have been paid for from receipts.

"The earnings of the BOAL," the Yugoslav Law on Associated Labor states, "are a part of the national income, created by the workers within a basic organization as a public acknowledgement in monetary terms of the results of their own and of aggregate social labor under conditions of socialist commodity production" (Article 45). Earnings, on one hand, are looked upon as the material basis of self-management, not subject to any form of confiscation, and, on the other, they are considered, along with the means of production, to be public property.

The Law on Associated Labor imposes the duty on labor collectives to ensure necessary conditions for constant growth of earnings by stimulating each worker and the entire collective to increase labor productivity, to more effectively utilize the means of production, and to adapt production to the requirements of the domestic and foreign markets.

Control From Above

According to the provisions of the Soviet Law on the Enterprise, bureaucratic control of enterprises is rejected. Article 9, "The Relationships of the Enterprise with its Superior Organ and the Local Soviet of Peoples Deputies," fundamentally changes the relationship of the enterprise with the administrative elements of management. This article notes the necessity to manage first of all by economic methods, utilizing normative methods and not interfering in operational management activity. Norms are assigned a decisive role under the new conditions: They directly relate the size of earnings and of the collective's funds to the results of its activity and regulate interrelationships with the budget. The most important of them is the norm for distribution of profit between the state budget and cost-accounting earnings.

Enterprises which violate financial discipline will pay fines at the expense of their cost-accounting earnings.

In Yugoslavia, the BOAL operate independently. No state organ has the right to interfere administratively in the affairs of enterprises, or in questions of the utilization of production funds. But a whole system of rules and norms exists, which determines procedures for managing the various funds of organizations which are involved in production. Control of the observance of these procedures is accomplished through the banks and via a specially created public accounting service. The banks exercise necessary influence on the organizations not to permit illegal payments or non-purposeful and irrational expenditures of funds.

The Structure of Funds

As is noted in the Soviet law, the wage fund, the material incentives fund, the fund for development of production, science and technology, and the fund for social development are formed on the basis of an enterprise's earnings.

According to this law, our enterprises have the right to manage these funds independently, other than the general wage fund which is fixed by norm. The specific establishment of a wage fund for individual categories of workers now falls within the competence of the enterprise (Art. 14, para 4). At the same time, the wages of each worker are not restricted by a maximum limit, but are determined by the final results of his work, by his personal labor contribution.

While, before passage of the Law on the Enterprise, the norm for the wage fund of management, engineering and technical workers, and employees used to be determined by a higher-level organ (the ministry), now the wages of this category of workers at an enterprise will be determined independently. It is emphasized (Art. 14, para. 4) that "the enterprise is obligated to ensure a relative limitation of the numbers of management personnel and of the share of funds designated for their maintenance." In accordance with approved norms, the enterprise is obligated to ensure that increases in labor productivity outstrip the growth of average wages.

The Law on Associated Labor also includes a provision that the personal earnings of workers must be established in dependence upon growth in labor productivity not only at their working places but for the sector as a whole, and also upon the dynamics of social labor productivity on the scale of the economy as a whole.

According to the LAL, gross earnings are allocated to four independent funds: the personal earnings fund, the joint consumption fund, the fund for development of production, and the reserve fund. These funds, and also profits (70-80 percent) are distributed by the workers council of the enterprise in accordance with norms and rules approved by them in keeping with principles established by public agreements.

The wage system is established by the workers council in accordance with rules, criteria, and norms which have been approved by the BOAL. The personal incomes of each worker are determined by his real contribution to creation of the overall earnings of the BOAL and will depend on the following indicators: volume of work fulfilled, quality of work, expenditure and savings of raw materials and supplies, utilization of equipment, length of working time, etc. With each increase in production and with each reduction in prime cost, the personal income of the worker is increased, albeit not proportionally but in accordance with a progressive scale.

The size of the personal earnings both of all workers and employees and of the director himself is set by the workers council. Workers in the public sector are guaranteed minimum personal incomes depending upon the achieved productivity level of their social labor.

The manning table, the total number and types of working places, the hiring and firing of workers, norms, tariffs, the system for improving the standard living and the organization of worker relaxation—all these questions fall within the competence of the organs of worker self-management.

The Enterprise and the Plan

Economic accountability and self-financing, increasing the responsibility of collectives for the results of their work, presupposes fundamental changes in the way the activities of an enterprise are planned. On the basis of

the Soviet Law on the Enterprise, the procedures for compiling the plan are changed: Now, the enterprise not only independently develops but also approves its own five-year and annual economic and social development plans, and also concludes contracts. The enterprise bases itself on control figures, state orders, long-term economic norms, limits, and direct orders from customers and organs of material and technical supply. There is no longer a need for the collective to approve a complementary plan.

At the June Plenum of the CPSU Central Committee it was noted that, under conditions of restructuring, planning assumes a basically different character. On one hand, state planning must ensure development of a long-term strategy, determination of the basic priorities and goals of development, and, on the other, an optimal combination of centralized authority with the independence of enterprises, with the interests of labor collectives.

The restructuring of planning has been begun throughout the entire plan system. While, for 1987, USSR Gosplan developed balances for and centrally allocated material resources of 2117 designations, for 1988 there were only 415 (Footnote 4) (PRAVDA, 18 Aug 1987). Now, only a state order will be established for enterprises. The remaining part of the production program will be formulated by the collectives themselves on the basis of direct economic ties with their customers.

We are faced today with the task of fundamentally improving planning by means of changing the role of contracts in the process of compiling plans. While contracts were formerly concluded on the basis of an already approved plan, simply giving concrete form to one or another plan assignment, the plan will now be compiled on the basis of economic contracts which, for practical purposes, are being transformed into a stage of work on the plan; the contract is becoming a foundation of the plan, the principle of its organization. The fulfillment of contract obligations is now the main way of assessing the work of a collective. Beginning in 1987, material incentive funds can be formed to full extent, and awards to the workers are to be paid out only when contract obligations have been 100 percent fulfilled. Fines paid by enterprises and associations for violations of contract obligations are taken from the material incentives fund to the extent of 20 percent of this fund. Right now, approximately three-fourths of the enterprises are carrying out their obligations completely as concerns deliveries (Footnote 5) (KOMMUNIST, No 8 1987, p.31).

No planning indicators—neither physical nor value indicators—are centrally established for Yugoslav economic organizations. They are established by the enterprises themselves in their annual and five-year plans, which are approved by the workers councils. Until recently, the entire system of planning was based on contacts between

organizations, on the coordination of plans and development programs between themselves. The united [soyuzniy] social plan represents an agreement of all the participants in planning, which contains the goals and means of economic development, the obligations of all participants, and their responsibility for nonfulfillment of the plan. State organs participate in the overall agreement as partners having equal rights.

The system of contract relationships operating in Yugoslavia, with the help of which the interrelationships both between enterprises and also between republics are regulated (or are supposed to be regulated), has demonstrated negative aspects: The contract procedure is complicated, unwieldy, and time-consuming and even the contracts which are concluded do not obligate anybody to anything. Until recently, one method which has effectively served as a barrier to acceptance of the plan, whether it be on the level of the enterprise, the republic, or the federation, has been the system of consensus (unanimity). As a rule, because of frequent abuses of this method, there have been delays in the approval of nationwide plans (which contain only general strategy and directions, optimal proportions and rates for the social and economic development of the country) and their fulfillment has broken down. The latter circumstance, and also regional and republic opposition have stood in the way of timely approval of plans, and the existing system of planning has turned out to be incapable of solving its own problems.

Even before the 13th Yugoslav LCY Congress, a law had been passed on reorganization of the planning system, which was aimed at restraining processes of disintegration within the national economy and at strengthening the regulatory and coordinating role of the federation. The most important feature of the planning law is that it does away with the regulation that development plans be based on a system of contracts, inasmuch as such a procedure slows down and puts a brake on the approval of planning documents.

One of the important directions in the new law is that planning is shifted to the level of labor organizations (the former enterprises), rather than the BOAL, as was the case formerly. In sum, in practical terms, the BOAL is a unnecessary link, i.e. in essence, what is occurring is a process of restoring the former status of the labor organizations. A new point in the law is the obligatory acceptance of unified plans for sectors that are of decisive importance for all the republics: energy, transportation, the post, telegraph, etc.

Penalties

In Article 17 (para 5) of the Soviet Law on the Enterprise, strict sanctions are envisaged for enterprises which cause losses to other organizations: Reimbursement of the losses, the payment of forfeiture fines, and other sanctions occur at the expense of the cost-accounting earnings of the collective. An enterprise must completely

carry out the obligations which derive from its contracts, with regard to quantity, product list, time schedules, and output quality (Art. 16, para 1).

In Yugoslavia, a special law (passed as an amendment to the LAL in 1978) is in effect, which regulates fulfillment of various kinds of contract obligations. Nonfulfillment of obligations accepted in accordance with contracts and agreements is one of the weak spots in the mutual relationships of economic and trade organizations and frequently leads to violations of financial discipline, mutual indebtedness of enterprises, and insolvency of economic organizations and banks. The law fixes compensation for damage that is caused and the responsibility of the BOAL vis-a-vis other organizations.

Bankruptcy?

One topical and difficult problem for the USSR economy is the enterprise unprofitability. The share of unprofitable enterprises in industry alone came to 13 percent in 1986 (Footnote 6) (PRAVDA, 30 Jul 1987). Technical retooling, improvements in the organization of production and labor, and increased discipline are being employed in this respect. When these measures turn out to be unproductive, a recommendation is made that enterprises be reorganized or liquidated. The Law on the Enterprise envisages that, in the event of prolonged unprofitability and insolvency, lack of demand for output, and lack of results from measures taken to ensure profitability, an enterprise may be liquidated. In keeping with their constitutional right to work, workers who are discharged are guaranteed placement in new jobs.

According to the Law on Associated Labor, the BOAL ceases to exist if, over a prolonged period of time, it is unable to fulfill its obligations and to make deductions from its own earnings. Recently in Yugoslavia the question has been raised of a need to increase the severity of measures with regard to enterprises which operate at a loss and enterprises which are on the borderline of zero profitability. A resolution of the 13th LCY Congress (1986) noted that organizations should be liquidated when it is clear that there are no prospects for improving their situation. At the same time, the problem of workers employed in them is to be solved by transferring the means of production to other organizations or through the creation of new enterprises.

Briefly About Important Questions

The Soviet Law on the Enterprise contains a number of fundamentally new principles concerning disposition of the means of production (see Art. 4, para 4). Enterprises have the right to transfer them to other enterprises, to exchange, rent, and even write them off if they are worn out or have become obsolete. In Yugoslavia, this practice has already existed for a long time: Enterprises freely dispose of the means of production.

Significant changes in the activities of enterprises are envisaged by articles 15 and 16 of the law, "Material and Technical Supply" and "Sale of Products, Work, and Services." It is proposed to make wholesale trade the basic form of material and technical supply in place of the distribution of funds in accordance with centralized order, which will create a socialist market for the means of production. Enterprises have received the right to utilize and sell above-plan output independently, under the condition that contract agreements have been fulfilled, and this, certainly, will contribute to an increase in production.

Under the conditions in Yugoslavia, supply and sale and commercial ties are established independently between labor organizations. Material and technical supply, in principle, is a matter for the organization itself. In this respect, production and commercial relations are established with the help of long-term agreements. However, the market economy does not exclude chance, temporary and variable supply and sale relationships as well.

A Glance At Prices

A necessary condition for the introduction of full economic accountability and self-financing is radical reform of price formation. The price formation mechanism that has been in operation in the USSR up until the present does not stimulate economy of resources, improved output quality, and accelerated scientific and technical progress, inasmuch as prices for a long time now have lacked any relationship to socially necessary expenditures. It is proposed to change procedures for price formation. The system of prices will become more flexible (Art. 17 of the Law on the Enterprise).

The law assigns to enterprises the right to establish prices independently for a portion of the output they produce. "Enterprises independently approve prices for output that is designated for production and technical purposes and for consumer goods and services, for which centrally approved prices are not used, and also for production (services) intended for its own consumption or for sale in its own trade network" (Art. 17, para 11).

To the degree that full economic accountability and direct economic relations are developed, the application of contract and independently approved prices will grow. While defining the rights and obligations of the enterprise in the area of price formation, the law places an obligation upon it to ensure that prices and calculations leading to them are economically well-founded and that the growth of national economic effect outstrips expenditures.

In Yugoslavia, in principle, all enterprises independently calculate the prime cost of production and initially establish prices for their own goods in accordance with market conditions. However, subsequent changes in prices for various goods are accomplished in various ways.

Independently established prices are subject to public control. In this connection, 60 percent of all commodities fall under a system of direct public control. An active role is played by a special market inspectorate, which has been provisionally assigned the duty of combating abuses: illegal price increases, phenomena of monopolization and of dividing up the market, and violations of the unity of the Yugoslav market.

Contract prices are formed within the framework of the contract, as a rule, between extraction industry enterprises (or agricultural enterprises) and enterprises which purchase and process raw materials, i.e. between enterprises which are related to one another through the production process.

The government establishes a firm level for prices (fixed prices), which cannot be lower or higher than this level, basically for the most important food products: bread, sugar, salt, fats and other products. Under conditions of combatting inflation, the rates of which not only are not declining but, to the contrary, are growing, there frequent reorganizations of the price formation system occur in Yugoslavia (most recently, in 1985).

Finances

In the USSR, a radical restructuring of the financial and economic mechanism is taking place, the role of the state budget of the USSR is undergoing a fundamental change. Financing is losing its nonreturnable nature and is acquiring a reimbursable and payable character. Earned income is becoming the main source for the production and social development of labor collectives. After an enterprise has fulfilled its obligations to the state, neither financial organs nor ministries will be able to take the funds it has earned away from a collective.

In Art. 17, it is pointed out that "profits which are unjustifiably obtained by an enterprise as a result of violations of state price discipline... are subject to confiscation for the budget (at the expense of the economic income of the collective) and are excluded from reporting data concerning fulfillment of the plan."

In Yugoslav practice, part of net earnings (profits), which are a result of exceptionally favorable market and other conditions of its activity, may not be assigned to the personal earnings fund, but must be used solely for further development of production. This also pertains to that portion of profits which is a result of an unjustified increase in prices or a reduction in taxes or customs duties.

Under the new conditions, the financial and credit mechanism is supposed to become an active aid to the increased effectiveness of economic management, to help the enterprises to increase their earnings, and not to cover losses and poor economic practices. According to data on 1 July 1987, for example, the debt of enterprises

had reached 38 billion rubles (footnote 7) (PRAVDA, 19 Aug 1987). Approximately half of this amount is attributable to overdue indebtedness on bank loans.

Changes are due to the existing banking system, which has not been changed organizationally in 30 years. Besides the two main banks, Gosbank and Stroybank, it is proposed to create six specialized banks.

In Article 18, "Credits and Settlements," of the Law on the Enterprise, it is emphasized that, under the new conditions of economic accountability and self-financing, the enterprise may actively utilize bank credits for the purposes of production and social development, but under conditions of strict observance of the principles under which credits are provided. The enterprise bears responsibility for the effective utilization of credits. For the first time, it has been established that an enterprise which systematically violates payment discipline (all settlements are made on a calendar basis), the bank may declare it insolvent.

The credit and financial mechanism in Yugoslavia has for a long time had an important role in providing current and long-term credits to enterprises, in financial support of plans, and in implementing investment policy; more than 50 percent of all capital investment in the country is carried out through its channels. Nonreturnable (budget) financing occupies a modest place and is used mainly in the non-production sphere.

All questions of extending credits to enterprises are resolved by the banks. However, the provision of bank credits does not take place along the lines of the National Bank of Yugoslavia and the peoples banks of the republics, but through independent economic banks. The depositors of the economic banks are the enterprises which, through their own delegates, take part in the development of credit policy. The distribution of credits among economic enterprises is accomplished on a competitive basis; credits are given to those organizations which guarantee the greatest return from capital investments.

Enterprises which lack the necessary financial order and enterprises which permit losses, as a rule, are not given credits. The economic bank may apply sanctions (seizure of output, halting of credits) to undisciplined and insolvent clients, and in a number of cases also raise the question of doing away with management organs at one or another enterprise and introducing so-called "compulsory management."

In accordance with the provisions of the LAL Constitution [Konstitutsiya ZURa], self-financing of capital investments by economic enterprises is supposed to become the basis for expanded reproduction in Yugoslavia. However, in practice, as earlier, bank credits occupy a considerable share (from 25 to 50 percent).

Self-Management

A clear innovation in the Soviet Law on the Enterprise is the idea of combining centralized leadership with socialist self-management of the labor collective, an idea which has its sources in the works of V.I. Lenin (see 'Immediate Problems of Soviet Power' in "Collected Works", vol. 36, pp 199-203) and which was validated by the 27th Party Congress.

In Article 6 of the law it is stated that: "Socialist self-management is realized under conditions of broad glasnost through participation by the entire collective and its social organizations in developing the most important decisions and overseeing their implementation, through electivity of directors, and through unified management of the enterprise."

The main form for exercising the powers of the labor collective is the general meeting, which examines and approves plans for the enterprise's economic and social development, determines ways of increasing labor productivity, elects the director of the enterprise and the council of the labor collective, approves the collective contract, etc.

"In the period between meetings, the powers of the labor collective are exercised by the council of the labor collective of the enterprise. The council concentrates its main attention on the development of worker initiative and on increasing the contribution of each worker to the common cause and implements measures aimed at achieving high final results of the enterprise's activities and the receipt of cost accounting earnings by the collective" (Art. 7). Moreover, the director of an enterprise can be removed prematurely from his position at the decision of the labor collective (Art. 6, para 3).

It goes without saying that the creation and functioning of the labor collective council is a fundamentally new and important step in the development of socialist democracy. At the present stage, this is a necessary element of economic management which, without any doubt, raises the level of social activity on the part of the workers.

In Yugoslav practice, according to the Constitution, the repository of self-management is the entire collective. Its rights in the area of self-management are exercised by workers councils, elected for a two-year term. The BOAL workers council includes delegates who represent workers in all phases of the labor process and the composition of the workers council is supposed to reflect the social composition of the workers within the BOAL.

The principles of electivity, democracy, and glasnost lie at the basis of the workers council's activity. The workers council reports on its work to the entire collective, and introduces important questions at a meeting of the enterprise collective. All sessions of the workers council and of the management committee are open; every

member of the enterprise has the right to attend them and may at the session present his own views and introduce proposals. If the members of the workers council are not deserving of trust, the collective of the enterprise may vote them out of office before their term expires.

According to Art. 100 of the Constitution, the workers council fulfills the functions of organizing the work and managing the affairs of the labor organization, approves the status and general acts of the organization, establishes economic policy, approves production plans and programs for the organization of labor and the development of production, approves measures for the maintenance of economic policy and the fulfillment of plans, and elects executive organs of management (the management committee).

For all other questions relating to the activity of enterprises, the workers participate in management along with the administration, but the degree of their participation varies: from real self-management at some enterprises to pro forma participation in the solution of the most important questions at others. Although the country's leadership is striving for consistent implementation of self-management, how the self-managing organizations behave is frequently determined by decisions not of the labor collective, but of the organs of administration. Besides this, realization of socialist self-management in Yugoslavia has run up against the attribute of a heavy heritage of backwardness, the broad masses' unpreparedness for and lack of experience in self-management, and also against the attribute of their inertia.

Self-management, including electivity of the leadership, is introduced by Article 6 of the law. Thus, the director of an enterprise (or association) is elected by a general meeting of the labor collective for a term of 5 years, as a rule on a competitive basis. The director is relieved of his duties by a superior organ on the basis of a decision of the general meeting of the labor collective or its authorized representative—the council of the labor collective.

In Yugoslavia, designation of the leadership and its removal from position is accomplished by a decision of the workers councils by organizing an open competition based on proposals from a contest commission comprised of representatives of the labor organization, the trade unions, and the local organs of power. The director is elected for a term of four years with the right of being named a second time, according to established procedures.

The director is responsible for observance by the labor organization of laws and of the obligations of this organization to the public, as established by law. If the workers council is dissatisfied with the activity of the director, then it has the right to submit the question of

his removal to the appropriate state organ. It cannot be said that the workers councils make frequent use of this right, but such cases do take place in practice.

New Organs of Management

Under the conditions of the formation of a new system for managing the USSR national economy on the basis of economic methods in place of earlier administrative ones, there arose a need to establish an economic council, which includes the directors of all of the country's economic organs. The task of the council is coordinated development and implementation of a unified policy on planning, material and technical supply, price formation, finances, etc.

In Yugoslavia, the Federal Economic Council plays an important role. As an advisory organ to the government, it performs basically scientific expert work and gives its opinion regarding current questions in the development of the economy and the economic system.

Foreign Economic Activity

There are many new aspects to the law regarding the foreign economic activity of enterprises. It stipulates that enterprises must in the first instance ensure delivery of products for export. Moreover, collaboration with enterprises in the socialist countries has priority significance in their foreign economic activities. An enterprise can obtain convertible rubles and the national currencies

of the countries of the socialist commonwealth from the Foreign Economic Bank on a credit basis for the purpose of conducting scientific and technical operations and developing effective kinds of production related to cooperation. It is emphasized that, in their relationships with enterprises of the CEMA member countries, individual enterprises of ours will establish direct ties and that enterprises which deliver large amounts for export are granted the right to carry out export and import operations directly, etc.

A comparison of the mechanism for managing foreign economic relations in Yugoslavia where, under conditions of an absence of state monopoly and of the open character of the Yugoslav economy, any enterprise can, in principle (if conditions established by law are fulfilled), obtain access to the foreign market, to the Soviet one is hardly worthwhile. At the same time, the changes taking place in the mechanism of Soviet foreign economic relations will, unconditionally, facilitate realization of various forms of mutual economic collaboration: the creation of joint enterprises and the establishment of direct relations between enterprises in the USSR and Yugoslavia, particularly if the readiness of the Yugoslav economic mechanism for this is taken into account.

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Cuban CP Official Assesses Religion in Cuba

18070096 [Editorial Report] Moscow IZVESTIYA in Russian on 29 November 1988 carries on page 5 a 1400-word interview by A. Kamorin with Cuban CP Secretariat Religious Affairs Bureau Chief J.F. Carneado on state policy toward the Catholic Church and the situation for church members in Cuba today. In answer to a question about the current religious situation in Cuba, Carneado responds, "More than 500 Catholic and about 700 Protestant churches are in operation. A total of 54 various churches and sects have registered with us. Two Catholic and several Protestant seminaries are operating, although the number of students is decreasing. Young people's interest in religion is extremely insignificant." As for religious literature, Carneado notes: "The Bible is not printed in the country. Our printing possibilities are limited. However, import from abroad is permitted. During the first 6 months of this year, the Catholic Church received 40,000 volumes from Latin American countries. In September 4,000 bibles were sent to the Cuban Ecumenical Council—the largest organization of Protestant churches. It is true that we prohibit the sale of bibles: religious texts should be disseminated free-of-charge." Carneado continues, "Cuba supports normal relations with the Vatican. The question of a possible visit by the Pope to Cuba has been raised repeatedly."

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Latin America-CEMA: Economic Cooperation

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[Article by V. A. Teperman: "Into a New Stage of Economic Cooperation"]

[Text] For many years, economic ties between countries of the socialist community and Latin American states have been symbolic in nature, we may say. Even now, the CEMA countries' share of the total volume of Latin American exports is no more than 3 percent, and commodities made in the socialist countries make up only 1 percent of the goods imported by states on the continent.¹ True, economic ties have been noticeably revitalized in recent years. A shift has been taking shape from purely commercial relationships to more extensive and diversified cooperation and comprehensive solution of the problems associated with it.

We can state with satisfaction that mutually beneficial cooperation has a firm contractual and legal basis today. Altogether, over 400 agreements have been concluded in the field of trade, science and technology, fishing, transport, and so forth. Dozens of economic projects for power generation and in agriculture and other sectors of the economy have been built or are being built in the region's countries under the agreements reached. On the occasion of the first anniversary of the working meeting between the CEMA secretary and the permanent secretary of the SELA [Latin American Economic System] (May 1987), the deputy permanent secretary of this organization, (G. Hill), noted: "There are vast potential opportunities for the countries of Latin America and the Caribbean Basin, as well as the CEMA member states, to develop comprehensive business ties. The changes in the economic machinery that are under way in the USSR and other socialist countries are opening the way for the development of new, more progressive forms of cooperation."²

The time requires new ideas and approaches. In particular, the introduction of multilateral forms of cooperation is highly promising. It is apparent that such "traditional" problems as imbalance and instability in trade, a narrow range of goods, service following a sale, and so forth can be resolved more easily by united efforts. In this connection, the establishment by interested socialist countries of a unified network for advertising, sales, and service, the exchange of information on market conditions in the region's countries and the establishment of consortiums for taking part in tenders is a question that is worthy of attention.

A situation in which several socialist states are engaged in cooperation with some Latin American country in the same economic sectors is arising more and more frequently: the USSR and Czechoslovakia in power engineering in Argentina and Brazil; the USSR, Poland, and Bulgaria in the fishing industry in Peru and Argentina; the USSR, Bulgaria, Cuba, the GDR and Yugoslavia in

agriculture in Nicaragua, and so forth. However, the inadequately developed data base, and sometimes competitive elements resulting from the partners' efforts to increase their export potential, are creating certain difficulties in expanding multilateral cooperation. Coordination of efforts and specialization in specific subsectors and projects and individual types of operations would enable partners to speed up the commissioning of enterprises being built in the region and increase the efficiency of cooperation as a whole.

Cooperation is especially important in building major projects whose cost is often beyond a single country's material and financial capabilities. For example, expenditures for construction of an agroindustrial sugar complex in Nicaragua, which is being erected with Cuban assistance, have exceeded 200 million dollars; in this connection, the Nicaraguan side has involved the USSR and the GDR and certain West European and Latin American firms and banks in the financing, in addition to Cuba. Power engineering equipment from the GDR, Soviet tractors, and machinery and technology from other states are being utilized at the complex along with Cuban equipment and technology. The Las Canoas irrigation system, Nicaragua's largest, is a similar example; Cuba, the USSR, Czechoslovakia and Yugoslavia, as well as Brazil, Spain and Mexico, provided assistance in its construction.

Scientific and technical cooperation and the transfer of technology is one of the most promising areas of cooperation. Ties between socialist and Latin American countries in this area have grown substantially during the 1980's. Production at an aluminum plant in Nicaragua, where American technology was utilized before, has been resumed with the participation of specialists from Hungary, the USSR and Cuba. Soviet and Brazilian organizations are collaborating in the peaceful uses of outer space.³ The USSR has sold Brazil licenses for the technology used in the dry quenching of coke and for the production of turbines, ethanol, and other products. The Brazilian (KVRD) and the All-Union Association Tyazhpromeksport have concluded an agreement under which Soviet organizations will prepare a TEO [technical and economic feasibility study] and will provide assistance in building a plant to produce ferromanganese in Brazil with an annual capacity of 150,000 tons, under the condition that 50 percent of the output will be delivered as compensation to the Soviet Union (for 12 years). The USSR in turn is interested in Brazilian developments in the field of fiber optics, computer hardware and programs.

Experience in cooperation between Brazilian and Yugoslav specialists in the struggle against SPID [presumably: AIDS] and other urgent medical problems and pharmacology is worthy of attention. Organizations from the CSSR, Poland, Bulgaria, Argentina, Mexico and other countries are being drawn into the process of revitalizing scientific and technical cooperation. The consolidation of bilateral ties is also improving prospects for the

development of multilateral forms. Thus, the socialist countries are providing advice for the OLADE [Latin American Energy Organization] on matters related to the construction of a mini-GES, and the Hungarian organization ("Kokhazati dyarepito vallalat") is an associated member of the Latin American Iron and Steel Institute. Nevertheless, it must be admitted that the opportunities for consolidating economic and scientific and technical ties and coordinating activity in this area are being far from fully utilized. In a number of cases negotiations do not lead to specific results and the agreements concluded are not always implemented in practice. And competition among socialist countries' organizations makes itself felt here as well. For example, in tenders for construction of a machine tool manufacturing plant in Peru, organizations from Hungary, Poland, Romania and the Soviet Union made independent offers. Soviet and Czechoslovak associations frequently operate at the same time in the power engineering market for countries in the region.

