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No 11, November 1989

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CONTENTS

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[The following are selected translations from the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations of the USSR Academy of Sciences. Refer to the table of contents for a listing of any articles not translated.]

English Summary of Major Articles [pp 158-159]	1
SOCIAL-DEMOCRACY TODAY	
Progress in Labor Movement in Century after II International [pp 5-16]	2
18th Congress of the Socialist International (1989) [S. Yastrzhembskiy; pp 17-23]	10
WORLD PROBLEMS	
Stalinist Economic 'Laws' Impeding Development of Market Economy [A. Elyanov; pp 41-55]	14
Social Progress of the World Viewed as Questionable [E. Pozdnyakov; pp 56-62]	23
POLITICAL PORTRAIT	
John Paul II: The Politician and the Man [B. Filippov; pp 100-105]	27
"MEIMO" SURVEY	
Responses to MEIMO Survey on Soviet Enterprises' Foreign Relations [pp 106-111]	32
POINTS OF VIEW	
Security Policy of Individual Scandinavian Countries [Yu. Lavrov; pp 112-120]	37
Proposals on Reducing Confrontation Potential in Scandinavia [S. Morgachev; pp 121-123]	45
OPINION OF A DUTCH SCIENTIST	
Principal Obstacles to East-West Economic Cooperation [Ye. Y. Kortkhals Altes; pp 134-139]	47
ECONOMIC MONITOR	
Declining Consumption Levels and the Soviet Miners' Strike [L. Grigoryev; p 140]	52
BOOK REVIEWS	
Book on Nuclear-Free Zones and International Security Reviewed [N. Seregin; pp 151-153]	52
List of Books Recently Published pp 153-154]	54
News of Institute Meetings, Activities [pp 154-156]	55
Articles in MEMO Not Translated [pp 1-2]	57
Publication Data [p 159]	57

World Economy & International Relations

No 11, November 1989

English Summary of Major Articles

904M0006A Moscow MIROVAYA EKONOMIKA I
MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 11, Nov 89 pp 158-159

[Text] "The 100th Anniversary of the Second International and Certain Problems of Contemporary Labor Movement". The article, prepared by the Interdepartmental Board on the Issues of Social Democracy deals with the history of the Second International which was constituted in 1889 at a congress in Paris as a first international association of parties and organizations supporting the interests of the working class. Creation of the Second international became an epoch-making event in the world socialist labor movement. It represented the first experience in the mass movement of workers, reaching far beyond national and regional boundaries.

The authors offer an in-depth study of the history of the Second International, analyze its strong and weak points, assess its impact on the development of two world workers' organizations: the Communist International and the Labor and Socialist International. The resulting division of workers' parties and trade unions weakened the labor movement and a number of possibilities to create a united workers' front had not been used to a full extent. The fundamental changes in world processes which became evident in 1970-80s mark a new stage in labor movement. The situation in present-day world which is increasingly regarded as integral and interdependent, calls for narrowing of the gap between the communists and social democrats. An open, unbiased discussion of the problems existing between the two trends in workers' movement, having socialism as a common goal, would signify an important step towards newer, better world.

S. Yastrzhembsky: "Staking for a Global Mission". The article discusses the results of the 18th Congress of the Socialist International, which took place in June 1989 in Stockholm, immediately arousing the attention of world public. The Stockholm congress, timed to the 100th anniversary of the Second International, was the most representative forum in the history of the movement, attended by approximately 600 delegates, observers and guest from more than 120 parties and organizations. The Congress adopted a number of important long-term documents (including the Declaration of Principles, the Platform on Human rights, etc.) reflecting the desire of social democrats to find answers to the global challenges of today and to offer their model of world development in the next century. The Declaration of Principles is actually a new program of the Socialist International replacing the previous one, worked out in Frankfurt in 1951, in the midst of the Cold War.

The author suggests that the philosophical outlook of the contemporary social democracy is in many regards similar to the Soviet concept of new political thinking, especially in such aspects as multipolarity of the world, the attitude towards nuclear and conventional disarmament and nuclear deterrence in general, problems of the Third World and ecological issues. The author points to the novel viewpoints of social democrats on the nature of socialism, assesses the influence of perestroika on these views, shows a number of areas in which the experience of social-democratic economic management could be helpful in reforming the Soviet economy.