The development of multilateral economic ties essentially is being held up because the foreign trade organizations and firms of CEMA member states have little interest in joint activities and there has been unwarranted delay in overcoming organizational and financial difficulties. The socialist countries have been taking certain steps lately to increase coordination of efforts in providing assistance to third countries, though. For example, the Soviet-Peruvian agreement on economic cooperation stipulates that the USSR has the opportunity to involve organizations from CEMA countries in planning work, in the delivery of machines and equipment, and in providing technical services. The inclusion of the immediate producers in the process of cooperation, the establishment of direct ties, and the development of joint ventures have been called upon to play an important role. The Czechoslovak experience is worthy of attention: interested organizations and enterprises from this country established direct ties with enterprises in the Brazilian states of Rio de Janeiro and Amazonas. In the first case, an agreement was reached to deliver Czechoslovak streetcars for urban transport, and in the second case, to deliver diesel units.

The first agreements between organizations in socialist countries on joint participation in Latin American markets are already in effect. Thus, an agreement has been concluded between the Polish foreign trade firm ("Varimex") and the Yugoslav enterprise ("Krushitsa") on cooperation in the sale of textile machinery to Uruguay. But the most impressive results in multilateral cooperation have been achieved in Nicaragua. Major projects to be carried out by organizations from several CEMA countries have been coordinated here. The largest is an irrigation project to cover nearly 40,000 hectares of land on which grain crops are to be cultivated. The agroindustrial complex in the Sbaco River valley (its first section was put into operation this year) and the country's largest dairy complex in Muy-Muy - Matiguas are important projects. A deepwater port is being built at

El Bluff on the Atlantic coast through the joint efforts of CEMA member countries—the USSR, the GDR, Poland, the CSSR and Bulgaria (the coordinator).

The economic difficulties being experienced by the country cannot help but have an effect on the pace of construction at these and other projects. Projects in the Sbaco complex, for example, were commissioned nearly 6 months later than planned. Construction of the port is being rushed because of the shortage of electricity, construction equipment and transport facilities and the lag in the infrastructure. In addition, the financing and supply problems are not always resolved expeditiously. At the fourth meeting of the mixed commission in Managua in 1987, the decision was made to concentrate efforts on speeding up completion of the projects mentioned. The 44th CEMA Session in July 1988 attached particular importance to this matter.

Working groups in agriculture, the food and other sectors of industry, fishing, geology and power engineering, foreign trade and transport, and education are playing an important role in developing multilateral cooperation with Nicaragua. A special 5-year program of cooperation in the field of education over the 1986-1990 period was adopted in 1985. It provides for the admission of 12,800 Nicaraguan citizens to educational institutions and enterprises in the socialist countries; 460 of these persons will receive an education through a CEMA scholarship fund.⁴

Contacts have been established between CEMA and certain regional organizations on the continent, primarily EKLAK [possibly: ECLA, Economic Commission for Latin America]. Representatives of the CEMA Secretariat are taking part in its sessions as observers. At the same time, not all resources have been put to use to activate bilateral relationships. The development of research on urgent problems of economic development, integration, and so forth through joint efforts is a promising form of cooperation.

Contacts between CEMA and the Andean Group have been maintained for many years. They received new impetus in the 1980's. Staff members of the CEMA Secretariat have been giving lectures in Andean countries and taking part in specialized seminars on integration problems. Agreement on cooperation was reached in 1985 between the CEMA Secretariat and the supervisory bodies of the Cartagena Agreement. A regular exchange of information on the activities of both organizations and mutual participation in seminars and conferences were planned in the first stage. Ties are being developed with the Latin American Economic System (SELA). A 2-year program for cooperation signed in 1987 provides for joint studies on the status of economic relations between the two groups of countries and their prospects, the exchange of information and

documentation, aid to countries in the region and personnel training. (S. Alegret), SELA permanent secretary at the time, said that the goal of the program cited was to prepare for a stage of cooperation between two regions of the world which do not know each other. A joint seminar on problems of developing trade and economic cooperation between SELA and CEMA member countries was held in Caracas in April 1988. The seminar participants condemned the policy of protectionism, boycotts and embargoes being practiced by the United States with respect to Latin American countries and devoted particular attention to the search for more effective forms of mutual economic ties and to the practical problems of trade in industrial and agricultural commodities and financing and payments. In closing the seminar, SELA Permanent Secretary C. P. del Castillo stressed that expanding trade with CEMA partners based on the establishment of fair prices and adherence to the principles of equal rights, mutual benefit and nonintervention in internal affairs will contribute to the goals of development in the region's countries.⁵

The socialist countries have expressed and continue to express their readiness for cooperation with integration groups of developing states. Success in accomplishing this task depends to a large extent on the latter's ability to work out an effective mechanism for internal integration. Meanwhile, not everything is working smoothly here. Crisis situations in integration processes reached unprecedented proportions in Latin America in the early 1980's, for example. The sectorial programs of the Andean Group and the SELA action committees that were so promising at first have not become an effective instrument for the partners' economic rapprochement. Essentially, a search is under way in the region for new integration schemes, and the substantial modification of activity by the Andean Group, the CACM [Central American Common Market] and the Caricom [Caribbean Common Market] attests to this.

It is obvious that the more emphasis that is put on developing regional cooperation in the production area and reinforcing planning principles, the greater the prospects will be for strengthening economic ties. But at present, they are not responsive to the spirit of the time on a bilateral level, either. Thus, the socialist countries are maintaining relatively stable relationships in the Caricom group only with Guyana and Jamaica. Nicaragua is our only stable partner in the CACM. Hence it seems expedient to concentrate attention on projects involving cooperation which are of regional and subregional importance. For example, the ("Mojolca") and ("Capalar") hydroelectric power stations in Nicaragua, which were planned for construction with assistance from the USSR, will be included in the Central American power generation system.⁶ Hungary has provided assistance to Venezuela in building a chemical plant whose output is intended for sale in the markets of other countries in the Andean Group. The Yugoslav-Ecuadorian mixed company "Iskra Herramientas Electromec

nicas," which produces electrically-driven tools, is operating within the framework of a sectorial machine building and metal working program. However, the domestic difficulties of the region's countries in implementing integration arrangements cannot help but affect the activity of joint ventures. The machine tool plant built in Peru with Romanian participation, which was planned to export 80 percent of its output to other Andean countries, is basically serving the Peruvian market at present, for example.

One more opportunity has been provided to develop multilateral relations with the establishment of the first multinational companies (MNC) in Latin America. Certain socialist countries have established business ties with the "Com#nbana" MNC established by the Union of Banana Exporting Countries. For example, a commodity exchange transaction with Yugoslavia concluded in the early 1980's provided for the purchase of bananas from "Com#nbana," with Panama as an intermediary, in exchange for deliveries of ships, buses, tractors and fertilizers from the opposite direction. In carrying out the transaction, the SFRY delivered two oceangoing banana transports valued at 60 million dollars. However, the suspension of activity by this MNC has prevented this contract from being completely carried out.⁷ They have been returning to the MNC concept in the region lately, and the socialist countries should not lose sight of the possible prospects.

Regional and subregional banks can play an important role in reactivating mutual cooperation. The CEMA countries and the SFRY already have firm ties with certain ones. Regular contacts are made between the International Investment Bank—the IIB (CEMA), the MABR [presumably: IDB, Inter-American Development Bank], and the Caribbean Development Bank. IDB representatives have repeatedly attended meetings of the IIB. The question of establishing a mechanism for joint financing of projects built in the region with assistance from organizations in socialist countries is worthy of study. Thus Yugoslavia, by being an IDB member, has the opportunity to attract capital in the interest of speeding up the implementation of joint projects. Several tenders financed by the IDB have been won by Yugoslav organizations in recent years; the largest one is the project for electrification of Panama's rural areas.⁸

The time has come to shift cooperation with regional organizations to a strong contractual foundation. At the same time, the organizational forms approved in bilateral ties may be utilized: the conclusion of appropriate agreements, the establishment of mixed commissions, and so forth. It is in the common interest to resolve the matter of regular participation by representatives of socialist countries as observers in the measures carried out by regional and subregional organizations.

A special role in reactivating economic cooperation is assigned to Cuba, which is a member of SELA and many of its action committees, the OLADE, the group of Latin

American and Caribbean sugar exporting countries, and the Committee for Cooperation and Development of Caribbean Countries. Hence we can only welcome the fact that the forums of regional organizations are being held more and more frequently in Cuba. The fourth conference of the planning ministers of Latin American and Caribbean countries and the Seventh Pan-American Railroad Congress were held in Havana in 1987 and the 13th Latin American Meeting on Information Science and Communications was held there in 1988. Trade agreements with Cuba were concluded in the mid-1980's by Argentina, Mexico, Uruguay and other member countries of the LAI [presumably: Latin American Integration Association]. In accordance with these agreements, the sides grant reciprocal customs preferences, guarantee the issuance of licenses for the importation of commodities stipulated by coordinated lists, and carry out other measures to strengthen economic ties. Thus, the agreement with Argentina provides for the deliveries of goods to Cuba to be brought up to 300 million dollars annually on a compensatory basis. The Cuban-Mexican agreement, which aims at balancing trade between the two countries, also is compensatory in nature. The list of commodities covered by the agreement was extended considerably in 1988.

* * *

There has been some development of cooperation between socialist and developed capitalist countries in building economic projects in developing states in recent years. This cooperation makes it possible to efficiently combine the experience of CEMA countries with the financial and production capabilities of Western firms. On the other hand, joint economic activity limits their monopoly on deliveries of modern equipment to some extent and helps to consolidate the socialist states' positions in local markets.

Most of the trilateral operations are connected with Western firms' involvement in the deliveries of certain types of machinery and equipment. Thus, in the course of putting equipment together for the "Costanera" Thermal Electric Power Station (Argentina) in the early 1970's, the All-Union Association "Energomasheksport" enlisted the French ("Bailey") firm (monitoring and testing equipment) and the West German KSB firm (pumps) as subsuppliers; these same firms, as well as "Deutsche Babcock," have been delivering equipment for the TES in Bah!a Blanca. The ("Klyokner Humboldt-Deutsch") firm (FRG) delivered equipment for roasting ores and concentrates when a plant to produce antimony and ferroalloys was being built in Bolivia by Soviet and Czechoslovak organizations.

On the other hand, companies from capitalist countries are making use of organizations from socialist countries as subsuppliers. For example, the French firm ("Krezo) Loire" enlisted the ("Werkzeugmaschinen und Werkzeuge") enterprise (GDR) for the delivery of machine tools in building repair shops for oilfields in

Mexico. Together with subsuppliers from the GDR, the Austrian company ("Fest alpine") took part in building an oil refinery in Peru and a metallurgical complex in Bolivia. The American TNK [transnational corporation] Texaco-Gulf built a liquefied gas plant in Ecuador, and part of the plant's equipment was delivered from Romania. When an oil refinery was built in Peru by the French ("Technip") firm, the Bulgarian "Tekhnoimport" association delivered the tanks.

Separate responsibility of partners for building one facility or another within the framework of a common project is encountered much less frequently. In construction of the Alto Chicama Power Complex in Peru, the Polish ("Copex") company was responsible for building the coal mines and the Swiss ("UNIFIKO") company was responsible for the power plants.

A certain amount of experience in joint financing of major projects, particularly a number of thermal electric power stations in Argentina, as well as in production cooperation, has been accumulated. The assembly of tractors in Brazil using Romanian chassis and engines from the Mercedes-Benz firm is an example.

But partners are gradually shifting from one-time transactions of this type to more stable relationships. The first agreements of a long-term contract type are being concluded between Hungarian organizations and the West German Siemens firm, under which the latter will service the Hungarian equipment delivered to Brazil. One more example is the long-term agreement on cooperation between the world's largest fish trading company, "Joint (Trollers)" (Sweden) and the GDR foreign trade organization (ASIMEX). "Joint (Trollers)" has acquired licenses from the governments of Peru, Ecuador, and certain other countries for a GDR fishing fleet to operate in their 200-mile zone. In exchange for this the company has been given the right to sell fish in the GDR. It is stipulated that "Joint (Trollers)" may send refrigerator ships to take the catch from GDR vessels and send specialists to organize processing of the fish in local plants.

Since the end of the 1970's, consortiums which provide for closer ties and better interaction between partners have been in operation. The third power unit of the 250-kilowatt "Jorge Lacerda" TES (Brazil) was built by a consortium consisting of the Czechoslovak "Shkodaek-sport" and "Deutsche Babcock." "Shkodaeksport" was responsible to the customer as the general contractor and delivered the power equipment, and "Deutsche Babcock" delivered the boilers and provided construction supervision and technical consultations. The Swiss firm "Motor Columbus," which assumed responsibility for quality control of the equipment, the Italian firm ("Electro-consult") (the customer's consultant) and Brazilian construction companies also took part in carrying out the project.⁹ Czechoslovak participation in the project was paid for by shipments of iron ore. This was the first experience in utilizing a consortium in trilateral

cooperation on the continent, and certain difficulties naturally were encountered in the course of the negotiations and construction. It is sufficient to say that negotiations between the customer—the Brazilian "Electrosul" firm—and its consultant on one side and the contractors on the other side lasted for about 2 years because of inadequate knowledge of the sides' requirements and capabilities. Poor coordination of construction operations and disruptions in the schedule for delivering machinery and equipment delayed commissioning of the station. However, upon completion of the construction, a new consortium, which also included the Italian "Ansaldo" firm, was organized by the partners, who had accumulated the necessary experience. It was charged with construction of the fourth power unit of 350,000 kilowatts. Broadening the practice of multilateral cooperation and making it long-term in nature would assist in extending the mutually beneficial division of labor among socialist, developed capitalist, and Latin American countries.

A form of multilateral ties such as joint activity in the markets of third countries is being developed gradually. A certain amount of experience already exists in this promising field. Yugoslav and Peruvian enterprises have been jointly engaged in delivering Peruvian fish meal to European markets, including its transportation and storage at the Yugoslav port of Kotor, for a long period of time. A substantial part of the output of the Polish-Peruvian mixed company ("EPSEP-RIBEX"), as well as the catches of Bulgarian fishing vessels off the Peruvian coast, is being sold in the markets of third countries.

Brazil is the socialist states' principal partner in this area on the continent. Thus, the Soviet All-Union Association "Tekhnopromeksport" and the Brazilian company "Norberto (Odebrecht)" are building the 520,000-kilowatt ("Capanda") GES in Angola. Soviet specialists have developed the plan for the station, which will become second only to Aswan as the most important hydroelectric power station in Africa. The USSR is delivering the hydromechanical, water power, and electrical engineering equipment, providing for the technical supervision and installation and checkout operations, and assisting in training specialists. Opportunities for joint participation in the construction of other projects in African and Middle Eastern countries are being studied.¹⁰ The Brazilian "Brazpetro" firm has enlisted the Hungarian ("Hemokomplex") as a subcontractor for developing oil deposits in Iraq and the Romanian ("ARKIF") organization for drilling water wells in the PDRY. For its part, the ("Technoimpex") organization (Hungary) has enlisted Brazilian companies for the delivery of machine tools in carrying out projects in Nigeria. Agreement has been reached on Brazilian firms' participation in a joint project to develop the telephone system in Cuba, which is being carried out by organizations from the USSR, the GDR, Hungary, and the SFRY.

Yugoslavia has made important progress in joint activity in the markets of third countries. At the recent Ninth Session of the Yugoslav-Brazilian Mixed Commission

on Trade and Economic Cooperation, steps were outlined to stimulate joint actions in this direction, including trilateral foreign trade operations, primarily in the metallurgical industry, coal mining, pharmacology, and a number of other sectors. The Yugoslav "Ingra" company and the Brazilian "Trafu" company reached agreement on joint development of electrification projects, as well as on the sale of insulators and support structures for high-voltage transmission lines. The Yugoslav Bank for Economic Cooperation will assign credits totaling 100 million dollars, with a repayment period of 3 to 12 years, to carry out these projects.

Other Latin American countries are being involved in this process, apart from Brazil. For example, Czechoslovak and Argentine enterprises are cooperating in the joint planning and "turnkey" construction of cement plants in Bolivia and Ecuador. Joint export production of tobacco products has been planned by Cuba and Uruguay. However, this area of activity still remains to be developed. Comprehensive information on each other's capabilities and thorough coordination of commercial conditions and technical parameters of the equipment being delivered are necessary for this.

Finally, one more direction—a trend of the present—is the attraction of Latin American capital to organize mixed companies in socialist countries. There are few examples of this at present, but it is particularly gratifying that one of them relates to our country: in 1987 the RSFSR Gosagroprom [State Agroindustrial Committee], the Swedish ("Tetra Pak") firm, and the Brazilian ("Sucocitricio Cutrale") firm signed a protocol on their intention to establish a joint venture in the USSR to produce apple juice from Soviet raw material and orange juice from Brazilian concentrate. The output will be provided to Soviet consumers and for export.¹¹

The trend toward making the forms of multilateral cooperation more complex is gaining momentum, as we see. Not only the firms and credit and financial institutions of Latin American and developed capitalist countries, but prestigious international organizations such as the FAO are becoming involved in carrying out projects in the developing countries. It is sufficient to point out that the World Food Program, the FAO, and the IDB, as well as firms from Canada, Spain, Mexico, Cuba, the GDR and the USSR, took part in developing the large "Chiltepe" Dairy Complex in Nicaragua.¹² Are the countries of the socialist community prepared for this? As N. I. Ryzhkov, chairman of the USSR Council of Ministers, has noted, "the structure of our trade and economic ties with developing countries... should be improved and supplemented by production ties. New forms of cooperation will be utilized more and more extensively in our relationships."¹³

The prospects depend to a large extent on the practical results of restructuring the economy in our country and the reforms under way in a number of other socialist states, and on whether provision is made for enterprises' real independence and their economic motivation for cooperation. The time has also come for basic changes in CEMA's integration machinery and a resolute shift to progressive forms of economic ties based on production cooperation and specialization and joint undertakings. Measures to provide for convertibility of the ruble by stages as the basic unit of calculation within CEMA will play an important role in this. This will make it possible to eliminate the many objective and artificial obstacles on the path toward consolidation of economic cooperation with the nonsocialist world.

At the 44th CEMA Session and the recent conference of the Political Consultative Committee of States Participating in the Warsaw Pact in Warsaw (July 1988), countries of the socialist community reaffirmed their readiness to continue their peace-loving, constructive line in international affairs, to expand cooperation with all interested countries, and to look for mutually acceptable solutions to key international political and economic problems. As applied to Latin America, the prospects for economic rapprochement are particularly favorable in light of the processes of democratization taking place in the region's public life, as well as the reinforcement of integration trends and the objective prerequisites for diversification of economic ties. There is no doubt that these processes have to be viewed in the context of the overall decline of international tension and the new thinking becoming firmly established in international politics and economic relationships. "From all appearances," PRAVDA wrote, "the international political climate is becoming more favorable for the half-open 'window' of economic and scientific and technical contacts between Latin America and the socialist world to be thrown open a little wider. The benefit from this may become very substantial."¹⁴ The objective is not to let the propitious moment pass and to make maximum use of the opportunities coming to light.

Footnotes

1. PRAVDA, 10 May 1988.
2. Ibid.
3. The Soviet Union is prepared to provide assistance in developing and launching Brazilian ISZ [earth satellites], as well as meteorological rockets. The Brazilian side has declared its readiness to take part in organizing a manned flight to Mars in 1992.
4. LATINSKAYA AMERIKA, No 11, 1987, p 115.
5. PRAVDA, 22 April 1988; BIKI [Bulletin of Foreign Commercial Information], 7 May 1988.

6. This project was postponed because of the country's financial difficulties. At the last meeting of the Soviet-Nicaraguan Mixed Commission on Economic and Scientific and Technical Cooperation (January 1988), measures were worked out to speed up the work.
7. YUGOSLAV SURVEY, Belgrade, No 1, 1987, p 145.
8. YUGOSLAV SURVEY, No 4, 1986, p 80.
9. S. Busch, K. H. Fink, and R. Mikton, "Industrial Cooperation Between East and West in Third Countries," Cologne, 1982, pp 147-162.
10. For a similar account see: VNESHNYAYA TORGOVLYA, No 1, 1988, p 18.
11. Ibid, p 17.
12. BARRICADA, Managua, 6 December 1987.
13. PRAVDA, 6 July 1988.
14. PRAVDA, 10 May 1988.

Central American Peace Plan Assessed

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in Russian No 10, Oct 88 pp 17-28

[Article by E. S. Dabagyan and T. Yu. Ryutova: "From 'Neutrality' and Confrontation to a Peace Plan"]

[Excerpt] [Passage omitted] In assessing the Guatemala accords in retrospect, we can state that they represent an example of the new political thinking under specific conditions in Central America, an example of the problem of mankind's survival being advanced to the forefront, a recognition of the world's interdependence and integrity, and consideration for national and regional interests, as well as those of the world as a whole, in politics. The initiatives by Costa Rica, which confirm the considerable potential of small countries in international politics, blend organically into this context.

It is no less important that, as a result of the agreement's signing, one of the first steps was taken to remove the obstacles in crisis situations, and the Guatemala accords, together with the Geneva agreements on Afghanistan (April 1988), represent a distinctive key to the settlement of regional conflicts by political means.

The time which has elapsed since Esquipulas-II demonstrates that resolving a regional conflict by means of a peaceful settlement is an extraordinarily complicated task. However, the many problems, foreign and domestic, encountered in putting the agreements into effect do not detract from their historic importance or provide grounds for pessimism.

Nicaragua is conducting a constructive policy. It is consistently carrying out the commitments it has made. A commission for national reconciliation has been established in the country, the state of emergency has been rescinded, the people's anti-Somoza tribunals have been abolished, and articles of the constitution which permit the free assembly of any political groups and allow meetings and demonstrations to be held have been restored. The government is conducting a dialogue with the opposition and has entered into direct negotiations with the contras on ending military actions. Regular consultations at the level of presidents and foreign ministers of the Central American countries, a ban on activity by the contras in Costa Rican territory, and other actions are providing specific substance to the settlement process.

Speaking of negative factors, it must be stressed that Washington's disruptive position and Reagan's personal predilection for the "contra matter" are the principal obstacle on the path toward implementation of the Guatemala accords. The unceasing support for the Somozist gangs, aimed at undermining the negotiation process; the undisguised forces which do not want any changes and refuse to resolve the critical socioeconomic problems are also interested in a continuation of the confrontation. The military, whose interests are directly affected by clauses in the Esquipulas-II agreement, do not seek peace either.

Under these conditions, each practical step dictated by the aspiration to put an end to military confrontation brings Central America closer to the time when it becomes a zone of peace and cooperation.

In spite of forces which do not want any changes and refuse to resolve the critical socioeconomic problems are also interested in a continuation of the confrontation. The military, whose interests are directly affected by clauses in the Esquipulas-II agreement, do not seek peace either.

Under these conditions, each practical step dictated by the aspiration to put an end to military confrontation brings Central America closer to the time when it becomes a zone of peace and cooperation.

In spite of the difficulties and contradictions, the process of peaceful settlement is being continued in the subregion.

Unity of Left Forces Discussed, Part I

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[First of a three-part series with discussion participants K. L. Maydanik, candidate of historical sciences, World Economics and International Relations Institute (MEMO); A. F. Shulgovski, doctor of historical sciences, Latin America Institute (ILA); B. M. Merin, doctor of historical sciences, ILA; Yu. N. Korolev, doctor of historical sciences, ILA; V. N. Grishin, candidate of historical sciences, ILA; and A. V. Shestopal, doctor of philosophical sciences, Social Sciences Institute: "Leftist Forces: Unity and Diversity"; first six paragraphs are editorial staff introduction]

[Text] Once again today, as after the Cuban revolution, it has become necessary for the leftist forces of Latin America to update revolutionary strategy and tactics in conformity with the changing situation. The tasks of defending peace and revolutionary reforms have become closely interwoven, assuming a new quality in which the imperative of maintaining peace and the necessity of social-class and revolutionary reforms are combined dialectically. At the same time, there are no abstract values common to all mankind in real life, for they are not isolated from class relationships. For Latin Americans, the struggle for human values is displayed primarily in the necessity to eliminate class inequality, dependence, hunger, poverty and backwardness.

All this dictates the need to search for new forms and methods of struggle that are adequate to the challenge of the time. The slow but steady process of breaking up outdated ideas is under way among the leftist forces of Latin America. The process of renovation and the development of new thinking in our society and the CPSU are helping to overcome the stereotypes. For decades the Stalinist barracks dictates reduced the revolutionary potential of the October Revolution to practically nothing by seeking to bring about a situation in which the numerous detachments of the communist movement would march to the dismal drumbeat of pseudo-Leninist rhetoric, as if they were anxious not to "plant" a spot of revisionism on the tight-fitting Stalinist uniform. There is no end to the number of examples of "fraternal" interference in the affairs of fraternal parties and attempts to personally decide who is "left" and who is "right" (it is sufficient to recall the excommunication of the social democrats, the excesses [perepiti] of the 'Iosif contra Iosip' dispute, and so forth). We must speak of this today at the top of our voice, as M. S. Gorbachev emphasized, so that there is no place left for circumspection, suspicion, distrust, and offenses which, as history shows, arise so easily in relationships between fraternal parties and which are overcome with such difficulty afterwards.

The principle of a "dialogue on equal terms" among all detachments of leftist forces and rejection of "the highest authority's possession of the truth" encourage the world revolutionary forces, by being aware of their "common nature and what distinguishes them," to become part of a broader spectrum of democratic forces to accomplish an integrating task: to make the world nuclear-free and free of violence.

"Revolution is a journey into the unknown" and no theory is in a position to predict all the twists and turns in actual practice. The main objective is readiness to subject everything to question in conformity with Marx' favorite motto, to be continuously prepared for renovation and repudiation of outdated schemes, which will make it possible to carry out a realistic strategy and tactics and to avoid surprises, blunders and crises.

In other words, the present situation dictates the emergence of new forms and methods and new—immediate and interim—goals in the revolutionary struggle; it determines

the new appearance of revolutionary reforms, it requires that a theory of revolutionary action be developed that is new in many respects, and it requires that new forms and methods of catalyzing revolutionary processes be found. Out of all the very broad spectrum of problems which arise in this connection, the focus of our discussion today—the problem of the unity of leftist forces—is one which continues to be urgent in all the historical stages of the revolutionary process.

The editorial staff intends to publish the discussion materials in three issues.

K. L. Maydanik:

The Pluralism of the Left: 'Malicious Intent' or Conformity to Principle? Strength or Weakness?

Without repeating—basically—the text of the article¹ which is familiar to those present, I would like to note first that today's discussion is quite belated. The problem of the unity of leftist forces was a key one for the continent's revolutionary activity from the early 1960's to the early 1980's; it has been recognized as such (including by us) since the mid-1970's, and in 1977 an appropriate discussion was outlined for the first time in the journal. But a kind of fate hangs over this topic. As long ago as 1974, the IMEMO had prepared a weighty three-volume work on "the radical left and ultraleft trends in the Third World." In the way the problems were stated, this monograph was ahead of Latin American studies, I believe—and this very rarely happens with us. Its organizing concept was the delimitation of the phenomena of left radicalism and ultraleftism. The new left and "left" movements were viewed as a phenomenon caused objectively and multilaterally by the strong and weak sides of both the revolutionary process as a whole and the activity of traditional revolutionary organizations in particular. Along with the criticism of these movements that was argued, their merits were acknowledged as well; it was demonstrated that these movements will exist for a lengthy historical period and struggle side by side with the communist parties. Hence the necessity and opportunity for unity of actions between the communists and the conglomeration of forces which advocate positions that are farther left (with respect to criteria such as definition of the nature of revolution, assessment of when a situation is ready for beginning the direct struggle for power and the tactics of this struggle).