"M. Allais: Conformity with Experience as the Only Criterion of Truth." A number of important issues of economic science are raised in this interview given by a prominent French scholar and Nobel Prize winner Maurice Allais. The works of M. Allais are devoted to the problems which are now receiving a priority attention in the context of Soviet economic restructuring, i.e. the problems of maximizing economic efficiency while guaranteeing higher level of social justice.

Using the methods of economic and comparative history analysis M. Allais suggests that, first, only market-oriented, competitive economy can be effective and, second, that social progress can be achieved only on the basis of the effective economic system. In his interview M. Allais evaluates the current state of economic science, briefly summarizes his own input into economic theory, observes the Soviet economic situation before perestroika, comments on the issues of combating bureaucracy and dogmatic thinking, dwells upon other issues of general character.

A. Elyanov: "The Common World and Common Economic Laws". The article deals with the question of interaction between the general and specific laws of economic development of the two social systems, which determines the ways and forms, as well as the very possibility of their coexistence. According to the author, the idea of a fundamental difference between the socialist and capitalist forms of economic management is completely groundless, since the market and commodity-money relations depend on the social division of labor, rather than on the different forms of ownership. If we are indeed ready, states the author, to accept the universal role of the market, then it is time to revise certain views concerning economic laws of socialism. Most of them came from primitive ideological concepts formed under the administrative command system.

The author criticizes the so-called "main economic law of socialism": and the idea of a "planned proportional economic development" which was allegedly limiting the law of value. Both of these concepts played an adverse role in Soviet economic history, since the disoriented the society diverting it from the search of the ways and solutions to urgent problems. The author maintains that the very idea of a centralized state planning under socialism should be radically revised so as to regulate the activity of producers only through monetary, credit tax

and similar control measures. From the author's points of view, without deep reforms, putting the socialist countries back to market economy, it is very difficult to wait for the consolidation of the economic basis of co-existence as well as for the rapid movement ahead on the other ways of international cooperation.

E. Pozdnyakov: "The World Social Progress: Myth and Reality". The author indicates that although our society has long been regarded by many Soviet political scientists as a "symbol of social progress": it has now found itself in a situation of deep economic, political and moral crisis. Moreover, in view of many scholars the whole humanity is now threatened by the possibility of military, ecological and demographic crises. The long-held opinion, according to which the world is progressively developing towards better, more advanced social forms, has proved to be erroneous. This is partly due to the attractiveness of the idea of progress, since man is always tempted to hope for the better. However, the known history of mankind refutes the notion of a constant onward march. One example is technological progress, which brought about, apart from the obvious benefits, a number of negative phenomena in the life of society and its natural environment.

A complete cycle of development of any society includes three phases—progress, stagnation and regress. Since these phases usually do not coincide in different countries and social systems, the author considers it premature to speak of the world social progress. It is also suggested that the main condition for progressive development of any system is its openness and ability to integrate with other systems. Only through integration and synthesis of different social systems and cultures would it be possible for mankind to find the way out of crisis.

"New Trends in the Trade Union Movement". This section features two articles written by G. Rogova and N. Lapina on the present-day situation in trade unions of the United States and France, respectively. The first article discusses the crisis in American trade unions resulting from deep changes in economic and sociopolitical life of capitalist society at the current stage of technological revolution. The author concludes that the existing workers' organizations are becoming obsolete and need restructuring. To illustrate a new type of relations between American business and trade unions, G. Rogova gives a detailed analysis of the text of a collective agreement between the New United Motor Manufacturing Company and one of the biggest trade unions in the United States.

N. Lapina in her article touches upon the on-going processes in French trade unions. The new models of production have brought about considerable changes in the functioning of trade union organizations. Apart from their traditional tasks (such as the struggle for higher wages, better work conditions and collective guarantees) the trade unions of France are increasingly involved in the process of decision-making in the economic sphere. Workers and employees are now in position to control

production processes, introduction of new technologies and are able even to determine the social aspects of technological progress.

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SOCIAL-DEMOCRACY TODAY

Progress in Labor Movement in Century after II International

904M0006B Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 11, Nov 89 pp 5-16

[Article "The 100th Anniversary of the Second International and Certain Problems of the Contemporary Labor Movement"]

[Text] A hundred years have passed since the International Socialist Congress, held in Paris in July 1889, laid the foundation of the Second International—an international federation of parties and organizations that defended the interests of the working class. This event is properly regarded as pivotal in the development of the mass organized labor movement that has become the most important social forces of modern time. Both of the socialist currents in the labor movement today—the communists and social democrats—are the heirs of the Second International.

The history of the Second International is an entire epoch in the life of the working class, in the international socialist labor movement. It was the first experience of a mass movement of working people that far transcended a national and regional framework. It placed many cardinal problems of the working people's liberation struggle on the agenda as practical political issues. It can be said that the century separating us from the events of that time brings us closer to, not farther from, these events and makes them increasingly topical. The jubilee of the Second International demands a non-jubilee, non-simplistic treatment. Of course, like any historical phenomenon, the International was the product of its time that is seen through the prism of Marxist conceptions of this epoch. But from the standpoint of the present, its mistakes and confusions are no less important than truths arrived at through arduous effort.

At the same time that we observe the anniversary of this event, it is essential that we understand the lessons of the road that has been traveled. This is all the more important now that mankind faces an unprecedented challenge on the threshold of the third millennium. The general exacerbation of global problems critically tests the biological capacity of man to adapt to the dangers and tempo of modern life. It is a question of the survival of civilization. The rapidly changing world demands that

the world community reassess many values and that it make a new, appropriate reaction to non-trivial situations.

Various social and political forces—including, and above all, world socialism—are seeking the answer to this challenge. Socialist forces in the labor movement will be able to play their part in this process if they take a new look not only at existing reality, but at themselves and consequently at one another.

I

The greatest service performed by the Second International was that it promoted the collaboration of the principal forces in the labor movement in the common struggle for the interests of the working people. A contribution to the theory and practice of the International was made by workers' parties of all countries, and especially the German Social Democratic Party, and starting in the early 20th century, the revolutionary wing of the Russian Social Democratic Party with V. I. Lenin at its head (he actively participated in the work of the Second International. He was a member of the International Socialist Bureau since 1905).

The ideas of K. Marx and F. Engels, who united the advocates of scientific socialism, were the theoretical foundation of the Second International. Prominent figures in the labor movement—W. Liebknecht, A. Bebel, P. Lafargue, J. Guesde, J. Jaures, V. Adler, K. Kautsky, Ant. Labriola, G. V. Plekhanov, F. Turati, P. Iglesias, D. Blagoyev, R. Luxembourg, etc.—played a substantial role in the dissemination and development of Marxist views and in the struggle for the working people's interests. The works of V. I. Lenin marked a new stage in the development of Marxism.

The principal attainments of the working class in the late 19th and early 20th century are for the most part connected with the activity of the International. V. I. Lenin wrote that it "rendered historic service, that it has achievements to its credit that are everlasting and which the class-conscious worker will never renounce."¹

Many of the Second International's achievements are of lasting significance. Its congresses and the activity of the International Socialist Bureau (starting in 1900), international committees, conferences, mutual aid organizations, joint actions by socialist parties, trade unions, and socialist women's, young people's, and journalists' organizations created a wide, flexible mechanism of international interrelations and international solidarity of the labor movement. This time was marked by Mayday demonstrations everywhere, by powerful support for the first Russian revolution of 1905-1907 and international demonstrations against militarism and imperialist wars.

The International facilitated the strengthening of many workers' parties, trade unions and cooperatives, the involvement of millions of working people in the struggle, and the wide dissemination of the ideas of socialism. It was instrumental in bolstering the role of

socialist parties as leaders of the labor movement and in turning some of them into a serious political force. This amplified the influence of the working class on the development of society and altered the political climate in Europe: the bourgeoisie was forced to reckon with the labor movement and to look for answers to problems posed by it.

The Second International made an appreciable contribution to the development of the means and methods of the working people's struggle: the organization of the strike movement, mass strikes and demonstrations, the use of bourgeois-democratic liberties, and parliamentary and local elections. All this improved the working people's socioeconomic status, expanded their rights, and enriched the political sophistication of the labor movement, especially in European countries.