The book was written, reviewed, and published; formulating the question in such a way badly frightened some people, and in the final analysis, the reader did not get to see it. After the revolution in Nicaragua we mentioned the necessity of discussing the problem of leftist unity in the journal. At the beginning of 1982, arrangements were made for a discussion period, but the matter disappeared into the sand again, and we lost the chance to at least keep up with Latin America and to state our point of view in the interval between publication of the resounding article by Shafik Khaidal (early 1982) and the 1982

conference in Havana, where this entire range of problems was finally discussed at length. It is perhaps worth recalling that the discussion in 1985 and 1986² in the journal was accidental to a certain extent, because of an article which has no relationship to either Latin American realities or to science in general. But there would be no luck, as they say... What Lenin wrote about took place: if one is particularly zealous in "blocking one way out, the pressure of reality will find another way, sometimes a most unexpected one." Life has found its own way here as well, and here we have gathered to discuss the pluralism and unity of the Latin American left, although the relative significance of this question in revolutionary probtation, aid to countries in the region and personnel training. (S. Alegret), SELA permanent secretary at the time, said that the goal of the program cited was to prepare for a stage of cooperation between two regions of the world which do not know each other. A joint seminar on problems of developing trade and economic cooperation between SELA and CEMA member countries was held in Caracas in April 1988. The seminar participants condemned the policy of protectionism, boycotts and embargoes. Because of the general reasons analyzed in many press articles; this is not the past, alas, it is the present, essentially part of that Stalinist slave heritage which we are forcing out of ourselves. Recently in Sverdlovsk, in one of the international clubs, children were being admitted to the Pioneers in front of a banner with Che's portrait. It resulted in a heated row on the part of the school authorities. On what grounds were children admitted to the Pioneers in front of a banner with foreign letters on it?! and a reference to the fact that, according to information given to them in a local university, "Guevara was a Trotskyite."

A student at Saratov University quite recently could expect serious trouble for work written with sympathy for "leftist radicals" (with the hanging of labels and other attributes of the irretrievable past).

But discussion is needed not only to get rid of the views which belong to the Stalinist "cave" era. The point is that precepts of the recent past—the 1960's and 1970's—which also have been rejected are sufficiently widespread in our own environment, it seems to me. Within the framework of these precepts, the Stalinist thesis on the new left and on "other leftists" as the most dangerous enemy has become outdated; on the contrary, they are perceived rather as possible allies (although not very reliable ones). But the allies are "led" and unequal sociologically and ideologically. Within the framework of such views, the positive development of leftist trends (or leftist scientists) is viewed as coming closer to the truth we (either communist parties or our scientists) have known for a long time; "their" repudiation of what has traditionally distinguished these movements from the communist parties, their concepts and their practice. And accordingly, we look down from on high, assign marks, and benevolently encourage them toward further progress. I believe that such an attitude toward the problem is fundamentally wrong. And not only because the Latin American communist parties themselves have

rejected such a view of things; this process was begun a long time ago. As far back as 1964 one of our common friends wrote: "In debating with petty bourgeois revolutionaries, communists bear in mind that those before them are comrades-in-arms in the struggle of today and tomorrow, that the ideological struggle is not against them, but for them, and that there are definite objective governing laws behind their mistakes which may not be fully understood by us." This was Hugo Barrios (Klee), member of the Guatemalan Labor Party Politburo, who was thrown into a volcano from a helicopter in 1972 after 3 days of torture with welding torches. But in reading our works you see that thus far certain ones have not gone as far as this formulation of the problem, although Nicaragua, the self-criticism of the Salvadoran Communist Party, the self-criticism of the Argentine Communist Party, and a great deal more are a quarter century behind. Hence the need to make up for what was missed in the 1960's and 1970's in our science as well and to bring overall understanding of the problem at least up to the level at which it was discussed in Havana in 1982.

The new imperatives and opportunities associated with restructuring operate in this same direction. Today we can and should analyze this range of problems more thoroughly and more openly than before. In this connection, I would like to repeat a sentence from A. N. Yakovlev's article in KOMMUNIST which is now on many people's lips: "The most important task facing socialism now is to know itself." I believe that this also applies in full measure to the international communist movement and to resolution of the vanguard problem. On one hand, we become acquainted with the revolutionary movement of Latin America (as well as of the "Third World" as a whole) as an objective reality (and not an abstract pole of truth and progress) through discussion and theoretical solution of the problem of "plurality and unity." On the other hand, this same analysis shows that the truth has not always been with the communist parties, and not even for the most part. They made no fewer mistakes than the others (this also applies to the errors of other revolutionary organizations as well), although this has not taken either of them outside the bounds of "leftist forces." There have also been exceptions, though—both in Central America and South America, and both with communist parties and other organizations of the Latin American left. Something else is beyond question as well: the search for truth which is now under way is a common one; not only the left radicals or the leftist Catholics, let us say, are overcoming their mistakes and one-sided thinking; each person is overcoming his own errors and the truth is revealed as the result of common efforts. That necessity of putting an end to excommunications, moral admonitions, and claims to have a monopoly on the truth, which M. S. Gorbachev speaks about again and again in meetings with the representatives of fraternal parties, the necessity of more modesty from our side—taking into

account the fact that we have also made quite a number of mistakes—also applies in full measure to relationships between communists and trends of the “noncommunist left.”

And another argument in favor of discussion, related to the new “restructuring” thinking. This refers to affirmation of the principle of the diversity of the modern world and the multiple lines and parallel nature of the processes in its development. It is obvious how organically this principle is linked with recognition of the plurality of the subjects of the modern liberation and revolutionary process and with the search for new, unitary relationships with equal rights, based on the realities of the end of the century, without prior dispensation of titles and without a “table of ranks.” And at the same time, the necessity for emphasis—in the course of this process—not on what is separate, particular, or in opposition, but on what is common and unites the participants in this process.

I think that these two principles, advanced within the framework of the new thinking, the relationship to one’s “self” as to an object of cognition (and criticism) and the “acceptance of plurality” would fully justify new discussion on today’s topic, even if such a discussion had already been held. But it has not.

And the last thing that I would like to say in defense of the need for our belated meeting. The situation on the continent now—with respect to unitary processes—is much more favorable than in the 1960’s and 1970’s, as far as relationships among the different factions of the Latin American left are concerned, in any case. But it will not always be this way: the political struggle has its own natural laws. If the present political situation is not established in our consciousness on a theoretical level and if we do not at least put some dots over the “i’s” on the problems where we agree today, then I fear that in the future, we may return to the mistakes of the day before yesterday in resolving the new group of problems of the 1980’s. And this is true not only for Soviet scientists. Social thought in Latin America has been represented not only by revolutionary, anti-imperialist, and reformist directions; its neorevisionist trend exists and is becoming stronger as well. Enclaves of particularly traditional thinking remain in the communist movement. A mirror reflection of these traditional views, although in extremely weakened form, exists in the ranks of other leftist forces which, because of a certain degree of pressure and conviction, are still propagating the thesis of the communist parties’ “inherent inability” to fill the role of vanguard or even a component of the “joint vanguard” of the revolutionary movement. All this has not entirely disappeared. And that is why, by “not opening up the Americas,” by not proclaiming the truth we have discovered to our comrades as a revelation—it was revealed to them much earlier—we may help some of them in some way.

Second. I think the most difficult thing for us and our comrades on the continent to understand and accept has been the very fact of the objective conditionality of the phenomenon of plurality, and particularly the principle of “the equal rights of revolutionary forces.”

The synthesis and development of those explanations of the phenomenon of leftist forces’ plurality which have been provided by the revolutionary scientific and political thought of Latin America lead to the conclusion that this refers to historical conformity to principle, stemming directly from a number of objective factors in the structural arrangement.

Inasmuch as this range of questions was examined in some detail in the article mentioned, I will limit myself to a brief “panorama” of the factors responsible for the “pluralization” of the leftist forces:

—the very nature of the continent’s societies, simultaneously capitalist and developing, dependent, and possessing “Russian” and “Western” and “European” and “Asian” characteristics; the diversity, the qualitative and structural heterogeneity, and at the same time, the organic unity of the social structures and the contradictions of the various phases of capitalist development—according to “the world clock”—and the goals and impetus of anti-imperialist and anticapitalist reform engendered by them; and the plurality of motives which push the different social groups—when a crisis has developed—toward unified (anti-imperialist, anticapitalist) social goals;

—characteristics of the social and political appearance (and impulses) of the revolutionary movement: in the stage of struggle for power, the leading force in most cases is not the vanguard, affirming its hegemony of the classes, but a political organization (organizations), headed by a struggle “undifferentiated by class” of those who are being exploited, those “on the margin,” the masses who are repressed by dictatorship and bear “the costs of dependence”—the movements aimed directly against the state and the authorities;

—the lack of continuity and the discrete, “inorganic” nature of social development associated with structural dependence; the specific nature of the existence and consciousness of all social groups in the overwhelming majority of Latin American societies (compared with Europe); and

—the specific features of the political struggle in the societies with capitalism of average development and dependent capitalism engendered by each of the factors cited and their interaction...

The phenomena of a subjective order rooted in these objective features and processes inherent in such societies—the errors of the leftists, the internecine struggle, the hegemonist and sectarian strata, the “borrowing” of ideological forms and constructions from qualitatively

different situations (Asia, the modern West), and so forth—intensify and aggravate the “tendency of heterogeneity.” As a result, during a period of structural crisis and “the common type of revolutionary situation,” the main historical prerequisites for political homogeneity of the leftist camp and the vanguard of the revolution such as the clearly expressed hegemony of the proletariat in European revolutions, and in anticolonial revolutions—the unity of the nation provided by the hegemony of a single-party political vanguard (and the weakness of social differentiation of the modern type), are lacking at present (or still) in the majority of Latin American countries. Such distinctness and stability in the tasks and directions of mass struggle and the clearly expressed social hegemony of one of the basic classes in a capitalist society are not in line with the relative stability of objective long-term development alternatives.

In the final analysis, the basis of all these factors and processes is the specific, dependent type of social and capitalist development of Latin American societies. But the trends engendered by it become the key ones only in a certain phase of this development (the central stage of the structural crisis which came in the late 1950's): and because of the further complication of the social structures and the acceleration of social changes (as well as the “disintegrated nature” of both) in the course of dependent industrialization and to the extent of the increasing maneuverability, zeal, and mass character of the struggle by the two opposing blocs on the verge of the battle for power...

In this connection, I would like to again stress the inadequacy and futility of oversimplified solutions which explain the “plurality phenomenon” by the effect of some single, superficial factor (the mistakes of “others,” “alien ideological influences,” direct representation of the interests of one social group or another—by some detachment of the leftist forces, and so forth). It is precisely the plurality of factors which form the basis of the process of pluralization that explains its stability and the likelihood that it will be retained in the future. And generally speaking, it is possible that the question itself needs to be put another way: it is not so much the present plurality of leftist forces, but the previous lack of it that needs to be explained.

And finally, on the prospects for unity. It follows from what has been said that it would be unrealistic to link a solution of the problem with the fact that “the course of history” itself, disorganized development, capitalism's increased maturity, and the growth of the current classes (chiefly the proletariat) will return the situation to the “normal” channel of monolithism, the organizational and political homogeneity of leftist forces, even if they are revolutionary. We should not expect spontaneous equalization of the situation in accordance with models from the first half of the century and a return to a single-party structure—or leadership—of leftist forces in Latin America.

Evidently, particular impulses of various types—social, political, psychological, ideological and cultural—which nourish each of the present currents and “subcurrents” in the Latin American left will also be retained, although their relative significance in the resultant force will undoubtedly be changed, and certain ones may turn out to be outside the limits of the leftist camp in general. But for the same reasons it would be completely unrealistic to view intensification of the ideological struggle, interpreted as a struggle “to the end” by one current (or organizations) against others, as a path to unity. Such a course can lead only to a situation in which plurality will assume the rigid features of a split and—once again—“a struggle by everyone against everyone.”

Another “solution” to the problem is to assume the inevitability of the leftist forces' opposition to each other over an indefinite period of time. Unlike the first two solutions, such an outcome is possible, but it is obvious that it is precisely this that has to be avoided: a *plural* left is not doomed to defeat, but a left that has been *split* always and in all cases will either be a developed left or, by being turned into an impotent appendage of the stronger centrist movements, it will become a useless left, “finding” strengths in some version of development, but not providing them for another alternative. Evidently the adequate line of actions that is required assumes a conscious, continuous struggle for unity of the leftist forces on equal levels and in various forms. Inasmuch as this refers to a revolutionary-socialist current (communists, people's revolutionary movements, leftist socialist parties, the Catholic revolutionary movement), unification within the framework of unified organizations appears as the final objective of this struggle, but for a broader front of leftist forces, stable unity of actions in the struggle for all the average-term objectives of the liberation process and for a common strategic perspective is the goal.

Certain conditions must be observed to achieve both these unitary goals and the stability of the unity, of course. The first one—this became almost axiomatic after the Chilean tragedy—is that a single strategic line is worked out and the political will to achieve unity is present. The second condition, an indispensable one for success, is to acknowledge equal rights for all the forces with whom unity of action is proposed and to overcome—or neutralize—the superiority (and inferiority) complexes which exist in all the leftist factions. For communists this is a complex of social and ideological superiority (based on assumed representation of the working class), and the revolutionary nationalists' complex is based on the assumption that they are the only consistently national, “internal” force which embodies “their own” history and traditions and are not linked with any international centers and interests. The basis of the democratic left's complex is its “contemporary nature,” its link with the latest development trends, its antiauthoritarianism, its greater contact with the West, and its opportunity to form a bloc of political forces on the widest possible front; the “complex” of the leftist

radical organizations is nourished by their revolutionary effectiveness: the two revolutions which have been won under their leadership. At the same time, each one of these "complexes" may become a factor in the force of a united left, but they cannot become a factor which corrodes the psychological foundations of this unity if they have not been subordinated—entirely—to the imperative of "the unity of equals."

We have to mention in particular the ways of overcoming differences and of adhering to definite standards in discussions between leftist organizations. These differences in themselves are quite unavoidable. At the same time, no one has a monopoly on the truth. One who is right today may turn out to be in the wrong tomorrow. A complicated reality—the difficulty and frequent inadequacy of answers to its questions—always exists, both without the intrigues of "foreign special services" and outside of "alien ideological influences." In this connection, the continent's revolutionaries are turning their attention to the need—in overcoming differences—to proceed from the simple to the complex, from agreement on the crucial problem of the moment to development of detailed programs of unity, with continuous emphasis on the common struggle, not by turning discussions on theoretical and category problems into an obstacle to development of the unitary process.

Rejection of the temptation to shift the responsibility for failure to "others" continually—a tradition among all leftist movements—is included among the norms of relationships as well; "others" have always been at fault for defeat (just as bedbugs always come from the neighbors); rejection of searches for these "other" villainous, hostile persons who have no motives in common with the actual situation; a continuous accounting of the ethical and moral factor (when persons die in a common struggle, polemics and discussion with them cannot be the same when it is conducted with respect to the persons they are struggling against) and a number of other factors which the Latin American left in general has already discovered.

I also have to say that, although the existence of different organizations (especially within the framework of the revolutionary vanguard) inevitably engenders certain centrifugal tendencies, forcing the unitary process (immediate unification!) does not always prove to be fruitful, either. And because this engenders a tendency toward "mythologization of method" (unity as a sufficient condition for victory, a kind of "magical Aladdin's lamp"). And because it has been cut off from the overall strategy of the struggle or it is essentially formal, it creates the illusion that "the main objective has been accomplished," and it may fall apart in the very first tests (with all the demoralizing consequences of this) or lead to the point that the correct political course of one of the unified groups (or some of them) turns out to be sacrificed to the combined "arithmetic mean" tactics of the organization (or the most influential ones).

A. F. Shulgovskiy: You say that the emergence of left radical movements and revolutionary nationalists is linked with the 20th century and the past decades. What do you base this conclusion on? Didn't a phenomenon such as "revolutionary democrats" (of the Chernyshevskiy type) really have a place in Latin America in the 19th century? Why does history suddenly begin with the 20th century?

K. L. Maydanik: The fact is that in both the article and today's statement, the typology and genealogy of *ideological trends* (including leftist ones) in Latin America were not examined. The discussion referred to the typology of *current political movements* on the continent.

If the objective of our discussion had been to study "the genealogy of ideology," of course, we would have had to name the predecessors of each of the ideological trends of the Latin American left. Both in the early 19th century and the end of that century and in the 1930's and 1940's. The immediate ideological predecessors of the leftist radicals, let us say, were not only Sandino, but Guiteras in Cuba, Chile's socialist party, and in a certain sense, (Mariategui) and other leaders of the communist movement in the 1920's. And on a broader scale, I think it is right to maintain that the Leninist theory of imperialism with its emphasis on the world and system aspects and his thesis on the inverting nature of revolution on the periphery of world capitalism lie at the basis of many of the leftist radicals' theoretical formulations. All this would have been very interesting to discuss, but this would have been a different discussion—about ideological continuity and about who influenced development of the concept of "the other left." Today, it seems to me, we should concentrate on a different aspect of the problem: how these ideas and movements are linked with the historical situation in the second half of the 20th century, which of its features have been reflected—and how—in the emergence and actions of the popular, continent-wide new left, and what is the real place of each of its factions in the real struggle.

B. M. Merin: I would like you to describe our relationship to the ultraleft movements in more detail. What camp do you associate them with? In your opinion, are they included in the category of "leftist forces," and is alliance with them possible? How does the question of the ethics, morality and cost of revolution apply in this connection?

Yu. N. Korolev: I also have a question for Kiva Lvovich. I agree, we must not refer to the ultraleftists and left radicals indiscriminately; it is necessary to fight "for them." Since the early 1980's we have all sensed that the previous arrangements are leading somewhere else and we began expressing these ideas. I want to say right away that I was very pleased with the way that Maydanik developed his thought, and it turned out to be a unified conceptual unit, although I also see certain "cracks" in it which I will mention later. Now I would like the way the question itself was formulated to be a little more precise.

It is true that we have "lumped" the ultraleftists together with other leftists, and that is incorrect; one way or another, the ultraleftists exist and have always existed, beginning with the French Revolution, in any case. It is evident that history itself was surmising that they were necessary for something. And we should not hang labels on them—that is correct. But on the other hand, bringing to light their pluses and minuses and their objective role for each historic moment and each historic process—this is the issue! From your point of view, what are the criteria for bringing out this content?

B. M. Merin: I would add to this. Here we have such monsters as the Pol Pot regime, for example, and the "Sendero Luminoso," which is close to it in spirit and ideology—what is the relationship to them?

K. L. Maydanik: I agree that first of all we must come to an agreement on the subject of analysis itself. My conscience would be clear in subtracting all the so-called "taxi parties" (able to hold a general meeting of their members in this form of transportation) from those customarily associated with this movement and limit the problem—and the question asked—to the political movements which lead even a minimal sector of the mass movement. (This leaves outside of the analysis most of the Trotskyites, the Maoists, "the coffee politicians," and so forth). Are those political movements that "remain," in Merin's words, included in the "category," the concept, of "leftist forces?" In my view, yes. To the extent that the principal criterion for belonging to the leftist forces is orientation of their struggle against the sociopolitical system that is predominant on the continent and for its replacement with another, *more progressive one*. (It is precisely here that the most difficult question—concerning the "Sendero Luminoso" and organizations similar to it—arises).

But first on what singles out the ultraleftists from the leftist radicals. This involves two different movements, of course, and Vasetskiy—from the other side—has again reminded us of this. Leftist radicals—or to replace this provisional and quite unseemly name with one that indicates its essential nature: *the people's revolutionary movements*—are unquestionably closer to the communist parties, to the class-revolutionary parties, in their ideology than to the ultraleftists. The people's revolutionary movements have established themselves as a part (sometimes the main part, and in the case of Nicaragua, the only part) of the nucleus of the revolutionary forces. The ultraleftists, in my view, are outside of this nucleus everywhere, on the periphery of the movement. (It is true, of course, that this distinction was not sufficiently clear-cut either in the 1960's or the 1970's.)

Are there other more specific criteria to distinguish—or separate—these movements? Inasmuch as this relates to most of the ultraleftists, the militant sectarianism of this movement, which basically opposes the unitarian line of the leftist radicals, the leftist Catholics, and most of the leftist nationalists appears to me to be the most obvious.

Secondly, while the leftist radicals as a rule are revolutionaries of a creative mold who seek to express the regional and—unfortunately, less frequently—national imperatives, potentialities and traditions of the liberation struggle, the ultraleftists are not only dogmatists, but imitators as well (nearly always). Some of them—the Trotskyites—insist that their line reproduces the strategy of the October Revolution, and others attempt to copy the experience of the Chinese revolution (by considering themselves the true followers of Mao and by contrasting their course with the "revisionism" of the current CPC leadership), and so forth. They also differ essentially in ideological orientation: the leftist radicals are Marxist-Leninists, in my view; the ultraleftists have dogmatized Marxism to the extent that it is turned into something that is qualitatively different from scientific theory.

What has been stated applies to all ultraleftist groups combined. But as applied to certain of these groups, the problem of the methods of struggle is the most important factor. This refers not only to the "Sendero Luminoso." This concerns the methods (we mean primarily terror with respect to the masses and other organizations of leftists) which take the problem beyond the bounds of tactics and take the organizations that practice them beyond the limits of the movement. For if the goal is the sum total of the methods used to reach it, the methods which we refer to take the goal which these groups are fighting for not only outside the bounds of socialism, but of progress in general. But this is a general statement of the problem; it is very difficult to apply it to a solution of the problem on a specific level. What about the masses supporting such methods of struggle, for example—do they follow the leaders who advocate them? From this viewpoint, there is no single solution to the "Sendero Luminoso" problem yet. The leaders' methods are compromising the ideals and the status of revolutionaries, anti-imperialists, and so forth. And the masses following them, in my view, are part of the leftist camp, and there is no getting away from this. These masses have risen up in the name of social justice, and they see it in a certain way; the other leftists in Peru and these masses are part of a unified whole, regardless of the extent that some have isolated themselves from others. On the whole, I think that the ultraleftists, as a continental movement (although it has been split repeatedly) objectively stand out as a part of the leftist forces, being a peripheral group whose actions now and then coincide with the actions of the basic forces of the left, often differ with them, and sometimes oppose them. The problem of the extremist wing of the ultraleftists—primarily the methods, not the slogans—is a special question, one that is considerably more debatable, with two different standpoints—*the masses and the leaders*; I think we will certainly be discussing this today.

V. N. Grishin: You said that the most important objective in the current situation is the survival of mankind. In this connection, how do you view the problem of the ultraleftists and their activity?

K. L. Maydanik: The ultraleftists would most likely respond: the survival of mankind begins with the survival of my child, who is dying of starvation. And no arguments will change his mind about this. This is what distinguishes the ultraleftists of this world—the world of hunger, trampled dignity, disintegration, and dependence—from the “satisfied ultraleftists” of the West. And it seems to me that we should regard such an outlook without prejudices. Under conditions in which the Brazilian Catholic Church declares that stealing to prevent death from starvation is not a sin, our sin is to maintain a position farther right than the Catholic Church. In general, the essence of the approach to the problem is the same. The point is not whether they are stealing or killing. The point is whom they seek to save.

V. N. Grishin: If we are talking about criteria and dividing lines, how are things going on the other flank—with respect to the leftist democratic and left-reformist movements? What is the basic watershed here, in your point of view? And if we go farther to the right, to the center, where does the border run?

K. L. Maydanik: This question has much more practical political significance than the preceding one, in my view. I will begin with the fact that the “border” between the revolutionary-socialist nucleus of the leftist forces and their leftist democratic faction, which in the past was much more “peaceful” than the internal boundaries of this nucleus, and their “border” with the ultraleftists is now under increasing tension. The processes in Chile, Uruguay, Peru, Argentina and Panama attest to this. The overall trend is reinforcement of the leftist democratic movement and, unfortunately, its movement to the right—relative to its previous positions, in any case—of the orientations of the nucleus. This process is connected by many threads with “the changes of the 1980’s,” the crisis of development, the “democratization without revolution” in the southern part of the continent and other processes which are also ripe for an in-depth discussion. In the final analysis, it is connected with the structural changes of a global nature. At the same time, it is precisely here, it seems to me, that the impetus of our restructuring may have the greatest beneficial effect.

As far as the historically shaped border which we mentioned is concerned, I see these criteria for it:

—continuing emphasis by organizations which “belong” to a given movement on the preferableness of the methods, programs, and intermediate and final objectives of struggle which are compatible with the values and lines of Western democracy (regardless of their class content);

—the different nature of international ties and orientations;

—a regard for revolution from below, armed struggle, and so forth no more than for forced necessity; the preference for an evolutionary path, and so forth;

—a definite inclination toward tactical compromises with imperialism where there is a programmed policy to overcome the relationships of dependence; and

—the same, with respect to the right-centrist and even the rightist elements of the ruling camp. It is precisely in the last two directions that the pressure of tendencies that are involuntarily, and to a certain extent antiunitarian, is most perceptible. Of course, this leads to a situation where the strategic, category boundary between the leftist democratic parties and the centrist (right-centrist) part of the political spectrum becomes more conditional and penetrable.

Nevertheless, it seems to me that this boundary still exists and appears to be comparatively well-defined. This is the attitude toward imperialism (as a system of dependence). Those political forces which accept the system of dependence and its basic parameters in general and as a whole are not raising a question about fundamentally changing it—in my view, these are not leftist forces, they are the center. Especially as the forces which accept dependence today do not support social reforms as a general rule. On the other hand, those forces which oppose the system of dependence are conducting the real struggle (it is very difficult to determine conformity to this last criterion, incidentally) for fundamental reform of the foundations of this system and are part of the left, in my view. In other words, it is precisely the attitude toward dependence and imperialism, and not to socialism, which is the main factor determining the boundary between the left and the center. From the 1960’s to the 1980’s, in any case. It is another matter that really going beyond the limits of the system of dependence nearly always engenders a tendency to exceed the bounds of capitalism as well. It has not been ruled out that this criterion may undergo changes in the future, however.

A. V. Shestopal:

New Horizons of Dialogue

I would like to emphasize first of all that the restructuring under way in the USSR is opening new opportunities for dialogue with the leftist forces of Latin America. This is a question which has interested me both theoretically and practically lately: the extent to which the thoughts of our friends in Latin American countries are in keeping with the course of our discussions. Where do the problems which worry us coincide and where don’t they coincide? In order to gain an understanding of this, we first must determine where the coincidence is—and I believe that it is in the *transitional* nature of the period in question, the transition from industrial development to the stage of the scientific and technical revolution (in the most developed societies) and all the complexities of such a transition. The lack of coincidence, of course, lies in the fact that the transition in Latin America is taking place within the framework of capitalist development

and under the conditions of the world capitalist system, but we are going through this stage under the conditions of socialism and the international socialist system.

The structure of society has become more complicated and the number of strata has increased in Latin America lately, and this process has been exceptionally rapid: one more element coming into being is associated with the new technological processes, the development of local information science production and the linkup with international data systems. In accordance with this, the very "structure" of the crisis of capitalist society is becoming more complicated, and as a result, the "structure" of mass protest and leftist revolutionary movements is becoming more complex.

The development of new social thinking is under way in the socialist countries, Latin America, and other regions of the world now. This term is broader than new political thinking. New political thinking is an integral part, together with new economic thinking, cultural and information thinking, and ecological thinking, in the new social thinking, the social philosophy of the world community's new stage of development.

What are its basic features, what is our contribution and the contribution of Latin American leftist thinkers, and what opportunities are being opened up for further searches, for our dialogue? The concept of the world's integrated nature is being shaped, first of all. This concept is in opposition to the neoglobalist and essentially interventionist approaches. On the other hand, the concept of an integrated world is in opposition to the different isolationist concepts.

Development of the concept of a new world order and universal international security is proceeding in different directions. Our reinterpretation is taking place most actively in the military and political area. This is related both to our past, the acute sense of military danger, and to the fact that we are a nuclear power that is aware of its burden of responsibility all the time. But I must point out that although the military-political area has been predominant for us in working out the new thinking and the concept of security, the Soviet concept of international security was shaped with multiple factors, where economic, cultural and information, and ecological security, and so forth are interrelated. And it must be stated frankly that our political figures have outstripped the theoreticians in many respects here, and the impetus still continues to come from the practical politicians.

In Latin America, the problem that is most acute is economic security, the foreign debt, which has been reflected by the polemics on the continent in recent years. In this area (no less than in the military field), it is impossible to build relations with other countries in accordance with the principle "the worse it is for your enemy, the better it is for you." The imbalance hurts everyone; the economic imbalance is destructive and dangerous for the entire international economic system.

One aspect is particularly interesting here. How has the transnationalization of Latin American economies influenced the thinking of the masses and theoretical thinking? Movements of sharp nationalistic protest which essentially oppose the global international approach have emerged, of course. But at the same time, transnationalization fosters a broader approach to the world and prepares a "platform" for shaping the internationalist thinking of the working class and its allies. And we must struggle to take advantage of this "platform."

Our realistic approach to our own level of development and rejection of the claim to call ourselves a developed socialist society are also contributing to our dialogue with progressive Latin American thinkers now. We are a society of medium development, of course: according to all our economic and social indicators, the extent to which we are provided with information, and other large and small problems. Perhaps our comrades from the GDR or Hungary have the grounds to include themselves among the developed societies, but on the whole, the family of East European socialist states are societies of medium development. And this, I believe, gives us reason to approach those programs which our Latin American colleagues are advancing for a new international order with greater interest. And not only an international order.

Over the past decades, the methods of social analysis of the developed capitalist societies have been examined with considerable interest and to a certain extent, they have been imitated and utilized in our sociology and political science. Although it is very difficult to apply them to our realities. I have said more than once at meetings of the Soviet Sociological Association that we must look more closely at what is being done in the countries of medium development and at what models and methods of social research are being offered there.

Another important subject for dialogue with Latin American leftists is the acceleration of social development and overcoming stagnant situations. There are several basic models in the world, including Latin America, now for getting out of stagnant situations. There is the neoconservative version of acceleration by stimulating competition and sharply reducing social programs. The neoconservatives have different adaptations in the field of political theory: there are the openly antidemocratic models of a "strong-arm" regime, and there are models in which private property is declared to be "the school and guarantee of democracy." The neoliberal, centrist version places emphasis on the constitutionalist, institutional mechanisms to overcome crisis situations. Modern institutionalism often is combined with plans to build an "information society." Finally, there are the alternative plans for development which the leftist forces propose.

Latin Americans are displaying considerable interest now in how new technology and the improvement and diversity of the systems of socialist property and the

concept of the human factor are combined in our plan for restructuring. The social programs, the "humanitarian economy" (economy for the individual), the extension of areas of social activity, self-management, freedom of information and criticism (what we call glasnost), and socialist pluralism, that is, everything that actively exerts influence on personal responsibility, the moral regeneration of society and increased trust in the individual are attracting particular attention.

The Soviet plans for restructuring, especially concepts related to the human factor, conform to a large extent to the humanist tradition of Latin American culture, which also nourishes leftist thought in Latin America.

The creative searches of leftist thinkers have now been aimed at overcoming crisis and stagnant situations. They are very interesting, and we have many persons to discuss this with. There are those who are working on the concept of new democracy, including those who are developing the ideas of real democracy, including the right to peace (though this is not so much the right to peace in our global interpretation, but as the Sandinists say, the right to national peace and rejection of interventionism), the right to work, education, and so forth. There are the authors of the concept of national scientific potential; there is increasing interest among them now in the current Soviet plans for a new technological market in an environment of democratization.

The discussion of moral values and moral ideals which is now taking place in Latin American philosophy, including the "liberation theology," is of considerable interest to us. In this respect, I think, Fidel Castro's initiative in developing a dialogue with the "liberation theology" is particularly important for us. Unfortunately, we cannot conduct a dialogue with religious thinkers in our country and the socialist countries in general; we go to extremes all the time: we either hit the God-seeking writers with a philosophical club or open our arms to the one who is hit. The quality of our dialogue with religious figures is not high and it has been developed primarily abroad.

It is very important for us that the fraternal parties' process of creative theoretical renovation has been begun, of course. The speeches by Latin American participants at the Meeting of Representatives of Democratic Parties and Movements in Moscow in November 1987 contain a great deal that is new. There is the sense that a new generation of Marxist theoreticians is emerging in Latin America. As long ago as the early 1970's, Hector (Agosti) and Rodolfo Quintero expressed much concern that there was no one to whom the spiritual legacy could be passed, that there was no "undergrowth" in the new generation, so to speak, and that young persons were leaving for "university Marxism." The sectarian prejudices weakened both sides—both the theoretical centers of the parties and the groups of "university Marxism." Creative contacts have taken shape now, and the entire Marxist community in Latin America has been reinvigorated.

A great responsibility for the course of dialogue between Soviet and Latin American thinkers lies with our Latin American studies. After all, we are the bridge between our societies.

But on the whole, to what extent does the situation in Latin American studies provide an opportunity for developing such a dialogue? I believe that our chances are quite good, because our Latin American studies were organized as a discipline during a period of thaw. This was a period of theoretical uninhibitedness and innovation, sociology was being developed, and the first steps were taken in Soviet political science—all this provided a sound foundation for domestic Latin American studies. As far as the subsequent, difficult period for our social sciences is concerned, we were "saved" by the specific nature of the subject to a certain extent. We said: who knows, it may be this way in Latin America as well. We cannot say that we completely avoided all kinds of taboos, of course, but the situation was better than in a number of other areas.

It is very important now to develop what has been done in our Latin American studies that is good—the concept of dependent capitalism with medium development, works on the social and class structure, and culturological research on the region. But theoretical discussions in the area of economic thought, sociology, history, philosophy, and political science are even more important in the current stage. This is a guarantee that we will be interesting for the Latin Americans. It is important that we are actively included in discussion on problems of socialist societies, because we represent Latin America in Soviet science, but in America we represent socialism and the theory of socialism. I think that if we move in this direction, dialogue with Latin American leftists will become more interesting, fruitful, and mutually enriching in the coming years.

B. M. Merin:

Overcoming Schematism

It seems to me that when we speak about the problem of leftist forces' unity, it is necessary to raise the question: in the name of what and for what purposes? In fact, certain social forces stand behind the leftists. Their orientation depends on which ones. The leftists in Africa or Asia are one thing and those in Latin America are something else. It seems to me that this is a very important question. And we must clearly show that the cementing element of leftist forces' unity continues to be the working class. But the problem is far from being confined to this. Who stands behind the leftist forces and what kind of social base do the leftist forces have—the goals which they set also depend on this. I am not saying that for Latin America itself the unity of leftist forces is one matter in Haiti and another matter in Argentina. These are two different things, in my view. There are specific tasks everywhere which cannot be put under one denominator, especially as we cannot speak of the

"Third World" as a whole and say that the "Third World" problems are typical for Latin America. So they are typical, what next? There are no common formulas. There are common problems: imperialism, the struggle for peace, and so forth. But we should see that the unity of leftist forces has a plurality of solutions in each country. And we must approach the problem of unity more specifically from this viewpoint: what social forces stand behind this movement and why unity is necessary.

I agree with Maydanik: we need to get rid of the numerous labels. It is true that if Latin American studies were not a "protected zone" we might have spoken more freely than about other regions, than about internal problems. But we will be frank: the question of the leftist forces' unity was raised a long time ago—by us as well, but how did we interpret it? As a model. When we raised the question of leftist forces' unity, we meant that the communist party was sure to set the direction and be the ideological guidepost—there is your unity in the form of a pyramid. The "rays" which form this "pyramid" emanate from the communist party. This is how we understood it. (Debre) said this for the first time. It is another matter that our theory does not suit (Debre), but he saw that Latin America had practically no such communist party which would declare that "there is such a party," as Lenin did in 1917. And I think that the problem we are attempting to resolve now is the problem of the necessity of turning parties into mass organizations (taking into account that there are glorious traditions in the communist movement). And it is impossible to perform such tasks for fundamental reform of the revolutionary movement without the unity of leftist forces.

And it is very important whether or not the communist party loses its identity in this unity. I do not wish to say that it should become the predominant force in a coalition, but it is necessary to be able to retain its identity. We have the duty to analyze the documents of each party in this matter.

We have become accustomed to one model. And it has "not worked." And it must be confessed that we transferred this model to Latin America and many communist parties accepted it. Otherwise it would have been very "complicated" for them. They recognized the Cuban revolution, and so forth in words. But up until a certain time, you know yourselves that they were making use of this model anyway: it was precisely the communist party which should head the movement.

When we speak of leftist forces' unity, we should be aware that we had a Stalinist model for leftist forces' unity that was modified somewhat later on. If we return to this model again and again, we will be left behind in events, and we should clearly understand this.

Indeed, there are different movements, but we must never establish the patterns for them in advance. They were designated by Stalin, these patterns—they distributed them all beforehand and gave identifications to all movements beforehand. We understood the unity of leftist forces this way: everything was apportioned "by shelves." But another question arises here. In our century, when we perceive the tremendous need for humanization of all development processes, is it really possible to enlist the masses in a revolution with forces which act like Pol Pot although they have proclaimed socialism as their ultimate goal? The actions by organizations of the "Sendero Luminoso" type are viewed unfavorably by all levels of Peruvian society. One may ask what kind of unity among democratic forces we can speak about if the "Sendero Luminoso" is not excommunicated from the revolutionary movement. Evidently we should also define the limits of democratic forces, taking into account that the concept of "leftist forces" is historically specific in nature. It is necessary to conduct a struggle—a decisive struggle—precisely against the antihumanist factions with the broadest possible unity of leftist forces. "The price of revolution" which they are prepared to pay "devalues" the very goals and ideals of the movement.

For this reason, I do not agree that all ultraleftists may be included in the category of leftist forces. There are ultraleftists which evolve and make a transition to acceptable positions. A dialogue is possible here. The MIR [presumably: Chile's Movement of the Revolutionary Left] also changed its position and certain other organizations changed their position. But there are also groups which are unlikely to ever change, and whose leaders are unlikely to change their ideology. Yes, work needs to be conducted with them as well. Correct. We cannot disregard them. But it is one thing to conduct work and another thing to include them in democratic coalitions. I consider this hopeless; otherwise, the very idea of unity among leftist forces is discredited.

Footnotes

1. See K. L. Maydanik, "The Problem of the Plurality and Unity of Leftist Forces," *LATINSKAYA AMERIKA*, No 6, 1988. (Editorial staff note)
2. See *LATINSKAYA AMERIKA*, Nos 5 and 9, 1987. (Editorial staff note)

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Stalin's Interpreter on 1949 Talks With Mao Zedong

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[Article by Nikolay T. Fedorenko, Soviet China specialist and corresponding member of the USSR Academy of Sciences: "Pages of History: Nighttime Talks"]

[Text] The victory of the Chinese revolution was one of the most important events of this century. The establishment of the People's Republic of China on 1 October 1949 was a turning point in the history of a great nation, which thus set out on the path of socialist construction.

That same year a Chinese government delegation headed by Mao Zedong visited the Soviet Union. Talks were held in Moscow, with the Soviet side represented by I. V. Stalin and other party and state leaders of the time.

Relations between our two neighboring socialist states have gone through various stages, some of them difficult ones. Today, thanks to efforts by both sides, many aspects of those relations are changing in a positive way. People in our country are watching sympathetically as the working people of China strive to bring about modernization of their country. The similarity of tasks facing both the USSR and the PRC presents broad opportunities for mutually advantageous cooperation between them and for exchange of experience.

The memoirs published below are by N. T. Fedorenko, a Soviet China specialist and corresponding member of the USSR Academy of Sciences. They are taken from his forthcoming book and tell of the situation surrounding the 1949 Soviet-Chinese talks in Moscow; they include heretofore unpublished episodes connected with the talks. These memoirs are of particular interest due to the fact that their author, at that time an aide in the Soviet Embassy in the PRC, served as interpreter at the talks and is describing events that he actually saw and heard.

The meetings and talks between Stalin and Mao usually took place at a dacha in Kunitsevo, outside of Moscow. They always took place at night. As a rule the members of the All-Union Communist Party (Bolshevik) Central Committee Politburo sat around a long table with Stalin at the head. Mao Zedong sat next to the host, if one does not count the interpreter, who sat between them. The Chinese comrades were seated next to their leader. The table was always set for dinner: in front of each seat there was a table setting, goblets, small glasses, mineral water and several bottles of dry Georgian wine. Vodka was not served. There were also platters of greenhouse-grown vegetables and greens on the table. A sideboard at the end of the long table served as a buffet. Each person took whatever he wanted. Occasionally Stalin would get up from the table, go over to the sideboard and choose what he liked. He was in the habit of recommending certain dishes, things like *kharcho*, *borshchok* and *shashlyk*. There were only a few dishes, but they were very delicious. There were no servants in the room. The only

person who came in was one waitress who would bring in some freshly-cooked dish, show it to the host and then leave it on the sideboard. Each person poured his own wine, but everyone drank very sparingly; the majority were only pretending to get drunk. Most seemed only to be taking an occasional sip of wine.

The decanter of cognac standing in the middle of the table was passed around when it came time to drink a toast to Stalin. The toast was proposed by Beria, who was sitting opposite the host. He struck the table with his palm and a crystal glass, the loud sound intended to let everyone know that a very solemn moment had arrived. He quickly cast his rapacious gaze around the table to make sure that everyone had filled their glasses with cognac. Then he stood up and made a cordial speech several sentences long and proposed that everyone empty their glasses.

Stalin usually drank a few swallows of dry wine from his footed crystal goblet, mixing red and white wine from two bottles placed near his right hand and from which he alone drank.

The topics of discussion were wide-ranging. There was no set agenda. The conversation was almost exclusively between Stalin and Mao Zedong. Everyone else kept quiet. However, in the course of their unconstrained conversation the two speakers exchanged opinions on military, political, economic and ideological matters. This was how the main points in the Treaty on Friendship, Union and Mutual Assistance between the Soviet Union and the People's Republic of China were negotiated. Specific talks on the contents of the various articles in the treaty were also held; the Soviet delegation was headed by A. I. Mikoyan and the Chinese delegation by Zhou En-lai. The treaty was signed on 14 February 1950 by the USSR and PRC ministers of foreign affairs, A. Ya. Vyshinskiy and Zhou En-lai. Stalin and Mao Zedong, as well as members of the Central Committee Politburo and the Chinese CP Central Committee, were also present at the signing ceremony.

Incidentally, I feel compelled to comment on an absurdity depicted in the movie "Risk," which was recently shown on the Moscow Television channel. This in connection with the fact that Stalin and Mao Zedong are standing side by side in a photograph published in our press on 15 February 1950. Just a few minutes before that picture was taken I had interpreted their merry conversation concerning the successful signing of the treaty.

With regard to this photograph the film's narrator states completely without foundation that the look and postures of Stalin and Mao Zedong speak for themselves: they reflect dissatisfaction over the fact that the Chinese leader was going home empty-handed. He had not succeeded in obtaining a nuclear weapon during his visit to Moscow.

I must state that this is pure fantasy on the part of the movie's creator. Mao Zedong never brought up the question of nuclear weapons during his talks with Stalin. That subject was discussed much later, in 1958 rather than in 1950.

The treaty was the culmination of the Moscow meetings and negotiations between the leaders of the two great powers. This historic event was greeted with a sense of great satisfaction not only in the Soviet Union and China. There was a tremendous response from the most distant lands of both East and West. Something that had long ago been predicted by the genius of Lenin and of which Chinese revolutionary Sun Yat-sen had dreamed had become a reality.

Only among our enemies did the signing of the treaty evoke hostility; it was seen as part of a sinister international communist conspiracy. Of course this was a predictable reaction. Therefore it came as no surprise. On the contrary, it was a natural outgrowth of the situation.

Once Mao Zedong, reminiscing about the difficult days of past battles against the Kuomintang army, told how a communist military unit found itself surrounded by the enemy. The situation was very grave, and the fighting bitter and very bloody. But the encirclement could not be broken. Then the commander addressed this appeal to his troops: "Do not think about the difficulties, do not be afraid of trials, look at death as returning."

I had difficulty catching the meaning of this aphorism as it was spoken aloud. Therefore I asked Mao Zedong to write the phrase down on a sheet of paper in Chinese characters. Taking paper and a pen he quickly wrote eight characters in his characteristically sharp strokes. On previous occasions we had often resorted to this sort of "hand talk." Firstly, it is not always easy to comprehend quotations from ancient writers when they are spoken, as they were written in archaic language, either "guwen" or "wenyan," which are intended for the eye, not the ear. Secondly, Mao Zedong spoke in his native provincial dialect, the "Fulan" (Hunan) dialect, which differed substantially from the language of Beijing, in the north. This required that the interpreter pay particular attention to the speaker's tone and pronunciation.

All the individual characters were quite familiar to me. But I simply could not grasp the need on account of the final character "gui" which means "to return." I had to ask Mao Zedong to explain the meaning of the character again and give his interpretation of the aphorism in that particular context.

"How much longer are you two going to be conspiring?" Stalin interjected in his imperious voice, taking me by surprise.

You can imagine how I felt at that moment. It was as if an electric shock had run through me... I was aware of Stalin's lack of self-control from listening to stories told by people more experienced than myself.

"The problem," I began in a sheepish tone, "is that I am having difficulty understanding..."

"Hasn't your difficulty lasted too long already?" he said, in what sounded like an accusation. At least that was the way I interpreted it.

"There is one character here..." I once again tried to explain.

"So now you want to burden us with arcane lore about characters, do you?" he continued implacably.

"Essentially the only problem is with a single character," I hastily said, "but in literal translation it means..."

"Translate this symbol and the entire phrase literally!" he ordered.

I did so. Stalin, who in my estimation was a subtle word artist, pondered for a moment. After a short pause he asked:

"And what is Comrade Mao Zedong's interpretation?" he asked in a somewhat more conciliatory tone. "That is precisely what I was trying to find out, but Mao Zedong has not had a chance to say anything yet."

"Well, go on with your conspiring!" said Stalin without turning his head in my direction. But Beria was looking at me from behind his pince-nez with eyes that were as piercing as those of a hawk; I could feel his gaze.

I turned back to Mao Zedong for a clarification. He said that this expression was ascribed to Yo Fei, a famous military commander of ancient China; he lived in the 12th century and was renowned for his campaigns against the invasion of the Chzhur-Chzhen tribes. The tomb of this hero of the resistance against the Chzhur-Chzhen is preserved in the city of Hangzhou; it is famed for its depiction of kneeling figures representing the traitors who killed Yo Fei.

"The character 'gui'," continued Mao Zedong, "is not used in its ordinary sense of 'to return,' or 'to come again' in this context. In this historical context 'gui' means 'a return to one's original state.' And although Yo Fei's name is familiar to many people in China, very few Chinese know the true meaning of these winged words. Thus, the expression should be interpreted as: 'Ignore all difficulties and suffering, regard death as a return to your original state.'"

"After patiently listening to my translation of Mao Zedong's clarification and pondering it for a moment, Stalin said quietly:

"Obviously he was a talented commander... Noted for both fearlessness and wisdom."

I had the same physical sensation as if a guillotine blade hanging over me had been removed. It seemed that everything became bright again and the specter of conspiracy was forgotten. But there was a whole crowd of similar specters around him, anyway. He fancied that he saw traitors, spies and enemies of the people on every hand. When I reached home early the next morning the first thing I did was take down an interpreting dictionary of Chinese phrases and verify again that I had correctly understood Yo Fei's expression.

My thoughts often turned to the terrifying and edifying episode with the aphorism of Yo Fei. However, I should note that I bear no grudge against anyone but myself. Of course it is impossible to know everything about the Chinese language. But the way I was engrossed in what I was doing obviously seemed provocative. I should have explained from the very start that I had run into a problem and was requesting a clarification from the speaker. I myself had provided the grounds for a "clarification of relations."

"In general Stalin was always calm, restrained and attentive to his guest during his talks with Mao Zedong. He never became distracted by anything else. He was completely focused on the subject of the conversation. He took pains to make his expressions and the formulation of his sentences precise and to choose his words carefully. He was extremely exacting with regard to the presentation and phrasing of ideas and nuances of speech.

One could say that this was all a superficial display. Stalin purposely wore a mask behind which he hid something inexplicable. All the more so because he had soft gestures and precise intonation.

In this part of my memoirs I do not touch upon the monstrous crimes for which Stalin was responsible. Yet it is impossible to deny that Stalin possessed a kind of hypnotic power, a formidable air and a demonic majesty. His entire appearance and the way he carried himself and conversed seemed to say to those around him that power should be mysterious, because the strength of power lay in its inscrutability. Hence his personality cult was wrapped up in puzzles and secrecy, was surrounded by great mystery. Here I am speaking of my personal feelings, which were perhaps not always objective.

To my imagination the very place where the talks were held was reminiscent of the nighttime meeting place of demonic forces. Stalin had only to appear in a room, and everyone around him seemed to hold their breath and freeze in place. Danger arrived with him. An atmosphere of fear was created where he was.

I recall an episode that was once related to me by a well-known party official who was at that time editor-in-chief of PRAVDA.

"We were sitting around late one night," he recalled, "going over the proofs for the next issue. Suddenly the Kremlin telephone rang. Without looking up from the column I was reading I picked up the receiver and casually said hello.

"This is Stalin speaking," said the voice on the line.

"Which Stalin is that?" I blurted out without thinking. "The Stalin..." I heard in reply; realizing the absurdity of my situation I tried to make excuses... Since then I have had this nervous tic...and I'll have it until the day I die.

"When Stalin was not in the room a spontaneous conversation would sometimes begin among the people sitting around the table, people who were endowed with virtually unlimited power and unimaginable rights. Even in the host's absence the highest echelon of the elite demonstrated unswerving loyalty and devotion to him. It seemed that they knew everything, but that everything they knew was wrong. They seldom behaved in a natural manner, as if they were afraid that the human being in them would not prove equal to the posts they held. Unfortunately when conversing with people they seemed considerably less impressive than they did in their Kremlin offices behind their huge desks bought at public expense, in their immobile oak armchairs. I observed these personages of the highest nomenklatura without obstruction and unbiasedly, looking at them both up close and from a distance. Like in a movie that lasted for years. In a word, in my eyes these people were models of the contradictoriness and inconsistency of human beings. Suffice it to note that as a rule they read from a paper when they spoke, reading words written by someone else with some difficulty, often ignoring all rules of grammar and punctuation. They were accustomed to breaking all the rules, including traffic regulations when they traveled in their long limousines.

At first I was surprised to find that many of them almost never read. They were not familiar with their own country's literature. They sometimes judged writers on the basis of gossip and all sorts of obscene rumors. They had not the slightest knowledge of foreign authors. But ignorance cannot stand being unable to comprehend something. A limited person instinctively despises the thing that he does not understand, portraying it as an enemy. I was always ashamed when in conversation with foreign journalists some members of the nomenklatura elite demonstrated such ignorance that it was simply embarrassing to translate what they had said. No, they did not seem to know what great benefit can be derived from the reading of books and memoirs.

The question naturally comes to mind: did Stalin realize all this, did he know his inner circle? Absolutely, without a doubt. Stalin was an uncommon individual, willful and

very well informed. That is, of course, in his best years. But he was also a gifted actor and conductor of people. He was a great manipulator. It would be wrong to deny that many people believed in him. They believed when they did not know the true Stalin, yet even today, when much has become known, there are still quite a few people who continue to live on illusions.

This poses another question: how did power, either small or great, wind up in the hands of people who had no moral right to wield it? Which traits fostered their rise? Who promoted them, and why? Stalin, of course, had a keen understanding of the people around him. Across the ensuing years this has become even clearer. The individuals who formed a tight ring around the leader hardly represented any threat to him. They were not in competition with him, because they were beneath him in every regard.

At one of the meetings, held as always at the dacha outside of Moscow, Mao Zedong, who was sitting beside me, asked me in a whisper why Stalin mixed red and white wine while none of the other comrades did so. I replied that I really could not explain it and that he should ask Stalin himself. But Mao Zedong adamantly refused to do that, saying that it would not be tactful.

"What sort of illicit whisperings are going on over there? Who are you hiding things from?" said Stalin over my shoulder. His words evoked a kind of superstitious dread in me. Startled by the unexpected question I turned toward him, but what I saw were the rapacious eyes of the man wearing the pince-nez.

"Well, the problem is..." I began.

"Yes, yes, out with it..." interjected Stalin. "Comrade Mao Zedong would like to know why you mix different wines while the others do not," I blurted out.

"And why did you not ask me?" he said, attempting to trip me up. I had long before that noticed that he suspected me of something and did not trust me.

"Pardon me, but Mao Zedong insisted that I not, feeling that such an inquiry of you would be improper..."

"And whom do you prefer to listen to here?" asked Stalin with a certain cunning. Then, smiling beneath his mustache he began explaining to his guest why he mixed the wines:

"You see, this is a longstanding tradition of mine. All wines, especially Georgian wines, have their own flavor and aroma. By combining the red and the white I enrich the flavor and, most importantly, create an aroma that is like the sweet-smelling flowers of the steppe."

"Comrade Stalin, which wine do you prefer, red or white?" asked Mao Zedong, to whom grape wine was unfamiliar. In China wine made from grapes had only

come into production quite recently, and only on a northern peninsula in the city of Tsingtao, where a German colony had once been established. It was the Germans who had established the vineyards.

"I most often drink white grape wine, but I have faith in the red because once, long ago when I was ill with typhus during my time in exile a certain kind doctor in the prison hospital secretly gave me small doses of red wine, Spanish, I think. It saved me from certain death. Or at least so I believe. Since that time I have always been conscious of its healing properties," Stalin said pensively.

...Once again I was keenly aware that for certain dignitaries an interpreter is merely an automaton, a machine, a computer. He should never forget his role. He is not permitted even for a moment to be distracted or entertained by the search for truth, for thus he could create a permanent negative image of himself in the eyes of the self-assured braggarts and give them cause to think badly of him.

Yet development of our relations with China is unthinkable without experts, China specialists who are familiar with the history and present-day life of our great neighbor and with the intellectual world of the Chinese people. I think it appropriate to mention that Chinese studies in our country have since time immemorial been renowned not only in our own country but also far beyond its borders. It is indeed unfortunate that on account of the interplay of circumstances the training of China specialists in this country is not adequate to meet present-day requirements. Alas, there is no overabundance of well-educated sinologists in this country. And not just because of the tremendous effort and diligence required to master the Chinese writing system. It is much easier and simpler to master any European language and make a career in it. The other reason is that we must get the state interested in the training of China specialists, people who are well acquainted with China's past and present, the traditions and customs of its people; who have mastered the character writing system and modern conversational speech. This will require radical changes, the sort of structural transformations that would be in line with revolutionary restructuring of our entire system.

I would like to relate an episode in which I myself was a participant. During Mao Zedong's visit to Moscow in February 1950 our cultural department decided to familiarize our Chinese friends with intellectual life in our capital. It was decided that we should begin with the pride of Soviet ballet "Krasnyy Mak" [The Red Poppy] at the Bolshoi Theater. As you know, the theme of the ballet pertained to life in China, or at least so the authors and producers of the ballet thought. In order to make the greatest impression Glier, who wrote the music for "Krasnyy Mak," was invited to the performance.