The working people's struggle against the arms race, colonialism, and imperialist aggression was inaugurated. Many of the International's fundamental principles—the reduction of arms, armed forces, and military budgets; the support of oppressed peoples against colonialism; the peaceful resolution of international conflicts by arbitration tribunals, the use of every means in the fight against predatory wars; the linkage of the struggle for peace to the struggle for socialism—have retained their significance. The decisions of the Stuttgart Congress of the Second International (1907) were of permanent significance from this point of view.

Complexities in its activity were in no small measure determined by the fact that heterogeneous, contradictory processes in the world at that time were focused in the life of that organization. The army of hired labor underwent important quantitative and qualitative changes. The international labor movement itself changed as did the potential of its national organizations and their relative role. All this generated contradictions and frequently led to the intensification of the internal struggle in individual parties and in the International itself.

In his examination of the sources of discord in the labor movement in his time, V. I. Lenin expressed ideas that it would be well to recall today. In particular, while criticizing advocates of anarcho-syndicalism and reformism, he noted that they seize "upon one aspect of the labor movement," elevate "one-sidedness to a theory," and declare mutually exclusive those tendencies or features of this movement that are a specific peculiarity of a given period, of given conditions of working-class activity. But real life, real history, **includes** these different tendencies, just as life and development in nature include both slow evolution and rapid leaps, and breaks in continuity.²

Even though occasional disagreements in the Second International diminished the effectiveness of its actions, they did not undermine it. However, the International could not withstand the severe test in the form of the bitterest explosion of international contradictions resulting from the new, monopolistic phase of capitalism—the world war.

Evaluating the results of the International's 25 years of activity in the light of modern knowledge, it can be said that:

- on the whole, it played a major role in the history of the organized labor movement;
- this was to a decisive degree promoted by the international character of the federation and its ability to draw on the solidarity of various detachments of hired workers;
- its activity stimulated the creation and development of national labor organizations, their use of all parliamentary democratic institutions in the interests of the working people, thereby decisively promoting the economic, social, and political development of the working class and the broad masses;
- the flexibility of organizational forms that was characteristic of this organization reflected the needs of the objective situation and, that notwithstanding certain costs, was on the whole justified;
- the international exchange of opinions, including bitter disputes within the framework of the Second International, promoted the deeper, more comprehensive understanding of problems arising before the working class and its organizations.

II

An event that was tragic to the labor movement and that was known in history as the "collapse of the Second International" took place in 1914. The attempt by imperialist countries to use naked force to eliminate the mass of contradictions led to the First World (imperialist) War. In the warring nations, there was an explosion of chauvinism that swept away a considerable part of the working class. Under these conditions, many socialist parties supported "their" governments, contrary to internationalist principles jointly arrived at.

Some social democrats associated progress toward socialism with their country's military victory, adopted social-chauvinistic positions, condemned the imperialist goals of the war, and confined themselves to the demand for peace, for the termination of war by agreement between the powers. Revolutionary socialists, especially the bolsheviks led by V. I. Lenin, Serbia's social democrats, the left wing of the Polish labor movement, Bulgarian "*tesnyaki*", and left-wingers in some West European parties opted for using the crisis brought on by the war to overthrow capitalism in the name of attaining a universal, just, and democratic peace in accordance with the fundamental positions of the Second International.

The reasons for the death of the Second International should be reexamined in the light of experience amassed and dearly paid for in the 20th century. It is hardly possible to reduce everything to betrayal by its leaders or to subjective factors in general even though they, too, must not be underestimated. The chauvinist wave that broke the bonds of proletarian solidarity reflected, in

particular, the level of mass consciousness that was predominant at that time. The conflagration of war that enveloped most of the organized labor movement became the "moment of truth" shedding light on the internal contradictoriness that made itself felt through an entire phase of historical development. Deep internal differentiation of the world labor army, the objective diversity of interests of masses numbering in many millions that are drawn into the orbit of the proletarian movement, and the multiordinality of the tasks confronting different strata and national detachments of the international working classes were essentially manifested for the first time with such force in the gravest crisis of proletarian solidarity.