For some reason not at all coincidental, I believe Mao Zedong was unable to attend a performance at the Bolshoi Theater, although everyone wanted him to do so.

The group of our Chinese friends was headed by Chen Boda, a famous ideologue. Sitting in a box reserved for honored guests, our Chinese comrades were keenly interested in the production and bombarded me with questions, some of them quite ticklish.

"Tell me, what kind of a monster is that?" Chen Boda abruptly inquired as the person playing the role of a pimp in a Shanghai brothel appeared on stage.

I explained as best I could, but he was not mollified. "Is that terrifying creature supposed to be Chinese? And are all the rest Chinese as well? Is that how you imagine us, since you depict us that way? And I suppose this delights you, doesn't it?"

I tried to tell him that each person has his own vision and his own perception. And that it is very difficult for foreigners to play the role of Chinese. They have to wear makeup...

"Is the makeup the only problem? Look at his whole personage, the way he behaves. This is monstrous..." said Chen Boda, still highly agitated.

The further the plot of the ballet progressed the more questions Professor Chen Boda asked and the more incensed he became. It was approximately midway through the show that he expressed a "heartfelt" desire to leave the Bolshoi Theater.

I will not describe in detail how much effort it cost us to restrain our Chinese guests from what diplomats would call a scandalous demarche.

Following the performance we were invited to the office of the theater director where, as was to be expected, refreshments were served for our Chinese guests. The further development of this scene merely served to exacerbate an already embarrassing situation. Chen Boda and his entourage had not the slightest interest in the magnificent furnishings, the gilded tables and velvet-covered chairs, the impeccable service, the attention and hospitality. Instead of a lively exchange of impressions concerning the ballet an odd silence prevailed.

Naturally the hosts were expecting compliments and praise from the grateful Chinese, for whom a special presentation of "Krasnyy Mak" had been arranged. Yet they remained puzzlingly silent. Then I, as was proper in my role as his escort, asked Chen Boda to share his impressions.

"Please excuse me," Chen Boda began, "but we found the very title 'Krasnyy Mak' somewhat disappointing, the reason being that in China we regard poppies as the

personification of opium. Perhaps you are not aware that opium is our mortal enemy because it has brought ruin upon our people for centuries... Pardon me, I did not wish to offend you..."

We left the Bolshoi Theater, never to return. Our Chinese friends had no more desire to become acquainted with the masterpieces of Moscow theatrical art.

Our Chinese friends' visit to the Bolshoi Theater resulted in the ballet "Krasnyy Mak" being temporarily removed from the repertoire. But after the title was changed to "Krasnyy Tsvetok" [The Red Flower] the ballet was performed again. It was otherwise unchanged.

I do not want to be a moralizer, but "Krasnyy Mak" turned out to be a complete farce. This episode is, I believe, a testimony to ignorance. A careless attitude toward the life and experiences of others, in this case of our closest neighbors, and a taste for the exotic had consequences that could spoil not only people's mood but also harm ties of friendship and good-neighborliness.

I cannot measure the harm done by episodes like this with regard to our intellectual ties with foreign countries. But I am convinced that we should make problems of culture and cooperations in the intellectual realm our top priority, not relegate it to relatively minor significance. For it is precisely with culture that relations, spiritual enrichment of individuals and entire peoples, mutual discovery, convergence, understanding and cooperation between people all begin. Only after this do trade, economic and other relations develop. This is especially significant in the case of a country like the Soviet Union, which is striving to create a world of the highest intellectual values.

...Today it seems to me, as it seemed to me at the time, that Stalin had a keenly suspicious nature. He was pathologically mistrustful. He trusted no one. He was prepared to regard anyone as unreliable and he saw malicious intentions in everyone. I preferred to be extremely circumspect and cautious so as not to give him even the slightest reason for doubt.

Every meeting between Stalin and Mao Zedong yielded something unexpected and unpredictable. The content of the talks was wholly determined by the host, who, however, never revealed the topics of discussion in advance. Usually the conversation would begin with, say, some theoretical topic. Either the guest would show an interest in something or the host would bring up some subject at his own initiative.

Thus, in the course of the discussions a program of language and thought was discussed. Essentially Stalin took the same stance as was found in his well-known work on linguistics. His basic idea was that language as a means of conscious expression of thought is not linked to

a person's class origin. Any person can speak any language, including the language of Pushkin, Tolstoy, Dostoevsky, etc. This is all determined by an individual's level of education and personal interests.

It is noteworthy that in turn Mao Zedong pursued the idea that the Chinese character writing system and spoken language are, despite all the difficulty of mastering them, in actuality accessible to everyone, to every human being, if a person has the desire to master them completely, regardless of that person's social status or class origin. It is a different matter altogether that in the past not every Chinese had been able to afford the education required to master Chinese characters.

"Comrade Fedorenko," Stalin said to me, "hand your plate over here to me.

"As I leaned toward him he said, as usual not looking in my direction:

"Take some of this. It is a rare dish. Perhaps you will be tasting it for the first time in your life... The first and the last, as the saying goes.

"Naturally I thanked him for the food, but an alarming thought ran through my mind. Was it not suspicious that when the waitress brought in this dish she showed it to the host, exchanged whispers with him and then left the platter next to Stalin instead of placing it on the sideboard?

"Well, tell me, Comrade Fedorenko, did you like the dish?" he soon asked me.

"Excuse me, Comrade Stalin, I was lingering over it," I managed to say. "It has a very delicate taste..."

"So why didn't you say so?" he added, almost approvingly.

Indeed, the dish did turn out to be delicious; it was turkey baked with pepper and salt. A Caucasian delicacy.

Everything turned out fine. My fears had proved unjustified. The apotheosis of ill will and evil did not occur. We value people for the good that they do. And we despise them for the harm that they cause us. People should not disillusion one another, confuse each other or sow the seeds of suspicion.

This episode brought to mind another incident connected with Mao Zedong's visit to Moscow.

An urgent call on the government telephone made me rush to the Kremlin, where Mao Zedong was staying at that time. I was met by a high-ranking chief of the special guard who said to me with obvious agitation:

"Mao Zedong's personal Chinese cook has caused something of an uproar; he is refusing to cook or even accept the fish that we brought him."

"What kind of fish is it?" I asked the special services colonel.

"Carp, which is what we usually have brought in for our guest," he told me.

"So what is the problem?"

"The cook only waves his arms at us and refuses to take the fish, thus all this uproar..."

"Naturally I had to speak to the Chinese cook to find out what was bothering him.

"This fish is already dead, I do not know how long already. But I have strict instructions from Mao Zedong to cook only live fish for him," the chef burst out in good Beijing dialect.

This simple misunderstanding caused a real commotion in the vitals of our special service.

"Are you serious? Is that all?" the colonel exclaimed. "We'll immediately fetch him a fish alive right down to the gills..."

It is never too late to plant a tree, a folk saying goes, though others may reap the fruits of it. But you are the one who will have the joy of life.

Time passed. December 1949 was past. So was January 1950. A date in February was approaching: the date for the signing of the Treaty of Friendship, Union and Mutual Assistance between the Soviet Union and China.

"Comrade Stalin, we would like to give a small reception following the signing ceremony," said Mao Zedong during one of his regular meetings with Stalin.

"Of course," said his host.

"But not at the Kremlin, where I am staying, but instead in some other place, at the Metropoli, for instance."

"But why not at the Kremlin?"

"You see, Comrade Stalin, the Kremlin is the place where the Soviet Government holds state receptions. That would not be quite appropriate for our country, a sovereign state..."

"Yes, but I never go to receptions at restaurants or foreign embassies. Never..."

"Our reception without you, Comrade Stalin... No, no, simply unthinkable. We request, we implore you, please, to agree to come," insisted Mao Zedong.

There was a pause; Stalin did not hurry with his reply. He seemed to be collecting his thoughts. Mao Zedong waited for him to agree like a confessor, never taking his eyes off him.

"All right, Comrade Mao Zedong, I will come, if you are so eager for me to," said Stalin finally, then changed the subject.

Thus a personal vow that Stalin had kept without exception his whole life long was broken.

On 14 February the Chinese hosts and their guests gathered at the appointed hour in the banquet hall of the Metropol. And despite the fact that a festive atmosphere should have prevailed, many people's faces expressed concern and even anxiety: would he keep his promise, would he grace the reception with his presence? Quite a few oracles with the look of self-assured braggarts pronounced dire predictions. On the contrary, others were optimistic. On what were these predictions based? As usual, on the same thing that kitchen gossip is also based. Everyone kept glancing impatiently at the entrance. And I recalled another episode related by one of the Moscow wags. Here it is:

Once Stalin decided to attend a certain drama theater in the capital, but he wanted to do so without announcing it, in secret, so that there would be no unnecessary fuss and bother. He slipped into his box unnoticed and soon became engrossed in the performance. But he had not escaped the watchful eye of the theater director, who immediately spotted his guest and took urgent measures: a bust of Stalin was immediately erected in the foyer which he had traversed incognito.

After the show was over Stalin tried to slip out of the theater as unseen as before. While walking through the foyer he saw the bust and asked in surprise:

"How did that get there?"

...When it seemed to me that the atmosphere in the Metropol banquet hall could not get any more agitated I was approached by an important comrade in civilian clothing, who whispered to me in a confidential tone:

"You are supposed to meet the master in the vestibule and escort him in."

"Excuse me, but is that my prerogative? Wouldn't it be better if you did it, as usual?" I replied to the colonel, with whom I was previously acquainted.

"Better to forget about prerogatives for the moment. We'll talk about it another time; right now you, as a specialist on the Chinese language, are being requested, don't you understand?" imperiously declared the colonel.

I refrained from further discussion of the matter, but I could not quite comprehend what was going on; was I supposed to speak Chinese with Stalin?

Taking me by the arm, the colonel led me out to the vestibule and showed me where I was supposed to stand and "not take my eyes off the entrance." There was no one else in the vestibule. Only the man checking coats was at his post in the checkroom.

Soon the formal entrance opened and Stalin stood drawn up to his full height on the threshold, like a portrait in a frame. He cast a swift glance around the vestibule; then, noticing me, he headed in my direction as if toward a familiar landmark.

As he approached the coat check he began unbuttoning his overcoat; suddenly the man working there sprang to his side as if he were attached by a spring and servilely said:

"Allow me to help you, Iosif Vissarionovich..."

Stalin glanced at him, greeted him courteously and said with a touch of sarcasm in his voice:

"Thanks, but I believe even I can do this by myself..." Then he threw a friendly glance in my direction.

After removing his overcoat he went over to a coat hook, hung it up, placed his military cap on the shelf above it, looked in a mirror, straightened his hair and turned to me:

"Well, how's it going? Is everyone assembled?"

"Yes. Comrade Mao Zedong and our other Chinese friends have already been here for a long time waiting for us."

"In that case, escort me in," he said, laying his hand on my shoulder.

So I escorted Stalin into the banquet hall, where he was met with loud applause and noisy, enraptured exclamations. The enthusiasm was universal, it came from both the gloomy pessimists and the very cautious optimists.

For a moment Stalin stood still and looked around at the people gathered there. He asked me to lead him to Mao Zedong, who was standing behind the long "presidium" table. They greeted one another, shook hands and exchanged some general phrases relative to health and business matters. Then the Chinese comrades, starting with Zhou En-lai, began to approach Stalin, greeting him and shaking his hand. Everyone was in a cheerful mood. Stalin's cohorts stood a short distance away: Beria, Malenkov, Khrushchev, Voroshilov, Mikoyan, Shvernik, Suslov and Bulganin.

Then the toasts began. Good wishes were loudly proclaimed. Speeches were made one after another. All the speakers, and not just they, could not tear their eyes away from the two figures standing side by side and interjecting something into the conversation from time to time. These interjections consisted of various rejoinders, coming mainly from Stalin.

Finally Stalin who was obviously worn out by the endless ovations and the captivated audience began to sort of appeal with his eyes, saying that it was perhaps time to stop. But in vain. Nothing of the kind occurred. All he got in response were more waves of ovations.

Everyone waited impatiently for the most important part: what Stalin had to say. It was he who should and could say something to be treasured, something that would express the truth of the moment and the profound meaning of this historic event. And in a single moment he did so. Picking up a goblet of wine, Stalin gestured to get everyone's attention and announce that it was his turn to speak.

He proposed a toast to Mao Zedong and to the success of the People's Republic of China.

And everyone amicably emptied their glasses. Then the roar of applause, the enraptured cries and the general jubilation continued anew.

Overview of Chinese Economic Reform

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[Article by Candidate of Economic Sciences A. Ostrovskiy: "Economic Reform in the PRC"]

[Text] Interesting and, in many regards, productive ideas are being realized in the People's Republic of China today. Here we will try to relate some of the problems being solved in contemporary China.

A Little History

Growth in production volume in the PRC halted as a result of the Great Leap Forward policy of the 1950s and then the Cultural Revolution that began in the 1960s. Moreover, "the national economy was at the brink of catastrophe," according to the statements of Chinese leaders at the 5th Convocation of the 1st Session of the All-China Assembly of People's Representatives (CAPR) in February of 1978. The period from 1958 through 1978 has been called "the two lost decades." According to data of the State Statistical Administration of the PRC, the average wage of workers declined from 637 yuan in 1957 to 602 in 1977, and the quantity of basic food products distributed by ration cards also decreased: grain went from 203 kg per person in 1957 to 195.5 kg in 1970, and vegetable oil went from 2.4 to 1.6 kg.

Surmounting the acute socio-economic crisis required a complete restructuring of the whole economic system. At the 11th Convocation of the 3rd CCP Central Committee Plenum in December of 1978, a resolution was adopted to develop a system of contract responsibility for the production team in the village and to expand its economic independence. This ultimately also served as the foundation of an all-encompassing reform of the economic system in the PRC.

The theory of improving socialist industrial relations in accordance with the level of development of productive forces achieved had been placed at the foundation of the strategy of socio-economic and political development of Chinese society. Zhao Ziyang emphasized at the 13th CCP Congress in October 1987 that "through much that was essentially not socialist and held back the development of productive forces, as well as through that which was suitable under special historical conditions, we held doggedly to the principles of socialism and, on the contrary, were against much of what was done in favor of the development of productive forces as a 'restoration of capitalism.'" The congress concluded that "extant specific features, the monotonous structure, the ossified mechanism of economic operation and the political mechanism associated with the excessively great centralization of power have seriously restrained the development of productive forces and socialist commodity exchange."

The concept of the "socialist planned commodity economy" became the theoretical basis for a reform of the economic system. It was decided to base the interaction among individual producers in the PRC on money-exchange relations and the use of the law of value. The dominant position of public forms of ownership of the means of production and the correspondingly decisive role of state planning were preserved therein. The co-existence of various operational economic institutions and, within their framework, the "presence of diverse forms of economics," were permitted at the same time, which is explained by the low level of development of productive forces corresponding to the initial stage of socialism.

Noticeable changes have begun to occur in the socio-economic structure of Chinese society since the beginning of the 1980s that are associated with the development of the collective¹ and individual sectors, as well as joint ventures with the participation of foreign firms, special economic zones and other forms of collaboration with foreign capital. Economic reform has thus resurrected multi-institutionality in the economy, which was reinforced in the new PRC Constitution of 1982 and various laws and decrees that have been adopted in the 1980s by the CAPR and the PRC State Council.

The reform has greatly facilitated the economic development of Chinese society. The PRC had moved to leading positions by 1987 according to a number of absolute

indicators. China is now first in the world in gross grain production in particular, as well as second in coal, fourth in steel and fifth in petroleum and electric power.

The material standing of the workers has improved. Net income per rural resident was 424 yuan a year in 1986 (133.6 yuan in 1978), while the average worker's wages were 1,332 yuan per person per year (614 yuan in 1978).² A serious step has been taken to saturate the market with consumer goods and services. The number of rationed consumer goods has been reduced and the production and consumption of consumer durables—televisions, refrigerators, washing machines, radios and phonographs—has increased appreciably. The consumption of foodstuffs and the supply of housing have also grown.

The reasons for this intensive growth are varied and asynonymous. Diverse forms of activation of the human factor, which is extremely topical under the conditions of the predominance of surplus working population, have played an important role. A sharp increase in the scale of labor and small production, the more widespread utilization of money-exchange relations, the active employment of internal sources of accumulation along with centralized state ones, reinforcement of the material base—all of this has ultimately led to appreciable shifts in the social sphere.

It was noted at the 13th CCP Congress that an additional 70 million people have been put to work in the cities and 80 million peasants have moved entirely or partially into the non-agricultural sphere over the years of reform. The imbalances between the most important economic indicators in the national economy—accumulation and consumption, agriculture and industry, light and heavy industry etc.—have also decreased.

A series of positive changes in the PRC economy have thus occurred over the nine-plus years of reform. The shifts are especially appreciable in the Chinese village, where the situation was the most grave. It was namely there that the reform took its first steps.

Economic Reform in the Village

The peasants in the Chinese village were converted to a family or household contract system after the 11th Convocation of the 3rd CCP Central Committee Plenum. The conversion was completed by the end of 1984. Since that time some 99 percent of the total number of production teams and 99.6 percent of peasant households have incorporated this system of income and material responsibility for the end results of labor.

The peasant farm is worked through the manpower of the family on land handed over for its utilization for 15-20, and in places even 30, years with the aid of labor implements and agricultural equipment that is owned by one or several households. Part of the output produced by the peasants is handed over to the state according to contracts, part goes for taxes and part is at the disposal of

the local organs of power. The family can utilize the remaining output at its own discretion: sell it at increased procurement prices to the state, sell it on the open market etc.³

Two stages in the pursuit of economic reform in the village can be delineated. The first, from 1978 through 1984, was characterized by the conversion of people's communes and large production teams to the household contract system and the independence of the peasant household in farming and responsibility to local organs of power for the delivery of agricultural output to the state on time. The second stage began in 1984, after the complete conversion of the peasants to the household-contract system. It was namely then that the Chinese village shifted from targets for centralized procurements and purchases of agricultural output to procurements according to contracts with the preservation of collective ownership of the land and fixed production capital. The situation in the village changed radically at this stage. The peasants became appreciably more active. Their production output increased rapidly, which led to growth in overall income. The decentralization thus played a positive role, although it also called some problems to light as well. One of the principal ones was the multitude of unemployed people, especially in regions where the shortage of arable land was most palpable. A solution was found quite rapidly here. The creation of industrial enterprises and subsidiary industries and the development of trade and services in rural locations were begun on a broad scale. There were already over 15 million enterprises outside the sphere of agriculture at the volost and settlement level in the PRC by the middle of 1987. About 1/5 of the manpower of the villages (roughly 85 million people) was employed at them. Not all of these enterprises are the same, of course. There are highly profitable ones that have steady profits and produce output that is fully market-competitive even abroad. There are also enterprises that suffer constant losses and are ultimately forced to cease their activity. The broad-scale creation of non-agricultural enterprises in the Chinese village is nonetheless one of the characteristic features of its contemporary development.

The economic reform in the village, the family contract that has been incorporated and the operational economic independence that was expanded for each household have led to an appreciable growth in labor productivity and the revival of the rural economy in the PRC without additional state capital investments and have been accomplished through internal reserves alone. Agriculture in China in the middle of the 1980s, however, had already largely exhausted its opportunities for increasing the extensive production of output. A qualitatively new basis for preserving earlier growth rates linked with the incorporation of scientific and technical achievements into agricultural practice is required. The mechanization of agriculture is currently proving to be unprofitable for many households under conditions of surplus manpower in the village and the division of land and fixed capital

among individual peasant households for a quite prolonged duration. Modern equipment is not needed to work limited plots of land in the face of surplus manpower. And society in general has no vested interest in it, since it is unable to ensure growth in state capital investments in agriculture and provide new jobs for the able-bodied population. This situation could last for a long time—about 75 percent of the economically active population of the PRC, after all, lives in rural locations.

They see this problem very clearly within the country. All sorts of variations for the further development of the village are being discussed in the press of late. Among them are various forms of peasant cooperation in the sphere of circulation and production and the concentration of land in the hands of the most productive farms with hired manpower, among others.

Economic Reform in the City

Reform in the city began considerably later than in the village overall. After the complete conversion of agricultural production to the household contract, its commodity nature increased and the economic contacts between the city and the village were expanded considerably on that basis. By the middle of the 1980s, however, the positive changes in the Chinese village had begun to be slowed by the sluggishness and inertia of the urban economic system. The execution of transformations in the city actually became an obligatory condition for further realizing the tasks of reform in the Chinese village and the fulfillment of long-term national-economic plans. Guidelines for the corresponding changes were defined in the "Resolution of the CCP Central Committee on Reforming the Economic System" that was adopted at the 12th Convocation of the 3rd CCP Central Committee Plenum in October of 1984. The essence of these changes is that in the face of the guiding role of state planning and administration, enterprises obtained rights that they had not had before. They were permitted to: 1) select various forms of business activity; 2) resolve issues in production, supply and sales themselves; 3) utilize and distribute enterprise funds; 4) dismiss, hold competitions for and elect management workers at the enterprise; 5) independently determine the forms of manpower hiring and the system of wages and bonuses; 6) set prices for their own products themselves within limits set by the state.

Thus, in October of 1984 China had entered a qualitatively new stage of transformations in the mechanism of economic operation. The reform of the economic system in the cities was transformed from a topic of discussion into reality.

It was implemented gradually. At first it encompassed only three cities—Chongqing (Sichuan Province), Shashi (Hubei Province) and Changzhou (Qiangsu Province). It was then decided to use the experience of reform in those cities for its gradual dissemination to other parts of the country. The economic reform had been carried out in

over 70 cities in the PRC by the middle of the 1980s. It encompassed such major provincial centers as Wuhan, Shenyang and Guangzhou as well as medium-sized and small cities (by Chinese standards, naturally) such as Bangbu, Wuxi and Suzhou among others. It was noted therein that the approach to reform should be differentiated: whereas in some cities it could realistically be pursued in comprehensive fashion, in others it was possible to implement the transformations only in individual spheres of the economy, and then expand the scope of them to the extent of the maturation of the essential conditions.

The city of Changzhou in southern Qiangsu Province became a model for the execution of a reform of the economic system. It was namely there in January of 1986 that a conference was held to study the cumulative experience of reform in the cities. Changzhou is territorially part of the largest economic zone of the PRC—Shanghai—and provides chiefly for the needs of that region. The overall population of the city and adjoining districts is 3 million people, while the intrinsic urban population is about 500,000 people. The average annual rate of increase in gross industrial output for the city was 10.9 percent in 1978-83, that is, higher than the country's average indicator for the given period. Changzhou in March of 1982 became the second city in the PRC (after Shashi) to have begun to implement comprehensive economic reform embracing all sectors of the national economy. A year later a reform of the administrative structure of Qiangsu province was also carried out. It consisted of the city organs of power beginning to manage the adjoining regions as well. One aspect of the Changzhou reforms was the arrangement of economic relations between the city and the villages. Five economic systems were created that are currently providing the link between the city and the villages: industry, trade, science and technology, transport and communications, and finance.

Another important aspect of the reforms in Changzhou is an orientation toward more than just state enterprises. The state sector has continued to remain the leading one, but the collective and individual sectors have also been actively developed as well.

The next area of economic reform in Changzhou was a gradual movement away from excessive concentration in the management of the economy, a de-concentration of administrative power among various administrative echelons and the transfer of the right to make decisions to the level of the association or individual enterprise.

This also entailed a gradual transition from directive planning as the foundation of the economic development of the city toward guided planning associated with the more widespread utilization of economic and legal levers. A no less important aspect of the reforms in

Changzhou is the elimination of leveling and the so-called system of the "communal pot" both for enterprises and for workers along with the conversion of enterprises to self-financing and the distribution of income according to the end result.

The comprehensive nature of the reforms in the economic system in Changzhou distinguishes them from the reforms in many other cities in China—there they have been carried out in individual sectors or enterprises. It seems that it is namely the comprehensiveness at the level of an individual city with its subordinate rural regions that has provided the opportunity to achieve the noticeable economic results that made it possible in 1986 to recommend the experience of Changzhou for dissemination to all the cities of the PRC.

The Paths of Reform

One of the principal areas of economic reform in China was an expansion of the operational economic independence of enterprises. The task had been posed of gradually transforming them into independent commodity producers via separating the right of ownership from the right of economic operation and the development of direct business ties. The enterprise collective obtained the right to dispose freely of its own production funds, select its own sales markets, freely procure raw materials, fuels, minerals and the tools of labor and sells products produced beyond the plan after the payment of an income tax set for several years to come. The enterprises also received certain rights to expand trading ties among each other and create competing associations both within the framework of a single sector and between sectors.

All that would be fine, except that the experience of economic reform in the cities showed that the expected changes for the better in the state sector were transpiring extremely slowly or were not happening at all. This was connected first of all with the limited existing opportunities for enterprises to dispose of their own production funds. Only at the 1st Session of the 7th CAPR Convocation (March-April 1988) was the first Law on the Nationally Owned Industrial Enterprise in the history of the PRC adopted. This law actually transfers management rights to the enterprises themselves and defines their relationship with the state and the authority and obligations arising from the separation of the right of ownership and the right of business operations. It also strictly limits the authority of the enterprise director. It is interesting that he can take up the director's chair through various means—assignment to the job by the ministry or election at a meeting of representatives of the workers. The adoption of the Law on Industrial Enterprises lays down the legal foundation for reforming the economic system at the level of the individual operational economic cell of society—the enterprise. It is still too early, however, to discuss the existence in China of

the essential guarantees against the interference of various higher organs in the work of the state enterprises. The delegates at the last CAPR session thus noted that the work on improving the law must necessarily continue.

The principle of transition from direct administrative control to the gradual strengthening of the role of economic controls came to be considered one of the chief ones.

By the middle of the 1980s, three types of management had basically come into use: 1) **directive planning** of production of the most important means of production and items of consumption, as well as procurements of agricultural output for rationed distribution (grain, cotton etc., for example); 2) **guided planning** of product output at medium and small enterprises and production beyond the plan at major enterprises with the aid of economic controls (credits, prices and taxes among others); 3) **purely market regulation** of production and sales of consumer goods and the sale of services to the public.

All of this requires the creation of a national-economic mechanism in which the plan and the market will be combined in limited fashion. The comprehensive implementation of reforms in all areas—planning, finance, labor, wages etc.—assumes simultaneous monitoring on the part of the state and the operational economic independence of the enterprises.

Noticeable shifts have also occurred in the financial system of the country. In the course of economic reform they went from deductions of part of profits to the payment of taxes to the state. At the first stage they should pay an income and regulatory tax established on the basis of the total profit over the last several years. After the payment of the taxes, the enterprise keeps part of the profits, which go for expanding production, bonuses and social security. The income tax, as a rule, is 55 percent of the planned profits, while the regulatory tax is 33 percent. The remaining 12 percent is at the disposal of the enterprise. If the plan profit indicators are overfulfilled, the absolute amounts of all types of taxes are preserved, and the surplus is divided into 10 parts, of which three go to the state budget and the rest to the enterprise.

After the payment of taxes, the residual profits are distributed as follows: 50 percent for developing production and supplementing working capital, 12 percent for the bonus fund and 38 percent for social security. The construction of housing, kindergartens, nurseries, cafeterias etc. is financed from the social security fund. Bank credit, as well as local and departmental investments, is often the source of capital investments in supplementing the fixed and working capital. The fixed capital is supplemented nonetheless via self-financing from the in-house resources of the enterprise, including residual profits and the depreciation fund as well.

A primarily market system of price formation that envisages the rejection of centrally determined state prices was also gradually being created. The transition to market regulation presupposed the establishment of so-called "commission" prices that depend on supply and demand (but within certain upper and lower limits).

It is becoming more and more obvious today that the success of the Chinese economic reforms will depend largely on reforms in price formation. Scholars and executives are actively discussing the issues connected with these reforms. They moreover consider them to be a "central link" in economic transformations. In the opinion of PRC specialists, only with a system of prices that reflects the real social expenditures for product output will it be possible to create equal conditions for the business activity of enterprises.

Higher-level departments in China in practice are still setting prices for the output of enterprises as before. But these prices can also float to 25 percent higher or lower than the established level. Commission prices have been higher than state ones, as a rule, under the conditions of all sorts of shortages, first and foremost shortages of fuel and power resources and many basic capital goods.

At the beginning of 1988 the PRC State Council adopted two temporary decrees at once: price monitoring for capital goods and transport services and a unified higher price limit on the scale of the whole country for capital goods sold outside the plan. Administrative forms for monitoring prices have not yet lost their significance.

An important condition of economic reform, in the opinion of Chinese economists, is the creation of a system of markets within the country. They would include markets for consumer goods, capital goods, securities and labor services among others.

The most developed market currently is the **consumer-goods market**. It has expanded to the extent of the dissemination of the family contract in the village (through excess agricultural output that remains after the fulfillment of deliveries to the state) and the expansion of the individual and collective sectors in cities.

Other types of markets are less developed. Many Chinese scholars feel that the bounds of activity of these markets must necessarily be widened. This would, in their opinion, allow the gradual elimination of the phenomenon of shortages in the country's economy.

The **capital-goods market** is beginning to expand. Enterprises can sell output beyond the plan, equipment they do not need, and raw and other materials in it. After all, according to data from the Chinese press, in 1987 some 30 percent of the fixed productive capital at industrial enterprises in the PRC was underutilized, while 10 percent was not being used at all. Enterprises that need to expand could in turn procure the means of production they need in this market. The share of products sold on

capital-goods markets, however, is still not large. According to some data, there are over 400 such markets in the country with a total turnover of about 15.8 billion yuan (roughly about 8 percent of the value of material and technical resources in circulation).

A **market for labor services** has gradually begun to form. Manpower has been attracted to state enterprises on the basis of labor contracts since September of 1986. All those desiring to enter enterprises in the state sector have to pass exams and complete a probationary period of 3-6 months along with signing a labor contract with the enterprise administration. The share of contract workers currently does not exceed 5 percent of all workers in the PRC, but in the future its should grow continuously, since the hiring of manpower at state enterprises is planned to be accomplished only according to the system of contracting.

It cannot be said at present that the creation of a market for labor services in the PRC has been completed. One can only note the presence of two types of such markets in separate and different parts of the country that have not yet formed conclusively and have no strict legal foundation. The most widespread is the form of the **company for labor services**, which began to be developed in 1979 as a means of involving unskilled manpower in production and, later, as a way of obtaining professional training in time off from work. By 1986 the labor-services companies numbered some 50,000 in the PRC, through which 13 million people have been placed in jobs and through which 2 million people receive professional training each year.

The other form is the "**workers' market**" that has already opened in such cities as Xian, Chengdu and Shanghai. They are reminiscent to a considerable extent of the labor exchanges where contracts between workers and enterprises are concluded in the presence of representatives of labor management and personnel and the labor-services companies. The number of job placements through this market, however, is still not large.

Much significance is assigned to the **securities market** in China. One of the chief issues of the reform of the financial system in the PRC is changing the role of banks under conditions of an expansion of the operational economic independence of enterprises. The banks had almost no rights at all before the end of the 1970s. They just distributed the funds allocated in centralized fashion to the enterprises. The role of the banks has gradually begun to increase since the end of the 1970s. They have obtained the opportunity of having a direct influence on the operation of enterprises through a system of credit, taxes and other financial levers. Despite the expansion of the rights of banks to allocate credit and loans to enterprises, however, this has not led to the creation of markets for securities and monetary resources.

Many scholars in the PRC are proposing joint-stock forms of economic operation to revive the activity of enterprises. Planned in particular is the incorporation of: 1) distributing shares of stock of this or that plant among its workers and employees; 2) selling shares to the public to create new enterprises; 3) developing joint-stock business associations via one enterprise investing in the funds of another; and 4) creating joint-stock ventures via the distribution of shares abroad.

The most sweeping is the market for securities in the special economic zone of Shenzhen (Guangdong Province). Six joint-stock associations have been created there in such sectors as machine building, communal-housing construction, the petrochemical and electronic industries, the production of building materials and material and technical supply. These business associations are largely reminiscent of the trusts that existed in the USSR in the 1920s. They themselves manage the funds instead of local authorities, but a representative of the city organ of power is chairman of the board of the company and answers to it for the results of its business activity.

One important aspect of the operational economic reform is the course of an "open policy" in foreign economic ties. The basic link in this policy is the broad attraction of foreign capital to supplement financial resources and obtain leading foreign technology for its dissemination at the enterprises of China. It is felt here that the foreign factor will facilitate the elimination of technological backwardness and raise the level of development of the productive forces of the country. The "open policy" is reckoned for the long term, which will, by the intent of the Chinese leaders, make possible the more active attraction of foreign capital into the PRC economy and provide the legal guarantees necessary for it. The gradual expansion of foreign economic ties is being proposed according to the following scheme. At first, their active development in the special economic zones. Then, opening the coastal cities to foreign capital, such cities as Dalian, Tianwuyin, Shanghai, Guangzhou and others, and then the coastal regions where over 100 million people where the oldest industrial base and developed agricultural-commodity production are located and where the level of education of the population and the skill levels of the workers are relatively high. And only after a broad coastal belt of open zones is created will the foundation be laid in the PRC, in the opinion of Chinese specialists, for the further dissemination of progressive foreign technology into the interior regions.

But the role of foreign capital in the economic life of the country is still relatively small. About 9,000 agreements on the creation of facilities with the participation of foreign capital for a total of roughly 20 billion dollars, wherein 8.3 billion dollars comprise funds already assimilated, were confirmed in 1987. A series of measures to create favorable investment conditions for foreign capital will be adopted so as to intensify these processes over

the years of economic reform: constitutional guarantees, reductions in tax rates, flexible regulation of labor relations of businessmen with the workforce etc.

Results and Prospects

It is impossible to evaluate the results of the reforms of the economic system that have been started in the PRC unambiguously. On the one hand, they have been able to surmount several basic socio-economic problems in the country over this period—increasing the production of the most important types of industrial and agricultural products, partially resolving the task of job placement for the population and raising the standard of living and weakening social tensions. The economy has revived noticeably and to a certain extent the market has been saturated with consumer goods and services. Appreciable social shifts have occurred, the working class has grown and the social mobility of Chinese society has risen.

At the same time, new difficulties have appeared in the course of reforming the economic system in China and some contradictions have been noted. The greatest changes have occurred at those enterprises where the level of collectivization and management is lower, the value of the fixed and working capital and the number of employees are less and, ultimately, the dependence on state planning is also less. Today it is not the state sector of the PRC, but rather the other sectors—collective, individual, state-capitalist—that are defining the practices of the pursuit of operational economic reform. Enterprises have obtained greater operational economic independence in those sectors. It is namely in the collective sector that the developments of Chinese scholars such as the possibility of the bankruptcy of enterprises, the development of guided planning, the system of responsibility for profits and losses, share contributions to fixed and working capital, the payment of dividends to workers, the transfer of enterprises in contracts or leases and sales-and-supply cooperatives among others were all realized.

The enterprises of the state sector often cannot adapt themselves to the new conditions. It is namely for that reason that Chinese scholars today are devoting particular attention to possible transformations in the ownership of enterprises in the state sector to raise the efficiency of their operation. A number of economists overall feel that all forms of ownership, with the exception of the most considerable state enterprises, must introduce joint-stock forms of management. The state should have a controlling block of shares just for the major state enterprises, while collective contract or leasing forms could be used at small enterprises.

All of this also largely predetermined another important principle of economic reform that was noted in the report of Zhao Ziyang at the 13th CCP Congress—multiple forms for the distribution of income. The principle of socialist distributions according to labor

should retain its force in the face of the leading role of public forms of ownership. At the same time, they have in mind not closing off the road to other forms and sources for the distribution of income: based on the shares or foreign capital invested in production, individual labor activity etc. We note that these forms of industrial relations, reinforced in the course of economic reform, have also entailed changes in the social structure of Chinese society as well.

One also cannot fail to note the rapid rise of prices in the 1980s. Over 1985-87 alone, the average annual growth in prices was 7.3 percent. Prices are increasing especially rapidly in the cities. In three centrally subordinate cities—Peking, Shanghai and Tianjing—and 26 provincial centers in 1987, for example, the average growth in prices was 9.7 percent, and even exceeded 10 percent in some cities. Prices for foodstuffs rose especially rapidly therein.

In the PRC they are coming more and more to an understanding of the fact that reform of the economic system requires a long time. It is being noted therein that many of the reform measures in the country are often artificially restrained by the administrative-economic bureaucratic system that has existed for many years. It has been described as a merger of the functions of party and governmental organs with the presence of an enormous bureaucratic apparatus and the *ganbu* social segment associated with it, often protecting its own group interests. The political mechanism that exists at the present time with an extremely great centralization of power defines the complexity of the whole economic restructuring. The reform of the political system that was projected at the 13th CCP Congress should thus become a decisive factor in the development of economic reform in the PRC in upcoming years.

Footnotes

1. In the PRC the collective sector is comprised of the most diverse enterprises with almost no centralized state capital investment. State planning also does not extend to it. They can be major enterprises with a large number of workers and a high value of productive capital, distinguished from state enterprises by the small number of planning indicators (no more than three or four) and opportunities to dispose of their own capital freely. They can also be small crafts enterprises that have no planning indicators at all, as well as share associations of small individual entrepreneurs.
2. One yuan was equal to one ruble in purchasing power on the domestic market in the middle of the 1980s.
3. In the 1960s and 1970s the people's agricultural communes were formally considered the collective sector. But they were not collective in the nature of their disposition of property. The state strictly controlled not only the distribution of the results of labor,

but also production itself, including the distribution of manpower, the tools of labor and the intermediate products within the framework of individual business entities—the production teams and up. An army of cadre workers (*ganbu*) arose on this basis that was not employed directly in production and did not take part in the creation of national income, but just implemented the constant monitoring of the work of the peasantry. This form of economic operation could not ensure a high level of labor productivity first of all due to the ignoring of the interests of the immediate producer.

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Skeptics Said Refuted on Chinese Special Economic Zones

18250053a Moscow AGITATOR in Russian No 20, Nov 88 pp 33-34

[Unattributed article: "China: Special Economic Zones"]

[Text] In recent years China has been making large-scale transformations of the economic system which are directed toward enlivening the economy in accelerating its modernization. The sphere of foreign economic ties is also being restructured. Since 1979 in this area they have been conducting the so-called open policy. It is intended to stimulate the influx from abroad of capital investments, advanced technical equipment and technology, and modern methods of organization and management of production and also to strengthen the country's export base and augment currency revenues. The principles of the open policy were reinforced in the decisions of the 13th Congress of the Communist Party of China (1987).

The main result of 10 years of effort in this direction is the appearance in the Chinese economy of a fairly good-sized sector that operates on a joint basis with foreign enterprise capital. From 1979 until the end of May of this year, government agencies of the PRC permitted the creation in the country of 11,500 enterprises with the participation of foreign capital, including 255 created entirely with foreign capital. More than 4,300 of these enterprises are already in operation. The volume of foreign investments in all kinds of joint enterprises according to contracts that were concluded exceeded 24 billion American dollars. Almost a third of this money—more than 9 billion—has already been actually invested in the country's economy.

A leading role in the search for effective forms of attracting and utilizing foreign capital in China is assigned to special economic zones (SEZ) which began to be created 9 years ago in the southern coastal regions of the country. Until recently there were four of them: Shenzheng and Zhuhai in the province of Kwangtung (on the border between Hong Kong and Macao) and

Shantou and Xiamen in the province of Fukien (on the coast opposite Taiwan). All of them were conceived as isolated regions with special administrative status that allow free activity of foreign entrepreneurs on their territory. The economic development of the zones is determined by the market demand and has an export direction.

In the spring of 1988 the session of the All-Chinese Meeting of People's Representatives adopted a decision concerning separating the island of Hainan in the South China Sea into an independent province of the PRC and to grant it the status of an SEZ. Thus this large island, with a population of 6 million in time should become the largest special economic zone of the PRC.

But so far the clear leader is Shenzheng and the other zones are appreciably behind both in terms of significance and level of assimilation and in terms of the scale of economic activity. Shenzheng is a region with an area of 327 square kilometers with a population of about 1 million, which adjoins Hong Kong. Its center is a modern city of a half million with the same name, with tall hotels and administrative buildings that have grown up in a couple of years in the place of the small railroad town.

Beneficial tax, customs, financial, and currency conditions have been established for foreign business circles in all of the zones. The income tax rate from joint enterprises here is 15 percent instead of the 33 percent on the rest of the territory of the PRC. Prices for plots of land in the zone of industrial buildup in Shenzheng are only 30 percent of the price level in neighboring Hong Kong, and the proportion of expenditures on wages in the cost of products is barely one-fourth as much. It is no accident that foreign companies are opening up branches in Shenzheng and transferring some of their operations to them—this enables them to reduce the production cost of the final product. Today in the special zones they produce sheet aluminum and toys, video equipment and electronic circuits, clothing and household objects. And in terms of quality all this fully meets the requirements of the world market.

True, so far it is mainly assembly enterprises that are not of the highest technological level that are being created in the SEZ's—as a rule they are several years behind the latest achievements. Moreover, the foreign partners prefer to invest money not in production facilities but in trade, tourism and construction where the investments are recouped more quickly.

By the beginning of this year contracts have been signed for the creation and special economic zones of more than 3,500 joint enterprises and other economic objects. More than 1,300 of them have already gone into operation, including 1200 in Shenzheng. The volume of realized investments reached 2 billion dollars, which is equal to almost one-fourth of the overall sum of foreign money invested in the PRC economy.

About 80 percent of the investments are from businessmen from Hong Kong and Macao, mainly of Chinese origin. Here one can see the effect of the geographic proximity, the convenience of arranging production cooperation, supply and sales, and the traditions of ties, including among compatriots and relatives. The leading firms of the capitalist countries are still taking a cautious approach and are in no hurry to invest large amounts of money in the SEZ's. Incidentally, Chinese representatives have repeatedly emphasized that the "open" policy is directed toward all four corners of the earth. Therefore, in the future in the special zone there can be objects created in cooperation with socialist countries.

The rates of development of the SEZ's are high, even by Chinese standards, where the entire economy developed extremely dynamically during the 1980's. Thus in the Shenzheng Zone the volume of industrial production increased during 9 years from 60 million to 5.7 billion yuans or by a factor of 95. Last year the value of the gross output of industry from all four zones increased as compared to 1986 by a factor of 1.5 and exceeded 11 billion yuans (approximately 3 billion dollars), which is 1 percent of the industrial output of the PRC. The output of export goods more than doubled, and reached 2.7 billion dollars. About half of the products produced in the SEZ are offered on the foreign market.

The standard of living in these special zones is several times higher than in the country as a whole and some of the wages are paid in foreign currency. Workers are sent there from other regions of the PRC on a competitive basis—10-15 people for one position. They select educated people, skilled specialists, as a rule, under 30 years of age. In Shenzheng they have created the university and various training courses are in operation. It is considered prestigious to live and work in an SEZ.

Sometimes in China one can hear the opinion that policies in the special economic zones are close to being "capitalistic." But in the PRC press it has been stated that anyone who has expressed this kind of misgiving, after visiting an SEZ, will come to the conclusion that: "This is real socialism."

The influx of foreign investments, modern technology and advanced administrative methods through the special economic zones exerts a favorable influence on the entire Chinese national economy. Yet at the same time in the PRC they do not conceal the fact that the development of the SEZ's is certainly not proceeding smoothly, and the return from them could be greater. The experience that has been accumulated makes it possible to gradually solve the problems and difficulties that arise, and to search for and find mutual understanding with their partners in the world market.

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PRC: Guangzhou Special Economic Zone Profiled
18070065 Moscow SOVETSKAYA ROSSIYA
in Russian 23 Nov 88 p 5

[Article by M. Bondarenko, Guangzhou—Moscow:
"City of Open Doors—Report from a Special Economic
Zone of China"]

[Text] *Information—About 12 special economic zones have been opened up in the coastal regions of China, inhabited by from 100 to 200 million people. A million Chinese already work at enterprises in Hong Kong. The economic growth indicator for the Guangzhou region is about 10 percent.*

But problems associated with the structure of the mixed economy are arising along with the market. According to official data, annual price increases have reached 11 percent, and in reality, several economists feel, they are much more; in the Guangzhou region, where the economy is most open and the inflation is the highest, retail prices have increased by 20 percent over the past year. State Council Premier Li Peng has declared that inflation is "the principal problem of present-day economic and social life in China."

Shenzhen is the most developed special economic zone [SEZ] of China. The majority of the enterprises there were created with the involvement of foreign capital. They are either joint or wholly foreign-owned ventures. Their gross output was over 2.3 billion dollars in 1986, or 65 percent of the entire gross output of the zone. Since the time the SEZ was founded, the administration has signed 4,947 contracts for 3.5 billion dollars. Some 960 millions dollars of that total have already been invested, and 250 enterprises have already entered service and are producing 60 percent of the export output of the zone. Half of the 1,200 projects being created in the zone are industrial.

The Shanghai—Guangzhou train arrived late at night. But Guangzhou was not asleep: neon signs invited us to sample exotic courses of southern cuisine, acquire Seiko watches or make use of Canon copying services.

Guangzhou... Europeans have long used their own name for it—Canton. Its dual name of Guangzhou (Canton) thus remains on all the maps of the world. The chief distinguishing feature of this city is its gravitation toward the outside world. And the reasons for this should be sought not so much in the "open-door" policy being pursued here today as in its history: the majority of the 30 million Chinese who have, beginning in the last century, settled around the world are emigres from this area. The family ties maintained by the residents of the city perhaps thus allows them to reap the richest fruits of the policy China has been pursuing for ten years now. "Huaqiao"—"countrymen living abroad"—have become a powerful economic factor in the development of the province and its capital. Schools, hospitals, bridges and hundreds of kilometers of highways are being built in Canton with their money.

What is it that strikes you when you first come here? Undoubtedly the proximity to Hong Kong. The city serves as before as a base for the country's light industry and is engaged in the machining and manufacture of semi-finished products for Hong Kong entrepreneurs. Many Guangzhou enterprises have actually become "satellite plants" of Hong Kong firms and industrial associations. The production of jackets, shirts and shoes made from Hong Kong raw materials comprises roughly a quarter of all of their production in China. It can be stated with confidence that it is namely Canton that is the style setter for the country, much more so than Peking or Shanghai in this regard.

And you are also struck by the enormous number of magnificent hotels. My Chinese friends assured me that there are about 700 of them in the city. This is roughly 15 times more than in neighboring Hong Kong, long renowned for its international trade and service industry. Three superhotels are the "showcase" of the city—the Garden Hotel is valued at 90 million American dollars and is a "joint venture" built using the funds of the PRC and a group of Hong Kong investors. Another concrete giant is the White Swan Hotel—essentially a city within a city: the guest complex includes bakeries and stores, areas for games of golf and tennis, cafes, restaurants and diners... It is striking in the scope and imagination with which it was built by the Hong Kong magnate Henry Fo. And, finally, the China Hotel with 1,017 rooms, built in conjunction with the Yanchen Service Development national company and six Hong Kong firms. These "minicities" are reminiscent of ultra-modern beehives of glass and concrete in whose honeycombs thousands of people are scurrying about who have arrived from every corner of the earth to see for themselves the results of the economic reform underway in the country.

One of the most tangible results of the reform is found near Guangzhou. Presenting my passport and buying a ticket, I got on a train headed for the special economic zone of Shenzhen, where foreign businessmen can make use of the advantages promised by the cheapness of the manpower and raw materials of China.

This superzone was built on a literally empty spot in the Xijiang delta about an hour's ride from Hong Kong. The goal of the economic experiments being carried out here is practically the same as those in Taiwan or South Korea—the export of industrial goods. But Shenzhen has one very important advantage, namely, the "rear," where it is possible to sell products in the event, for example, that unforeseen difficulties arise in export. The Chinese press, by the way, has repeatedly expressed concern that difficulties of this nature already exist. The very mechanism for attracting technology, experience and modern production-management methods has shortcomings. The majority of the industrial enterprises, with the exception of several Japanese television plants, are small or medium-sized joint firms for the production of beer and non-alcoholic drinks and cheap shoes, where

Chinese workers perform technically simple operations in the assembly of parts and the packaging of finished products. Goods with the label "Made in Shenzhen" have begun appearing in stores in practically all cities of China. According to the estimates of Chinese economists, only about 20 percent of the goods produced in the zone find their way into the international market.

It is nonetheless a great happiness for a simple Chinese if he is able to get work here, notwithstanding the competitive fluctuations in the world market. What is this connected with? First and foremost the wages. In the majority of Chinese cities the workers are happy if they get 150-200 yuan a month. In Shenzhen 300-350 yuan is a common occurrence. Aside from that, there are many more opportunities here to show yourself in the field of private enterprise. The major portion of the forty thousand private enterprises of the province are located right here. And, judging from the Chinese press, many of them have capital on the scale of a million yuan, and about a hundred hired workers are working at them. Or, for example, private trucking. If one takes into account that there are just 15 million private vehicles in China, many of them must belong to the taxi drivers of Shenzhen and Guangzhou. One taxi driver, who brought me to the railroad station, assured me that he earned about a thousand yuan a month. And a week later I read in the paper that one plot of land was sold this summer at auction in Shenzhen (the leasing of land for 50 years is now permitted in China) for 17.2 million yuan, and a second for 19 million!

I returned by commuter train to Guangzhou that night. A young couple sat across from me. Finding out that I was a journalist from the Soviet Union, the young Chinese, interrupting each other, began telling me about the "splendor and poverty" of Shenzhen.

"The creation of zones such as ours," the young man told me excitedly, "is always a great risk. If we don't see our reform through to the end, everything will go haywire: inflation, corruption and unemployment will go up."

"And it is even more important," his partner added, "that we not lose ourselves in this movement."

Soviet Kazakhstan-Chinese Border Ties, Trade Examined

18070075 Moscow PRAVDA in Russian 7 Dec 88 p 4

[Article by PRAVDA special correspondents Yu. Vladimirov and T. Yesilbayev, Khorgos—Druzhba—Alma-Ata: "Steps Halfway—A Story of Border Ties of Kazakhstan and the Xinjiang-Uygur Autonomous Region of the PRC"]

[Text] *The heavy freight trucks of Sovtransavto, albeit slower than the Volgas, moved along the asphalt highway. Its curves seemingly repeat the famous ancient Great Silk Route uniting China with Europe.*

Traffic along it, reflecting the sharp turns of history, has sometimes ceased and then opened up again. In our times, thanks to the process of the normalization of relations between the USSR and the PRC and the reciprocal aspiration of the peoples of our countries to reinforce mutually advantageous ties, the road through Khorgos—a populated point on the Soviet-Chinese border—has been transformed into a lively main road. Freight is trucked along it in both directions, and foreign tourists pass through. Many Soviet and Chinese citizens cross the border for personal reasons—many people living in the border zones of Kazakhstan have relatives in the Xinjiang-Uygur Autonomous Region (XUAR) of the People's Republic of China.

The transit and inspection station at Khorgos occupies a small two-story building. Tiny offices for border control and customs are inside. Inspection areas for vehicles are in the yard. As for the rudimentary waiting room, the people crossing the border have a place to wash their hands, hide from the sun and duck out of the winds of winter.

"The existing accommodations are unfortunately not adapted to receiving a large quantity of people," complained Khorgos customs chief V. Yeslikov. "The current station was built as a truck crossing within the framework of border trade. Today, when the flow of tourists has grown, the old pavilions need reconstruction and new ones need to be built along with the infrastructure of the customs rooms and service facilities. We need currency-exchange stations and a store. The lack of suitable conditions causes lines and reduces the efficiency and level of service of the customs workers."

If one takes into account the prospects for developing border trade between Kazakhstan and the XUAR, which is expanding from year to year, the problem raised by the chief of the customs service at Khorgos requires the most rapid possible solution.

Today refrigerators, washing machines, vacuum cleaners, building materials and fertilizers are sent to China along border trade channels. Agricultural output, as well as knitting, weaving and fur items, fabrics and sports footwear are procured in return. The trade, in short, is facilitating an enrichment of the mix of products sold in the border regions of both countries and growth in mutual understanding between our peoples.

A delegation from Kazakhstan visited Urumchi (PRC) in August of this year for the purpose of expanding border trade and economic ties with the Xinjiang-Uygur Autonomous Region. During the visit, the parties exchanged proposals on the utilization of new forms of collaboration within the framework of border contacts. Questions of the creation of a zone of free and regular trade for the organizations and residents of populated

border points in the Khorgos region and the arrangement of direct ties between the department stores of Alma-Ata and Urumchi, Taldy-Kurgan and Kuldja were considered in particular.

Here it is important to note that the composition of the Kazakhstancodelegation included the managers of enterprises for the first time, and they proposed the establishment of direct contacts with the plants and factories of the XUAR. The arrival of an industrial and economic delegation from the Xinjiang-Uygur region at the end of October was a continuation of the contacts.

"The negotiations were useful," related Kazakh SSR Council of Ministers Deputy Chairman K. Baykenov. "We signed a protocol envisaging an expansion of collaboration in a series of sectors, including the creation of joint ventures. The study of questions of production in the smelting of non-ferrous metals and geological research, for example, is projected. Possibilities for supplying electric power from our republic to the northwestern regions of China, the construction of a shop for the production of oil paints in Kazakhstan and a combine for mineral fertilizers in the XUAR were also discussed."

The bilateral contacts, as we see, have gone far beyond the bounds of border trade. They are taking on the nature of long-term economic ties between Kazakhstan and the Xinjiang-Uygur Autonomous Region of the PRC. The reciprocal trips of delegations serves the cause of reinforcing trust and good-neighbor relations. Meetings and a familiarity with the life of the peoples of the two countries along with human contacts make it possible to know one another better and to bring people closer together.

We were witnesses to the arrival of guests from the PRC at the 40 Years of October agricultural enterprise in the Panfilovskiy Rayon of Taldy-Kurgan. The farmers had something to tell and show their Chinese comrades. This is a solid and highly profitable farm. And its central settlement—the town of Molodezhnyy—is one of the best in the republic in amenities.

The prospects for direct ties between the farm workers of the border regions of Kazakhstan and the XUAR were discussed in the course of the meeting. The hospitable host, the well-known kolkhoz leader and agricultural enterprise manager N. Golovatskiy, who has headed the farm without pause for almost 40 years, accompanied the Chinese guests right to the border and wished them bon voyage...

The shipment of freight and passengers will doubtless increase with the further development of Soviet-Chinese trade and economic ties, but the capabilities of the Khorgos road crossing are limited. Life has put onto the agenda the question of rehabilitating the construction of

a railroad mainline between the two countries. Recall that this railroad was being laid many years ago toward the Soviet-Chinese border from east and west simultaneously.

A delegation of Soviet and Chinese railroad workers visited the Druzhba station in October. A town that has been uninhabited for almost a quarter of a century appeared before them: uninhabited houses and station structures and track with grass growing between the ties. But the guests and the hosts could seemingly already hear the click of the wheels of trains crossing the border during the inspection.

After several days in the capital of Kazakhstan, a protocol was signed to renew the construction of the railroad between the border stations of Druzhba (USSR) and Alashankou (PRC). The document defined tentative deadlines for the construction of joining track and work on the infrastructure of the lines by both parties on their stretches of railroad. The opening of international rail communication is projected for the second half of 1992.