The collapse of the Second International also dramatically revealed to the international labor movement for the first time the complexities inherent in the correlation between class and nation. It cannot be said that appropriate conclusions were drawn from the bloody lesson of that time. It took the tragic experience of fascism for the workers' parties to fully evaluate the historical significance and scale of this problem.

In the course of the imperialist war on the European continent, which became the principal theater of military operations, it became possible to terminate the worldwide carnage by revolution. The revolutionary situation that developed spawned revolutions in Russia, Finland, Germany, Austria, and Hungary; national liberation movements in Eastern and Southeastern Europe; and revolutionary fervor in other countries in 1917-1918.

The first breach was the overthrow of the Russian autocracy in February 1917. It was followed by the socialist October revolution. Great October became the symbol for further revolutionary fervor in Europe even though it did not turn into revolution here until a year later, when the war was drawing to a close.

This fervor intensified contradictions between various currents in the labor movement even more. Disagreements primarily over the question: bourgeois democracy or proletarian state?—led to bitter confrontation. Two international labor organizations—the Communist (Third) International and the Labor and Socialist International—formed from the fragments of the Second International. The paths of the two currents diverged not only philosophically and politically, but organizationally as well.

The birth of the Comintern was prepared by the rich and contradictory history of the labor movement. Notwithstanding the zigzags in the Comintern's activity and the large tribute it paid to sectarianism, it made a positive contribution to this history.

Would it have been possible to avoid this demarcation at a time when a number of European countries had the possibility of choosing their historical alternative and the class struggle had reached its high point in a fierce civil war? Probably not! Under the existing conditions, the

disagreements appeared insurmountable to both sides. However, the split between labor parties and trade unions at the national and international level unquestionably objectively weakened the labor movement and made it possible to mount a counteroffensive soon thereafter.

The October Revolution produced an extraordinarily complex situation that was not foreseen by a single Second International theorist or politician. On the one hand, Soviet Russia, which did not belong to the leading capitalist countries, which was weakened by military intervention, civil war, and starvation, which was overcoming unprecedented difficulties, was courageously groping for ways of building socialism. It found itself alone in hostile capitalist encirclement even though it enjoyed the effective support of working people of many countries. On the other hand, capitalism in Europe, which had been redivided "by force" and was therefore fraught with new conflicts, not only repelled the revolutionary vanguard but, upon gradually stabilizing both economically and politically, launched an offensive against the attainments of the working class. The threat of reaction began to grow everywhere.

Real soil for the unification of forces capable of opposing this threat began to form in the early '20's. At that time, the Comintern and the social democratic centers existing at that time made the first attempt at cooperation. V. I. Lenin spoke of the need for communists to use the experience of the Second International.³ The Comintern program would later state that it was the heir to the "best of the prewar traditions of the Second International."⁴ The tactic of a united labor front was proposed at the initiative of V. I. Lenin. But, notwithstanding the success of individual joint efforts, the two directions of the labor movement were unable to interact with one another.

The Comintern bares its share of responsibility for this. The continuing underestimation of the degree of dynamism of capitalist society notwithstanding the altered objective circumstances, the orientation toward the seemingly imminent world revolution and the struggle against social democracy as the main enemy made it difficult to correctly evaluate and utilize the experience of the Second International. I. V. Stalin's insistence on striking the main blow against social democracy in general and left-wing social democracy in particular and Stalin's assertions that social democracy had become a "moderate wing" or special form of fascism (the "social fascism" concept), which determined the policy of the All-Union Communist Party (of Bolsheviks) and the entire Comintern after the death of V.I. Lenin, to an ever greater degree, had fatal consequences.

On the other hand, political leaders and theorists of social democracy intensified confrontation in the labor movement by their extreme anti-communism and by declaring communists to be "brothers" to the fascists. The line of the Labor and Socialist International of fighting fascism in an alliance that included bourgeois parties but excluded communists proved to be insolvent.

Both social democratic and communist parties suffered heavy losses under blows from fascism.

The communists, as their own analysis shows, belatedly recognized the scale of the fascist threat to peace and democracy. However, a number of communist parties began overcoming this lag in the mid-'30's. The strategy developed by the Seventh Comintern Congress in 1935 for combating fascism and war called for overcoming the split in the labor movement, for cooperation with social democrats and with bourgeois democratic circles. However, this reorientation of the Comintern's policy was belated, was not sufficiently consistent, and was therefore not sufficiently effective.