In conversation with us, our Chinese comrades expressed interest in developing broad economic contacts between Kazakhstan and the Xinjiang-Uygur Autonomous Region of the PRC. According to the calculations of the Chinese side, this would play an important role in bringing the inner provinces and the XUAR out of relative isolation, become an incentive for economic growth, serve as an impetus for the further development of trade and economic ties with the Soviet Union and the European socialist countries and ease the delivery of freight to Western Europe and the states of the Middle East.

The construction and operation of the railroad will undoubtedly bring appreciable benefits to our country as well.

Another step toward each other has been taken. Growth in the ties between the Soviet Union and the People's Republic of China is a good sign of the times reflecting the aspiration of our peoples to live in peace and harmony. This was reflected to the fullest in the recent meeting of the ministers of foreign affairs of the USSR and the PRC in Moscow.

Soviet Central Asian Delegations' Visits to China Examined

*18070073a Frunze KOMMUNIST KIRGIZSTANA
in Russian No 10 1988 pp 92-95*

[Article: "Knowing More About Our Neighbors"]

[Text] A delegation from Uzbekistan, Kazakhstan and Kirgizia visited Sinkiang-Uighur Autonomous Region in China.

At the request of the editors, a corresponding member of the Kirgiz SSR Academy of Sciences, M. Sushanlo, who is in charge of the Department of Dzungarian Studies of the Republic Academy of Sciences, shares his impressions of this trip.

The Sinkiang-Uighur Autonomous Region (SUAR) is the largest of five national autonomous regions in China and our neighbor. So interest in its socioeconomic and cultural development and the way of life of the multinational population whose historic destinies have interwoven with the destinies of Soviet Central Asian peoples is quite predictable.

Let us begin with the administrative-territorial structure of Sinkiang, which reflects its multinational nature. Today the region is divided into 13 districts, five of which are autonomous, and 74 territories including six autonomous ones and seven cities under direct jurisdiction. There are only four cities under central jurisdiction: Urumchi, Kuldja, Kashgar and Karamay.

More than 14 million people live in the SUAR—representatives of 40 nationalities and nations; Uighurs and Chinese, Kazakhs and Dzungarians, Mongols and Kirgizes, Uzbeks and Sabins, Manchurians and Tajiks, Tibetans and Salars, Tatars and Russians, Solons and Daurians.... The majority of the population are Uighurs (about 6 million). There are almost as many Chinese, but in 1949 when the PRC was formed, they comprised only 3 percent of the population in Sinkiang. The next largest national groups are: Kazakhs (more than a million), Dzungarians (550,000), Kirgizes (130,000), Uzbeks (about 30,000), and Tajiks (more than 20,000). Various religions are followed by the peoples of Sinkiang: Sunnite Moslem, Buddhism and other local beliefs. The linguistic range of the local population is also broad. In terms of linguistic signs it includes four language groups (families): Altaic, Chinese-Tibetan, Mon-Khmer and Irano-Persian.

In a once economically backward region there has now formed an integrated industrial system which combines more than 4,000 large and small enterprises. The SUAR is covered by a network of highways and rail and air transportation are developing here. It was pleasant to see Soviet makes of automobiles on the city streets and country highways; we learned that the air routes are served by the Soviet liners TU-154 and AN-24. All this is the result of expanding Soviet-Chinese trade, and to which a significant position is assigned to border trade with the republics of Central Asia and Kazakhstan.

Before our trip to China, we familiarized ourselves with the materials of the session of the meeting of national representatives of the SUAR of the 6th Convocation (March 1987). In them it was noted that in 1986 industry and agriculture of the autonomous region produced an overall sum of 13.5 billion yuans' worth of products, which is 9.7 percent more than in 1985. The gross grain

yield increased by 7.7 percent, reaching 10.7 billion tszin (1 tszin equals 0.5 kilograms). The quantity of livestock amounted to more than 30 million head.

During this time the volume of foreign capital brought in doubled (more than \$17 million). Foreign tourism is beginning to play a more and more appreciable role. Incomes from it are growing correspondingly. More than 30,000 tourists visited Sinkiang in 1986 which produced \$8.2 million in profit.

In addition to our country the trade partners of the SUAR are Japan, the United States, France, West Germany and Hong Kong. Naturally, Sinkiang workers are working with other provinces and national regions of China, with which they have concluded approximately 3,600 contracts.

In Sinkiang the local mass media play a large role in extensive propaganda of the ideas of the 13th PCP Congress and the explanation of government directives in the struggle for the construction of the initial stage of socialism in this multinational region. Direct leadership of the press, radio and television is provided by the Department of Propaganda and Agitation of the SUAR Party Committee. And all the work for planning, editing and publishing printed products is the responsibility of the administration (department) for printing affairs.

The organ of the SUAR Party Committee is the SINTSZYAN ZHIBAO and SINTSZYAN GAZETI, which since December of 1969 have been published in the Uighur, Chinese, Kazakh and Mongolian languages with an overall circulation of more than 300,000 copies. In addition to this, in Urumchi, the administrative center of the SUAR, they published a number of other periodical publications: the newspaper URUMCHI VANBAO ("Evening Urumchi"), the magazines SINTSZYAN, ISKUSSTVO SINTSZYAN, TARIM, MOLODYEZH SINTSZYANA, FIZKULTURA I SPORT SINTSZYANA, SINTSZYANSKIYE ZETI, PROSVESHCHENIYA SUAR, and MELODII TYAN-SHANYA.

In addition to these, all the autonomous districts have all their own press organs. For example, in the Kyzils-Kirgiz Autonomous District they publish a daily newspaper in Kirgiz and Chinese—KYZILSUZHIBAO, and in Ili-Kezekh Oblast—ILIZHIBO. The circulation of KYZILSUZH GAZETIY, which is published in the Kirgiz language (Arab script) is more than 3,000 copies..

At the end of 1986 a total of 96 newspapers and magazines were published in six languages in the SUAR (Uighur, Chinese, Kazakh, Mongolian, Kirgiz, and Sibo) with an overall circulation of more than 640,000 copies.

The central Chinese press is also disseminated in the autonomous region: the newspaper ZHENMINZHIBAO (it is transferred to Urumchi by phototelegraph), the magazine Khuntsi in Chinese and Uighur, Kitai in Uighur, Chinese, Kazakh and Mongolian, and other publications.

A movie studio has also been set up in Sinkiang. The largest and oldest publishing house (it was opened in March 1951) is located in Urumchi. In five languages, including Kirgiz, it publishes political, artistic, training and specialized literature. Quite recently, at the beginning of the 1980's local publishing houses also began to appear in the autonomous districts so that now there are nine of them in the SUAR.

On the whole the printing base can provide for the publication of millions of copies of newspapers, magazines and books each year. The most productive and technically well-equipped is the Urumchi Sinkhua Printing House.

Television and radio are becoming an ever bigger art of the lives of Sinkiang residents. They are under the jurisdiction of the corresponding department which has its own local and district divisions. Of course, program airways are the most developed. Many cities and district centers have their own radio broadcasting stations from where the programs are broadcast to the radio centers.

But television came to Sinkiang relatively recently. The television center was not constructed in Urumchi until 1970. It transmits programs on two channels, mainly in the Uighur and Chinese languages in both black and white and color.

The satellite communications network began to operate in July 1986, through which the programs from Chinese central television are transmitted with the help of relay stations.

For sale in the stores we saw television sets both from Chinese production and imported ones—from the United States, Japan, Yugoslavia, Romania, Hong Kong and other countries.

Anyone who has visited Sinkiang could not but have noticed that a good deal is being done here for the development of education and science. Functioning in Urumchi are an Academy of Natural Sciences and an Academy of Social Sciences, 15 VUZes, 32 tekhnikums, 192 secondary schools and 333 incomplete secondary schools. All children are included in the education. The most gifted boys and girls are sent by the SUAR government for training in other cities of China and abroad.

Thus in May 1987 the delegation of education workers headed by the deputy chairman of the SUAR Education Administration, Nurpeis, made a trip to the United States. During the time of the visit an agreement was signed between 21 American education institutions and VUZes of Sinkiang, and they also reached an agreement to send 14 people to study in the United States.

Perhaps the most prestigious VUZ is Sinkiang University, which was founded 53 years ago and today has 11 faculties, including a faculty of foreign languages. It

trains specialists in English, Japan and Russian languages. A Department of Arab Philology will open in the future. The university has a relatively large library (about 1 million titles) which contains many publications in Russian. They have their own printing plant and zoological museum. In recent years, the university has begun to be equipped with modern equipment and computers.

One cannot but mention this detail: 75 percent of the students at the University are provided with clothing and food. Thus the state helps people from the underprivileged segments of the society. But once they have received an education, not all young people can immediately go to work in their profession—unemployment is still a real fact of life for Sinkiang residents.

It is unforgivable to be in Sinkiang and not become familiar with at least some of the monuments of antiquity. The restored tombs of the Akpakhodzhi and the Mosque of Etiger, which is located in Kashgar District, show the unique talent of the unknown masters of the East.

The remains of the outstanding scholar of the East, Makhmud of Kashgar, are located 65 kilometers to the south of the city of Kashgar. Orientologists throughout the world are familiar with his works in philology and culture of the peoples of Central Asia, which were done as early as the 11th century.

Readers of the magazine will be interested to know that the well-known storyteller of all eight parts of the Kirgiz epic "Manas," Dzhusup Mamyshe Uulu, who is a member of the PRC Writers Union, lives and works in Urumchi.

Planned work for collecting and recording Manas began in China only after the formation of the PRC. In 1960 instructors and students of the Department of the Kirgiz Language of the Philology Faculty of the Central Institute of National Minorities in Peking, when practicing in the Kirgiz region of Sinkiang, recorded the epic. And soon after, in the literary journal TYAN-SHAN (No 1, 1961), part of "Semetey" was published in Chinese. In that same year an excerpt from the epic appeared in the Uighur literary journal TARIM. Excerpts from "Manas" have been printed in the newspaper SINKIANG ZHIBAO and the literary journal NATSIONALNOST.

In 1964 a work group was created to study the "Manas" epic. Its members recorded 70 storytellers and more than 500,000 lines of poetry. Unfortunately, a large quantity of this material was destroyed during the period of the "Cultural Revolution."

They started to record the epic again in December of 1978. As Chinese scholars report, today they have collected and recorded more than 200,000 lines. One of the parts of the epic was awarded a bonus at the All-Chinese Competition of the Best National Literary Works. Two

parts of the epic—"Manas" and "Semetey"—have been published in the PRC in the Kazakh, Uighur and Chinese languages. A special commission headed by Prof Hu Zhen Hua is preparing to publish a third part—"Seytek." It is intended to publish a total of eight volumes, the final one of which will be called Chagatay. We wished the Chinese "Manas" scholars success in their work on this remarkable monument of oral national creativity of the Kirgiz people.

Even during the short time we were in Sinkiang, we were convinced that cultural life here has been in the process of rebirth during recent years. For example, indigenous national music collectives are appearing in each city and autonomous district. In the Kyzil-Kirgiz Autonomous District, a significant number of Kirgiz poets and writers have developed as part of the SUAR Writers Union. Their work is published in literary journals and read throughout the region. Incidentally, the Sinkiang Division of the Writers Union includes 690 people.

And I should like to especially take note of another thing. When becoming familiar with the life and culture of the peoples that populate the SUAR, we were satisfied that the Sinkiang people have not forgotten the former friendship and cooperation between our country and China, and are trying to restore it and develop it further. Fear and alienation have been left behind, although one can still see traces of the years of the "Cultural Revolution."

The PRC leadership is revising previous erroneous tenets and provisions in the areas of economics, social relations, culture and ideology. They have proclaimed a policy of socialist modernization and the establishment of a new socialist concept of the development of China. These concepts were considered at the 13th Congress of the Communist Party of China, and major focus was placed on restructuring the society's political system. In the future it should lead to the creation of a "viable system of highly developed democracy, modern legislation, and a high level of effectiveness."

In recent years, there has been a further process of improvement of Soviet-Chinese relations. Economic and trade ties between the USSR and the PRC are expanding. Agreements have been signed concerning economic and scientific-technical cooperation. The Soviet people are sincerely striving for strengthening fraternal cooperation between the two countries and peoples in the name of socialism and peace. Our country's great interest in the reforms of the economic mechanism and the political system that are being conducted in the PRC was expressed in M. S. Gorbachev's answers to the questions of the Chinese weekly LYAVAN: "China is our neighbor and we are satisfied with the growth of mutually advantageous cooperation in the areas of economics, culture, science, education, and sports."

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Japan, USSR Sign Joint Chemical Agreement

PRAVDA Report

18250049 Moscow PRAVDA in Russian 13 Nov 88 p 3

[Article by V. Chebakov: "Mitsubishi Proposal"]

[Text] *An agreement was signed on Friday in the Center for International Trade in Moscow on the creation of a joint venture between the USSR Ministry of the Chemical Industry [Minkhimprom] and the major Japanese corporation of Mitsubishi. The agreement proposes the construction of a chemical complex with 15 plants some 30 kilometers from Nizhnevartovsk in Tyumen Oblast.*

Seventeen billion cubic meters of casinghead gas is burned off in Tyumen Oblast each year. How could this valuable raw material be utilized? Thus was born the idea of the largest project of the next ten years.

"Our country is suffering a great hunger for the output of 'structural plastics,'" related USSR Minister of the Chemical Industry Yu. Besspalov. "What are these? These are scientifically sophisticated polymer materials from which it is possible to manufacture parts and assemblies for new-generation machinery and units. And there is a shortage of such polymer materials, and even those such as polyethylene and polyurethane, in the world market as well. Not to mention the complex polymers. The decision thus arose to create the Nizhnevartovsk Chemical Complex for the output of structural and commercial polymer materials with a productivity of a million tons a year. Other types of production—paints and varnishes, chemical fibers and plasticizers for the needs of construction workers—can also be developed on the basis of these enterprises..."

Minkhimprom circulated its proposal to many leading firms in the United States, Western Europe and Japan. The most felicitous reciprocal ideas proved to come from Mitsubishi, which created and headed up an international consortium of firms. It included the well-known Japanese giants of Mistui and Co., Ltd., Chiyoda Corporation and a number of American firms.

"How will the problem of the ecology of the region be resolved?" I asked Tyumen Oblast Ispolkom Chairman N. Chernukhin.

"Ecologically clean production is the chief requirement for the project," related Nikolay Alekseyevich. "The firm that will be occupied with the technology of polymer production has yet to be determined. But such technology does exist in the world. One condition is to utilize gas emissions and create a closed cycle of chemically polluted water. So that production need be supplied with only a little clean water. Moreover, according to the technology there should be no solid waste, and if it appears, it must be used as a secondary raw material..."

An area for the future complex has already been delineated. Although the technical and economic substantiation will be ready in the first quarter of 1989, its assimilation has already begun. Minkhimprom has created a joint organ for managing project realization. In 1989-90, when the operational planning of the complex will be underway, the construction of housing and social and cultural facilities in Nizhnevartovsk will be expanded. And industrial construction, planned for two five-year plans, will not begin until 1991.

"According to preliminary calculations," continued Yu. Beshpalov, "thirty percent of the combine's product output volume will go for export. The project should pay for itself in five or six years. Mitsubishi itself will take on the marketing. We feel that the Japanese businessmen are reliable partners and believe in the success of this project."

"We are glad," said the managing director of Mitsubishi, Takeshi Yeguchi, "that we have been granted an opportunity to realize such a gigantic project."

IZVESTIYA Report

Moscow IZVESTIYA in Russian 14 Nov 88 p 1

[Article by I. Andreyev: "Minkhimprom—Mitsubishi: A Very Large Contract"]

[Text] *The USSR Ministry of the Chemical Industry [Minkhimprom] and the Japanese firm of Mitsubishi have concluded an agreement on the construction of a chemical complex in Nizhnevartovsk based on a joint venture with Western firms.*

Some 15 plants for the production of structural and commercial polymer materials will have to be constructed over the course of the 13th and 14th Five-Year Plans. The raw material will be casinghead gas, millions and millions of cubic meters of which are burned off uselessly in the region today. The overall cost of the project is estimated at roughly 5 billion dollars today.

"There is an enormous shortage of polymers on the world market," said USSR Minister of the Chemical Industry Yu. Beshpalov at a press conference. "It is even difficult to procure polyethylene and polyurethane. Demand is even greater for the so-called engineering plastics, without which it is impossible to make contemporary structural elements and machinery. These materials—and namely materials, not raw materials—will be produced by the planned complex.

"After conceiving of the construction project, we circulated proposals to many well-known companies in Europe, the United States and Japan. One indispensable condition was that a firm was needed that was strong enough to take on the role of a unified partner. Many responded who were ready for partial participation in the project or the construction of just a single plant. The Mitsubishi Corporation, which formed an international

consortium with other Japanese and American firms, consented to be responsible for everything. We will resolve together with our partner how and in what amounts the other companies will pay their share."

The firms that will develop the technology for the production of plastics from gas will have to be selected based on the technical and economic substantiation (TES), which will be ready by the end of March 1989. The terms that have been set are strict: complete ecological purity of the complex and self-contained process systems.

"The TES stipulates the quantity and nature of the materials that will go for export and remain in the USSR," the minister continued. "According to preliminary calculations, the delivery of 30 percent of output abroad over 5-6 years will recoup the expenditures of currency for the realization of the project."

As for the manpower and infrastructure of the future complex, that is a matter for the Soviet side...

Answering a question regarding the mutual relations of departments and the Tyumen authorities on whose territory the chemical giant will sprawl, the minister cited the oblast ispolkom as the initiator of the construction project. It was namely they that appealed to the ministry with a proposal to halt the useless burning off of the casinghead gas and the construction of an enterprise that would use the free raw material to advantage. Minkhimprom had no frictions whatsoever with the local soviet. The department took into account the desire to designate an area 20-30 kilometers from the city for construction rather than in Nizhnevartovsk itself. The workers of the enterprise will be transported there by special transport.

The minister and the representative of the Tyumen Oblast Ispolkom at the press conference, N. Chernukhin, assured the journalists that the department was in no way encroaching on the rights of the local authorities and that the planned production was advantageous to the region and its population. Executives met with the public on the scene and met with understanding of the expanding project...

There were signs with names in front of the chief individuals in complete conformity with the protocol of press conferences. But there was not a sign in front of the chairman of the oblast ispolkom alone. There is hardly any need to assign any symbolic significance to this oversight of the organizers, but did it display the role allotted to the masters of the region in this project?

I want to believe that such a chemical giant will really prove to be ecologically clean. And the local soviet, which gave its consent to its construction, will not have to explain to the Nizhnevartovsk residents in the future that they can breathe harmful air in exchange for the abundance of plastics.

Mongolian Agriculture, Economic Cooperation with USSR Assessed

18070047 Moscow PRAVDA in Russian 5 Sep 88 p 5

[Article by PRAVDA correspondent V. Sapov, Ulan-Bator: "Is the Link Secure?—From the Experience of Successes and Failures"]

[Text] *On the state farms and agricultural associations of Mongolia (and there are about 360 of them in the country) there is no one today asking the question of whether the virgin lands should be plowed. It is the virgin lands that have provided the population entirely with its own grains, potatoes and certain types of vegetables and created an emergency reserve of feed in the principal regions of the country.*

"Surzhik," that is, a combination of soil-protection and classical agrarian science, is taking root more and more in the fields of the republic. We marvel to look at the kaleidoscope of fields on the Dzuunharaa State Farm with our guides Ts. Dashdondog and I. Sirenko, the chief agronomist and his consultant. Experienced technologists have created a rug of artificial weaving from the fields. There are the threads of predecessors in it too.

The compatriots spoke with great warmth, for example, of D. Sechkin from Kokchetav, who laid the foundation for "soil protection" here. They had been pretty lucky with it. At one time the "green fire" was bursting out in the fields. They barely "extinguished" the fire of weeds. One cannot make a usual harrow here. A set of anti-erosion tools were put into use, they even resorted to herbicides. Today all 500 fields are in model shape. They have reached the planned yields for grains, potatoes and feeds. They gather about 17-18 quintals of cereals per lap.

"Nature is harsh here," said Ts. Dashdondog. "Dust storms in the spring. And it takes a century to replace the fertile layer of soil. But the erosion of the soul is even worse. I can't tolerate those who have a slipshod attitude toward matters."

I am sympathetic toward this calm and sober Mongol. And his life's wisdom is close at hand. He is also confiding about his "little homeland" in a book as well. Yes, yes, don't be surprised, my interlocutor is a writer in addition to everything else. Like a true villager, he called one of his books "A Home for the Swallows." And there is a new manuscript on the desk. About time and about himself. About the people of the virgin lands. I thought: how much he must love the land to remain faithful to it despite the writer's passion. As the poet said of that: "Plows a little, writes some poetry."

My interlocutor has a great many concerns. They have been added to in particular by the start-up of the greenhouses into operation. But he has been lucky with his assistants here. A team has formed in the greenhouse in the persons of agronomist D. Erdenchulun and his

consultant V. Kostyayev. Experimenters such as they are hard to find. They don't have enough concerns about the cucumbers, onions, radishes and parsley—they are also engaged in cultivating watermelons. And how they sweat over the "tsukini" (Japanese squash) bushes.

The same place, in Dzuunharaa, I also met other Soviet specialists. There are nine of them here. Real zealots. The whole okrug, for example, knows of engineer A. Barybin. No rest for the weary. One person's electric motor or pump breaks down, another's television or washing machine. And he was a Jack of all trades. And when the time came to go home, young and old came to see him off.

He went together with I. Sirenko. He looked concerned, as if something had been unfinished. And rushed to say everything at the end, constantly turning to Ts. Dashdondog: "Well, I'm leaving with a clear conscience. I think you have 25 quintals in your back pocket just through raising grain cultivation. Look after the fallow. Now the seeds. Keep the Skala. Don't be in a hurry to write off the Saratov-29. It's a strong grain. Don't forget the Buryat-34 and Orkhon. And the potatoes still have to be watered a little. There was a grade mislabeling."

And he added from the railcar: "As for the design of the windbreak... I'll write. Better than blasts of air anyway."

Mongolia is beautiful, especially from an airplane. Alternating mountains and valleys. Rivers cutting across. And the bands of the fields ruled out along them. The grains are principally located in the basins of Orhon and Selenge, Kerulen and Tola, where 60 percent of the arable land is located. Year does not follow year here, the results are sometimes completely different with the very same expenditures. Although many farms have learned partially to alleviate the swoops of caprice. They include the Dzuunharaa, Ugtal and Zaluchud state farms, which have successfully incorporated "soil protection." Zaluchud, by the way, is in first place in the republic in the efficiency of grain production.

They are still far from the projected harvests, of course. But today the country is fighting to get a million tons of grain a year. And it is close to it. And a dedicated comprehensive program for the development of agriculture and improving the food situation for the population of the MPR [Mongolian People's Republic] is envisaged to bring the cereals harvest to 1.3 million tons by the year 2000.

There are two paths to the achievement of this new frontier: plowing new lands and raising the fertility of the soil. Scholars are more inclined toward the latter so as not to worsen an already disturbed ecological situation. There are reserves for raising yields as well. Large ones. The cereals harvest across the country, after all, does not exceed an average of 11 quintals per hectare, while a number of farms are getting much more under the same

conditions. Not to mention the incorporation of intensive technologies. Last year, for example, there was an additional 6-7 quintals per hectare from the fields of the Central Aymak through the introduction of increased doses of fertilizer.

These and other reserves are being used poorly, however. They are not developing fallow lands skillfully everywhere, and they take up over 40 percent of the tillable land of the republic. Soil-protection windbreak planting is in a rudimentary state. Seed cultivation has not been set up as it should. Not everything is favorable with the quality of the grain either.

"Soviet specialists are also working here," said Zaluchud State Farm Director O. Dashdendev. "Their advice and recommendations are very helpful. But the success of the matter depends 99 percent on us ourselves today. The time for guesstimates has passed. We have put grain production onto the industrial track. We are making broad use of the experience of Kazakhstan and Siberia. There is movement in the quality of grain as well. We put out over three quarters as first-class. Our receipts have correspondingly increased. But now much remains to be done in protecting the soil from erosion."

Soviet experience. In Mongolia it seems to pass through the prisms of regions. And one can often hear in conversations "it's like Shortandy at our place" or "like in the Altay." And this is understandable: the soil and the conditions are very similar. And the rest is a matter of technology. The main thing, the specialists say, is not to copy blindly, but to take the specific nature of the region into account more fully.

An apparatus authorized by USSR Gosagroprom [State Agro-Industrial Committee] has been called upon to aid in devising strategy and tactics for cultivation. How is it fulfilling its functions?

Until recently it was somehow just not done to touch on this topic. It was felt that the apparatus was functioning properly. And there seemingly is a return. At least in cultivation. After all, a good half of the grain produced in the republic falls to the share of the state farms built with the technical assistance of, and guided by, the Soviets. And the yields there are 3-4 quintals higher.

But there have been more than a few omissions by the authorized apparatus as well. Its monitoring of the technical-assistance groups has been weak. They often scatter their manpower. There is not proper linkage or coordination of action.

I am leafing through a document that has been designated as "Notes of G. Romanov." They remained from the previous authorized representative of the MPR Ministry of Agriculture and the Food Industry. An extraordinary individual can be glimpsed behind them. And I myself spoke with Gerald Arsentievich more than once. An energetic nature. He did not sit around with his

hands folded. He tried to have an effect on these or those processes and the mutual relations of the parties by virtue of his own capabilities. But in vain.

A number of shortcomings must be assigned to the leaders of the economic advisory apparatus. It is namely they who lead the substantiation, planning, construction and operation of agricultural facilities. A worker of this apparatus, A. Ivanov, got the ball rolling on the construction of an irrigation system at the Tsagaan-Tolgoi State Farm at a cost of 100 million tugriks, although scientists had provided a detailed conclusion on its ineffectiveness. Flood-plain irrigation could in practice have been used there, which would have been several times cheaper. But this was not profitable for the representatives of the former GKES [State Committee for Foreign Economic Relations], who had a vested interest in increasing the volume of operations. And today 53 Fregats are standing idle where a single water-charger would have sufficed.

There are many such examples for the land being irrigated in the MPR, as the Mongolian press writes. There are 50,000 hectares of irrigated fields in the country. But a good quarter of those are salinized due to unskilled operation and erroneous calculations. And the return is also poor at systems that are operating. Especially where food grains are cultivated. The planned harvest of 25 quintals per hectare is rarely achieved. And each quintal costs triple. And on other farms more cereal grains are threshed on dry land than flooded.

Siberian and Kazakh practice, as well as the experience of the republic itself, shows that it is most advantageous to produce feeds, including bean crops with a high protein content, using irrigation. Soviet specialists are orienting our Mongolian colleagues toward this. But habit evidently gains the upper hand.

Specialists feel that we must think seriously today about the future of irrigated cultivation in the MPR. The same G. Romanov proposed cutting the existing irrigation program in half. And putting the funds freed up for the reconstruction of systems that have broken down.

Our Mongolian comrades are concerned about the state of affairs in agriculture. The decisions of the 19th MPRP [Mongolian People's Revolutionary Party] Congress and subsequent Central Committee plenums are aimed at raising up the sector. Administrativeness, willful decision-making and a lack of initiative have been subjected to criticism from the highest rostrums more than once. There are shifts, albeit small ones.

As for the apparatus authorized by USSR Gosagroprom, it has, it seems to me, outlived its usefulness in light of the new requirements. It already has produced much paperwork and a bustle of meetings. This is acknowledged by all. And now it is time to move on to practical matters.

Both sides have much to think about in general. Not on the plane of mutual complaints, but in the choice of direction, the search for optimal solutions and the cause of raising the efficiency of economic collaboration.

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USSR-South Korea: Prospects for Improved Relations

Economic Cooperation

18070064a Moscow KOMSOMOLSKAYA PRAVDA
in Russian 25 Oct 88 p 3

[Article by V. Shipayev, candidate of historical sciences, senior scientific associate of the Institute of Eastern Studies of the USSR Academy of Sciences: "From Silence to Contracts"]

[Text] I am grateful to the editors of your newspaper for the fact that almost a half-year ago they gave me the opportunity to tell the readers about South Korea—a country which I have been studying from a distance (for obvious reasons) for many years now. I would guess that publishing the article entitled "South of the 38th Parallel" in one of the May issues of KOMSOMOLSKAYA PRAVDA required a certain amount of courage on the part of the editors, since during preceding years the strictest taboo had been placed on objective information about South Korea. But, fortunately, times are changing and the silence is being replaced by openness—and foreign political issues are gradually making their way into its sphere.

A clear example of the new political thinking of our current leadership was the presumption of the possibility of arranging economic relations with South Korea expressed by M. S. Gorbachev in Krasnoyarsk. One must admit that this issue has long been on the agenda. Judge for yourselves: the majority of European socialist countries have arranged economic relations with South Korea by now. And, for example, the annual commodity turnover between South Korea and China now amounts to about \$2.5 billion. It does not seem to me that there is any doubt that the Soviet Union could derive significant advantage from this kind of cooperation.

Our country is faced with the urgent task of assimilating the colossal natural riches of the Soviet Far East—an extremely important and extremely complicated task. Perhaps the main difficulty lies in the critical shortage of work force. We have established the practice of sending young people hired through recruitment to the regions that are being assimilated. In certain cases when speaking about relatively small projects this practice was just barely justified. The numerous living discomforts, incidentally, did not contribute to reinforcing the work force and the very conditions for the recruitment presuppose that the amount of time spent in the new job will be limited.

We are now speaking about assimilating immense territories in which one could place all of Western Europe—and more than once. It is clear that it will take thousands and hundreds of thousands of working hands and an immense quantity of all kinds of materials and equipment in order to carry out the immense tasks—in order to construct roads, ports, industrial and agricultural enterprises, social, cultural and domestic institutions, and so forth. The immense army of volunteers who are going to assimilate the wealth are faced with a housing problem more critical than ever before. The Far East is not the Crimea, it is not Central Asia and it is not Transcaucasia: the severe natural conditions make it impossible to herd the youth into tents and barracks; they need good buildings that are constructed to last. One ends up with a vicious circle: it takes work force to assimilate the uninhabited land but it cannot come to work since the elementary conditions for this have not been met.

It seems to me that economic cooperation with South Korea could provide a solution to a problem that would seem to be insoluble. It is known that for a long time this country has been practicing foreign contract construction on a large scale. In terms of the volume of work done abroad, it has long held second place in the world. In terms of the quality, South Korean workers have earned unquestionable authority throughout the world.

In which specific forms do I envision economic cooperation with South Korea with respect to the Far East? Let us assume that somewhere on the assimilated territory we wish to create one industrial facility or another. We conclude a contract with one of the South Korean construction firms and it uses its own workers to construct an industrial enterprise and release it turnkey: residential buildings, ports, roads—in a word, everything necessary. After this Soviet workers arrive in the given locality, receive orders for apartments, and begin working at their jobs. This practice, in my opinion, will give a full guarantee that the newcomers will settle into the place seriously and for a long time. Incidentally, in my opinion it would be quite promising to construct hotels, sanatoriums, and houses of recreation of an international class intended in particular for serving foreign tourists.

Of course this approach will require significant expenditures on our part. To be sure, if we carry out these projects through our own forces it will cost us a pretty penny. In my opinion, it is time for us to get away from the questionable and harmful savings at the expense of Soviet people. The creation of a normal living environment for them is quite well worth the large expenditures, for these expenditures will be more than recouped subsequently.

The question arises: Where do we get the money for the South Korean firms? In the first place, certain enterprises can be compatible. For example, somewhere in the Far East there will appear a plant for producing color

television sets at the level of world standards. It goes without saying that the Soviet and South Korean capital in it will have a ratio of 60:40 and the plant's capacity will be tens or hundreds of thousands of television sets a year. Some of the output will be taken by the South Koreans and thus we will settle accounts with our partners and the rest will remain for us.

Second, in payment for the work that is performed we could send to South Korea Yakut coking coal, which South Korea imports from Australia, the United States, Canada and other distant countries.

Third, we could give the South Korean firms timber concessions, being convinced that the lumbering would be done quite conscientiously and intelligently right down to subsequent planting of young seedlings. And it would apparently be expedient also in this sphere to create joint enterprises so that some of the products received would go for the needs of the South Korean furniture industry and producing musical instruments while the remainder would be used for the needs of further assimilation of our Far Eastern territory.

Fourth, it would be possible to compensate for the expenditures to a certain extent by the future income by the operation of hotels and health institutions. Trade ties with South Korea are also very promising for us. True, so far we do not have a very large assortment of goods that are suitable for export. But it will inevitably increase as the Far Eastern territory is assimilated. In particular, we could deliver to South Korea economical aircraft like the YaK-40, which is intended for domestic lines, superpowerful presses, whose sale to France was reported not so long ago in our press, and certain other things for export with which our competent foreign trade enterprises will undoubtedly be familiar.

We could purchase the most diverse goods from South Korea—it would take too much space to list them all. But apparently among the first one should think about various types of ships which could be constructed for us by South Korean shipyards, which hold second place in the world in terms of volume of orders filled.

These are only the first, fragmentary remarks. I am convinced that in future consideration of the possibilities of Soviet-South Korean economic cooperation the scope and prospects will be much greater. It is only important that once the course has been taken, it is supported not merely by good wishes but is reinforced by concrete actions. Action should follow the words.

People-to-People Contacts

18070064a Moscow KOMSOMOLSKAYA PRAVDA
in Russian 15 Oct 88 p 8

[Article by M. Degtyar (Seoul-Moscow): "Russians in Seoul"]

[Text] *We were the first Soviet tourists to arrive in South Korea. The party that received us did not forget this for a minute. The same can be said, incidentally, of the South*

Korean media. In my opinion, there was not a single day when a photograph or an interview with one of the participants in our delegation did not appear in the country's central newspapers. What do you think, which city in the world was the most popular in South Korea during the days of the Olympics? There is no need to wrack your brains—it was Krasnoyarsk. For it was there that General Secretary of the CPSU Central Committee M. Gorbachev gave a speech which included mention of possible economic relations with South Korea.

For many years this country was a mystery to us. The rapid economic upsurge in just a few years enabled South Korea to approach such highly developed countries as the United States and Japan. But I was a tourist, and it was not for me to figure out the South Korean economic phenomenon. I was interested in the country's people.

...I visited a South Korean family. The people who organized our visit assured me that it was an average family. But I am sure that they spent several days looking for the right candidates and finally settled for the family of Li Chain Bok—deputy chief of the import division of the Hyundai Automotive Construction Firm. The firm is solid, it has an immense amount of capital and, consequently, the management personnel earn good money. Therefore we should have some reservations about calling the Li family average.

The head of the family is 35 years old and his wife, Ion Khi, is 31. As a rule, there are two children in a South Korean family. The Li family is no exception. They have two boys—7-year-old Tevon and 5-year-old Zhuvon. They live in a three-room apartment in a five-story block building. The layout of the apartment is in no way different from similar Moscow apartments—except that the ceilings are perhaps a little lower.

Previously, before they were married, Ion Khi worked. Now she stays home with the children. So Chain Bok is the only "breadwinner" in the family. He has been working at the firm for 11 years. During this time his wages have increased significantly—from 170,000 won (\$250) to 900,000 won (\$1,300). Chain Bok's and Ion Khi's parents do not help them—the rules are strict: once you have left the nest, you support yourself. And families have large expenditures. Judge for yourselves: the apartment costs 50 million won, and this is only because this building belongs to the firm—otherwise, housing would be 30 million won more. In the spring, summer and autumn the family must pay 70,000 won for electricity and telephone, and in the winter—120,000 won. Taxes take 15 percent of the wages, food—25 percent, and 10 percent goes for the children's education. What about savings? Chain Bok puts about 15 percent of his wages—this is about 130,000 won—in the bank. The rest of the money he spends on sports, entertainment, and recreation.

The elder son, Tevon, recently entered the first grade. A secondary education—6 years of primary school and 3 years of secondary school—are mandatory here and therefore free of charge. In order to enter a university it is necessary to complete three more grades in a specialized school, for which one must pay. A university education takes 4 years, and each semester costs 500,000 won. Thus Chain Bok himself studied for 12 years in school and 4 years in the university. He completed the law faculty, paying 4 million won for this.

The younger son, Zhuvon, is still in kindergarten. This costs the family 35,000 won a month. True, when I spoke about the possible problem of getting the child into kindergarten they did not understand me—such a problem does not exist here.

In South Korea they have a 6-day work week. The annual vacation is approximately 20 days. Chain Bok works from 8:30 am until 7 pm. There are 57 hours in a week. This is a lot, is it not? But Chain Bok and his wife seem to be happy with their lives and want to live even better. The head of the family, for example, wants to become president of his own company.... Chain Bok's love of work can be shown if only by this fact: having tickets to events at the Olympic games, he still preferred to go to work, being quite satisfied with the evening television reports.

It is difficult, almost impossible, to suspect that all the population of 10 million in Seoul were given an assignment to be polite to Soviet people. But they expressed their attitudes toward us simply—benevolent!

I recall my first meeting with a Seoul resident—Li Yun Bam—the chief steward on the plane from Tokyo to Seoul. Japan could still be seen through the mist several kilometers away, but here everything was already Korean: the emblem of the 24th Olympics, the baby tiger Hadoye, the delightfully beautiful stewardesses, and the breakfast with components whose origin I could not determine. Actually my acquaintanceship with Li Yun Bam began with an attempt to figure out what we were eating. He invited me to a different place, where he suggested that I select different foods if I did not like this.

We started talking. We both speak bad English, and so we understood one another very well. I turned out to be the first Soviet person he had ever seen.

"Thank you for the fact that your sportsmen have come here," he said. "Unfortunately, I know little about you. Of course I know about Gorbachev. I know the cities of Moscow, Leningrad, and Krasnoyarsk. I know the Bolshoi theater. I recently saw on television a performance in Seoul by the Moscow Symphonic Orchestra conducted by Kitayenko, along with our famous musicians, the violinist Yan Son Sik and the pianist So He Gen.

And when we were oversold he again invited me to his seat. "This is my capital," he said proudly, "my homeland. They are waiting for you here. Good luck to your sportsmen!"

Li Yun Bam told the truth—they really were waiting for us here. And had been for many years. Russian is taught in the four Seoul universities. One might wonder why. Russian here was like Latin—a dead language. But nonetheless about 80 people each year graduated with a knowledge of Russian. As a rule, all of them were specialists in foreign trade....

The Koreans, as we know, prepared carefully for the Olympics. In the information booths that were in the busiest places and around sports facilities, you could get any information. For example, they would help you to communicate with taxi drivers. They would explain where you would have to go and write in Korean, naturally, the address for you on a blank form.

Therefore I took the subway. The local underground has four lines. There is a total of 58 stations and 16 of them are for changing trains. A trip costs from 200 to 400 won depending on the distance.

I went down. The first subway station. A melodic bell announced the arrival of the train. The cars are somewhat roomier than ours. Women selling newspapers come by every minute. The people are very friendly to one another: they immediately give up their seats to elderly people and nobody pushes. Mutual politeness is more important than anything.

Fascinated by these observations, I suddenly remembered that I was on business but had no idea where I was going. I turned to a young lady standing next to me. No, she did not speak English. I went through practically the whole car—to no avail. I began to despair. Alone in a strange city, rushing somewhere under the ground.... Finally an elderly person came to my assistance. Having learned that I was from the Soviet Union, he immediately explained this to all the people in the car. What a surprise! Several dozen people gathered around me. Although they did not know a single word of English, they could freely use such Russian words as "perestroika" and "glasnost." I was shaking hands first with my right hand and then with my left. Suddenly, a television cameraman who had been photographing some American tourists rushed in from the next car. Lifting his finger up to snap the camera up every second, he focused the lens on us.

In my opinion, meetings with residents of the unfamiliar country on the subway is an ideal model for understanding of the truthfulness of their attitude toward you. Here in an enclosed space underground there is no need to engage in pretense, bow and smile—in a word, everything is natural here....

Barriers to Soviet-Vietnamese Cooperation Discussed

18070070 Moscow SOVETSKAYA ROSSIYA
in Russian 9 Oct 88 p 5

[Article by M. Kalmykov, Hanoi—Moscow: "Emotion and Calculation—Barriers on the Path of Soviet-Vietnamese Collaboration"]

[Text] "Well then, let's go around the shops and look at how we are working," Director Chyung Chong Toan proposed.

We got up, but almost at once the blades of the large floor fan slowed down and stopped. The director spread his hands: an unplanned shutdown of electric power once again. This doesn't happen any more or less often at the Tkhyungdin Shoe Factory than other Hanoi enterprises, taking away quite a bit of work time: things are still bad with electric power in the country. "We have, it seems, long since grown accustomed to it," the director said, "but I do not want to be reconciled at all to the fact that an enormous factory is standing idle... For now I can just take you to the finished-products warehouse."

Track shoes of all colors, light summer and children's footwear—if all of these are at all inferior to the so-called "proprietary shoes," then it is not by much. "We are sending these items to Hanoi stores trading in foreign currency," Chyung Chong Toan elucidated. "And here is what we are sending the the Soviet Union."

Sneakers, of course—that is good. And semi-finished products—uppers for shoes—probably needed by our shoe industry. But it is very much a shame that contemporary sports shoes like these track shoes do not get to Soviet stores. After all, in my opinion these shoes would enjoy no small demand among our shoppers.

This question, the director said, has unfortunately not yet been raised. Even though in the last two years steps have been taken to develop the collaboration of the two countries in light industry. Not everything in this realm, however, has proven to be so easy as it seemed to be at first. Don't hurry with complaints against the Vietnamese side, however. Let's take a look at ourselves.

First of all, the deliveries of Soviet stitching machines from the Podolsk Machine Building Plant were disrupted. Last year, only 771 were sent to Vietnam instead of the 1,391 agreed on. Matters are no better this year either.

Second, the equipment that Soyuzlegpromvneshkoope-ratsiya [All-Union Association for Foreign-Trade Cooperation in Light Industry] is to supply for the Vietnamese shoe factories is arriving, but without the necessary tooling.

Third, it has been assumed that raw and other materials would be shipped to Vietnam in containers outfitted "by full cycle." That is, they should have everything (fabric, leather, accessories, thread and packing materials) for the fulfillment of a certain volume of operations. The containers, however—and our Vietnamese partners are directing our attention to this—arrived incomplete: first one thing and then another is missing.

And finally, fourth, the extreme decentralization of the placement of orders at several factories for small lots of 150,000-200,000 items, making the orders unprofitable, is also having an effect.

Matters are a little better this year. The steps that have been taken have improved the delivery situation somewhat, but the problems have not been removed. The irregularities have been preserved. The reconstruction and technical retooling of a series of enterprises in the light industry of Vietnam that will produce output according to Soviet orders are being conducted at an unsatisfactory pace for the same reason. It can already be said that the two-year agreement will not be fulfilled.

Why? In the opinion of Soviet specialists working in Vietnam, the main reason is unprepared and incomplete nature of this document. They have written many times of the unjustified haste when these or those departments are rushing to report on new forms of work, but the subjective desire to pass off wishful thinking for reality is making itself felt as before. In this case, the agreement on the development of collaboration on a customer-supplied basis was signed more on emotion than on the basis of precise calculation. Both partners have proven to be unprepared for the new business as a result, although somebody probably got a nice "check mark" in some report for the new form of collaboration. An idea that was in and of itself not bad has come to be discredited. And the fact that it is wholly workable and could bring profit to both parties is proven by the experience of Vietnam's successful collaboration with Hungary, the GDR and Czechoslovakia in this realm.

Life itself suggests that the optimal form of foreign economic collaboration under today's conditions is bilateral ties between Soviet and Vietnamese enterprises. And there are examples of this. Good ties have been established between the Leningrad Skorokhod Association and the Anlak shoe enterprise in Ho Chi Minh City. The Soviet shoe workers have supplied their Vietnamese colleagues with complete flow lines on lease until their complete amortization. Our specialists, guided by non-currency exchange, are setting them up and starting them up, as well as assisting with the early assimilation of the technological process.

Today about another ten Soviet enterprises are preparing for conversion to direct ties with their Vietnamese colleagues. This process, however, could be accelerated by giving them the rights envisaged in the State Enterprise Law. This is, by the way, a double-edged problem.

The collaboration of our countries in the realm of light industry is just taking its first steps. There is probably no need to accelerate it rashly and artificially in the chase after optimistic reports, setting knowingly unreachable

targets. Its further deepening should be preceded by serious work on studying the real state of affairs, the capabilities of both partners, the existing experience of other socialist countries and our own mistakes.

**Letter Calls For Honest Treatment Of
Afghanistan Veterans**
*18070099 Moscow SOVETSKAYA ROSSIYA
in Russian 14 Jan 89 p 3*

[Letter from V. Dementev: "Sacred Is the Struggle"]

[Text] The "Afghan" theme in the press is not new, but it requires a clear and precise understanding both by those who write about it and those who read about it.

Can a person who has not seen Afghanistan, who has not lost friends, who has not risked his life, who has not himself experienced in full measure all the burdens and hardships of military life, describe the participants in these events fairly and true to life? As a rule, no. However, some literary men have taken the liberty of doing so. And works are appearing in which the soldier-internationalist is a potential criminal. And yet young men are fighting and dying. Today's soldier-internationalists—living and dead—are heroes. Young people are being reared on their battle experiences and traditions. These young men, who have walked through the furnaces of war, are the honor and conscience of contemporary youth.

These young men stick in the bureaucrat's throat. He throws out, let us say, the innocent phrase: "There is no meat. The veterans and Afghans have eaten your meat..." Thus the rumor starts, and the bureaucrat is happy, he rubs his hands. And a few writers pour

"literary" oil onto this fire. How does an inexperienced kid look at the "Afghanistan" soldiers when he reads something like that? Did any of these authors think of that? It is not necessary to kill pure feelings in people.

Many are uneasy about the privileges of the "Afghans." They openly withhold their "blessings." I would like to ask such people: do they have any understanding of conscience? In peace time a person risks his life, becomes an invalid, a family loses its provider. In peace time! Ask the mothers, wives and children of the dead what will replace the loss of their near and dear ones?

Nothing on earth can replace a human life. Nothing can dry a mother's tears. And sometimes even elementary sympathy for the relatives is missing.

It's not necessary to canonize the "Afghan" fighters. They came home from battle. Yes, they saw blood and tears, and met death more than once. We need to show them as they are. Of course, there are some disappointments and spiritual breakdowns. It would be strange if there weren't. But why lay the blame on one young man or another? We need to portray various young men and their fates. And among those who have not lost faith in themselves and who form the young guard of perestroika.

We must correctly form the public's opinions. We must all be concerned with the fate of the "Afghans." They have suffered enough physical trauma; we don't need to add to their moral trauma.

Zimbabwean National Reconciliation: Model for Southern Africa

18250047a Moscow KRASNAYA ZVEZDA in Russian
4 Jan 89 p 3

[Article by Aleksandr Borisov (Lusaka-Harare-Moscow):
"The Zimbabwean Variant"]

[Text] On the outskirts of Harare, the capital of the African country of Zimbabwe, there is an amazing sight which some journalists with fervid imaginations compare to the "seven wonders of the world." It is the so-called "balanced rocks"—an original rock preserve where mother nature in time immemorial built strange pyramids on mighty blocks of earth that maintain their balance seemingly in spite of the law of gravity.

The law of balance in nature is the law of life itself, and mankind has been convinced through bitter experience of the great and irreparable consequences when it is violated. But what is the situation in politics? Is the desired balance, the "balance of interests" possible here, or are conflicts, clashes, and prolonged confrontations inevitable? Today this question is bothering many countrymen. They are searching for an answer to it in both Namibia and Zimbabwe which border on South Africa, a zone of high political unrest which I recently had occasion to visit.

Life did not confirm many of the bright expectations and hopes with which I was inspired by the African revolutionaries on the eve of the liberation struggle when it seemed that the political independence that had been won would automatically bring economic flourishing and rapid social progress. The path to "national happiness" turned out to be much more complicated and thorny. Today Africa is frequently called a "continent of disasters" where bound into one tight knot are problems inherited from colonialism and those generated even after the liberation undistinguished leadership and unskillful management, bloody civil strife and destructive wars, as well as neocolonialism.

As concerns Zambia, Zimbabwe, and other so-called frontline states, the major damage was caused to them by confrontation with South Africa, the regional "superpower." Essentially all policy in the south of the African continent revolves around this central issue, regardless of the direction from which one is looking—from Luanda, Lusaka, Harare, or Maputo. Even landing briefly in Angola gives one an idea of how much it has suffered from intervention from the south and raids from local bands that enjoy Western protection. Before 1975 Angola supplied practically all of its own food while today it can feed less than half of its population. According to data of the Zimbabwean president R. Mugabe, since 1980 through direct and indirect actions South Africa has done more than 20 billions dollars' worth of harm to its neighbors. "And even these figures,"

the president noted, "do not give a full idea since they do not include the immense funds we have had to spend to defend our hard-won independence."

Recently, as we know, as a result of the negotiations between Angola, Cuba, and the Republic of South Africa with the mediation of the United States, there have been positive changes in the situation in Southwest Africa. An agreement has been signed which opens up the way to the proclamation of the independence of Namibia and the removal from Angola of Cuban troops who have performed their international duty. This has become possible because of the changing climate in international relations and the desire to find political solutions to the most difficult problems.

A new political reality is beginning to take form in the south of the African continent, and the direction in which it proceeds is extremely important. The times call for political prudence and dialogue. Although during the course of the trip I met many people who still absolutize armed force in solving political problems, including in the south of Africa, and are not inclined to give any special thought to the cost of confrontation.

It is no accident that the capital of Zimbabwe is called "sun city." One of the locals told me: "Year around there is always something in bloom here." The jackarands just finished blooming here on the eve of the South African summer—an amazing tree which reminds one of an enormous lilac bush and covers all the parks and squares of Harare with violet flowers. Founded in 1980 [sic] by a group of Englishmen headed by Cecil Rhodes, the colonial Salisbury took into account the experience of European cities and was initially planned according to the principle of separate zones—residential, business, industrial. As distinct from other African capitals I have seen, the city is clean and well cared for. Cozy villas remind one of the colonial past where among white residents the principle of 3:2:1 was in effect (three servants, two cars, and one swimming pool). The industrial zone was planned taking the wind currents into account so as not to pollute the city air. Next to the tall Monomotapa (the country's ancient name) Hotel they have opened a large swimming pool (they take samples of the water every two hours) where for a couple of pennies anyone who wants to can swim—blacks and whites.

Enough, the reader will say. What has the revolution done for the working people, the ones for whose sake it was waged. Up to this point, far from everything that was promised, but, I assure you, much according to the standards of other African countries if, of course, one sees the benefits of the revolution not only in what it is creating but also in what it is managing to preserve. On the outskirts of Harare along the grand highway which was built while the English were still there (they needed roads in order to rob the country), there has grown up a residential area for workers—small houses made of lime brick and tiny plots of land. A municipality has been built. Although there is unemployment in the country,

one does not encounter the kind of hopeless poverty that is typical of Africa. I am risking exaggeration, but Zimbabwe seemed to me like an oasis among the despair and disasters of the African people.

It is less than an hour's flight from Lusaka to Harare but one is immediately struck by the contrast: on the streets of "sun city," especially in the center, there are many white faces. There is nothing surprising in this. In the former Southern Rhodesia there were 300,000 white compared to the 6.3 million indigenous residents of the country. I am told that now there are only about 100,000 left. They are the ones who consider Zimbabwe their homeland, although they frequently visit "good old England." The whites own about 4,500 farms which produce 60 percent of the commercial agricultural products, and they hold important positions in industry, trade, and finance. Of the 100 members of parliament 14 are white. Most of the hotel management personnel are mixed, and black and white faces appear on television.

I try to understand the effect of the kind of national reconciliation mechanism after the power was turned over to the black majority in April of 1980. Of course one must not idealize the past. The parties sat down at the negotiating table in London's Lancaster House as a result of a military stalemate, in order to put a stop to the blood letting. Upon entering Harare from a distance one can see a majestic hotel standing atop a green mountain—a monument to the tens of thousands of rebels who gave their lives in the liberation battle. Strong international pressure was applied to the Rhodesian regime at that time, and a mechanism of economic sanctions was put into effect. All this together brought diplomatic success. But the Zimbabwean revolutionaries were smart enough not to ignite a racial "vendetta." The correctly understood demands for the economic development of the young independent republic and the positive role played by the white legacy in the country's economy also had their effect. As a result, to use the language of old-style diplomacy, a "modus vivendi" or a "means of existence" was found which works well enough on the scale of the entire state.

I wish to note that none of the many whites I met in Zimbabwe seriously complained about "oppression" by the authorities or racial discrimination. In a word, I saw no "reverse racism." On the contrary, there were many examples of a courteous attitude on the part of the two groups toward one another and their active coexistence under one roof. True, the newspapers give tribute to an unwritten code, calling certain people "Comrade" and others "Mister," but this, if I may say so, is more in the social than the racial area. "And how is Jan Smith," I asked the person sitting next to me at the table at the Rotary Club, one of the hundreds of clubs of this name for business people in the capitalist world. I was recalling that in former times the latter was called nothing less than "fascist" by the prime minister of Southern Rhodesia in the progressive world press. "Well what can he do?" I heard an indifferent reply. "He is living quietly here in Salisbury, that is as a simple citizen, in Harare."

I shall not attempt to judge whether the Zimbabwean variant is purely local or of broader, say, regional significance. The search for racial or national balance is, as we know, an exceptionally complicated and delicate matter which has its specific features in one country or another. I was told this by many with whom I spoke about the situation in the south of Africa. The apartheid regime in the Republic of South Africa is a relic of the distant past and it is in its essence deeply immoral. Historically, it is undoubtedly doomed. Judging from everything, it has become an impediment to the economic development of the Republic of South Africa itself.

It is clear that the authorities in the Republic of South Africa are desperately maneuvering and trying to find a way out of their international isolation. I heard diametrically opposed views of this in Lusaka and Harare. Some tried to convince me that the "leopard will not change its spots" while others asserted that the apartheid regime is "no longer what it used to be." "In five-star hotels (the most expensive—A.V.) they now allow coloreds," I was ardently told by one of the proponents of the idea of "liberalization" of the racist regime. A typical detail: the owner of a small tourist firm in Harare which provides safari service told me that among the whites in the Republic of South Africa, both Afrikaaners (Boers) and Englishmen, there are many who wish to visit the Soviet Union and see our restructuring with their own eyes. Well, people are still people. Victor Hugo remarked that "there are bandit governments, but there are also bandit people."

How easily in this world the hunted become the hunters and the persecuted, the persecutors. At the dawn of the century in the courts of Moscow and Petersburg the old street organ sobbed plaintively and a child's thin voice said: "Transvaal, Transvaal, my homeland, you are going all up in smoke." The sympathies of democratic Russia were on the side of the courageous Boers who repulsed the onslaught of the "English bandits." Today the question is largely whether or not in the Republic of South Africa there are enough white people with common sense and a sense of self-preservation to disassemble the apartheid system and not bring racial contradictions to the inflammatory point where it is too late to speak of any joint "mode of existence." Written on the cast bronze monument in the Republic of South Africa to Cecil Rhodes—"a gentleman and a conqueror"—are some words that might have been uttered just before his death: "There is so little time left and so much to do." The current rulers of the Republic of South Africa have less and less time left.

... Upon leaving the rocky preserve I cast a farewell glance at the mysterious creation of nature. The gigantic pyramids formed from balanced rocks had frozen still. What better appeal to the people to search for a "balance of interests" and reach a political regulation of the most complicated international problems.