The joint actions of communists, social democrats, and certain bourgeois democratic forces in the '30's were instrumental in preventing the seizure of power in France by the fascists, in enabling the Spanish Republic to resist fascist aggression for a long time, and in promoting the successes of progressive forces in other countries. However, it did not prove possible to consolidate this collaboration. A certain part in here was played by the vacillation of the social democrats due to the tenacity of their anti-communist prejudices; by Stalin's repressions in the USSR, which generated anti-Soviet sentiment in Western democratic circles; and by the Comintern's transformation into an instrument of Stalinist policy; and by the practical sabotage of the decisions of the Seventh Congress by Stalin and the curtailment of anti-fascist activity that he forced on the Comintern in 1939-1941.

World War II raised with new vigor the question of the need for cooperation between the two directions in the labor movement. Communists and social democrats fought side by side in the Resistance movement. The Comintern was dissolved in 1943.

The defeat of fascism created prerequisites for restoring unity to the labor movement in many countries. The positive as well as the negative experience of unifying the communists and social democrats into a single party in the East European people's democracies in the course of national democratic and socialist revolutions of the mid-'40's requires independent, concrete analysis. The same also applies to the experience of the joint participation of communists and social democrats in the governments of a number of West European countries. However such analysis is primarily the prerogative of the corresponding parties.

The Cold War, which began in 1946, left its mark on the character of the interrelations of the two currents in the labor movement and interrupted unitary processes. The result of the bitter confrontation between communist and social democratic currents was that the attainments of the working people in the postwar years proved to be less than might have been possible.

Nevertheless the positions of the working class strengthened appreciably in the atmosphere of general democratic enthusiasm. The industrially developed capitalist

countries developed effective pension security, unemployment insurance, and health care systems and substantially raised the share of social spending.

The development of capitalism in the first postwar years was contradictory. It went through a number of shocks. It nevertheless found sufficient reserves to bolster its positions. Therefore social democracy's policy of carrying out reforms within the framework of capitalist structures bore rich fruit: it became one of the leading political forces on the European continent. However, capitalism's entry into the new phase of development had a negative impact on the positions of the communist parties: after the upsurge of the first postwar years, their influence began to wane in most capitalist countries.

The Information Bureau of Communist and Labor Parties (which existed until 1956) was formed in 1947. In 1951 socialists, social democrats, and laborites were united in the Socialist International. The two organizations were hostile to one another.

When we speak of the results of this period in the development of the labor movement, we should call attention to the following important circumstances.

First, the split between the two currents in the organized labor movement proved to be stable and lasting because, as V. I. Lenin noted, it was based on both subjective and objective factors, including the "dialectical character of social development which proceeds in contradictions and through contradictions."⁵

Second, objective development has continuously prompted opposing currents to unify their forces and to engage in different forms of cooperation, especially in acute, critical situations.

Third, the following regularity has emerged in various situations, in various stages of historical development: disunity has weakened the combat might of working class organizations; they have realized the greatest efforts when they have unified their efforts.

III

In the postwar years both directions in the labor movement encountered new processes and phenomena and were compelled to reexamine their views and policies with increasing frequency.

The communists made considerable progress in overcoming the views that were forced upon them by Stalin even though this progress was uneven and was not without costs and losses. The 20th CPSU Congress provided important impetus for such movement. Difficult, agonizing search resulted in new assessments and new approaches. The communists reexamined primitive schemes and gained a deeper understanding of social progress and of the tasks of the labor and national liberation movement. The communists took note of continuing differences with the social democrats and

posed the question of cooperating with them in the struggle for peace, democracy and the social restructuring of society.

The communists advocated peaceful coexistence and the prevention of another world war. At the same time they recognized the possibility of different avenues of making the transition to socialism and the forms of its development and the possibility of the victory of socialist revolutions by peaceful means. This, like the proclamation of independence and equality as the norm in interrelations between communist parties made it possible to seek and occasionally find new forms of cooperation.

Unfortunately, the necessary work was not carried out to the end and a certain degree of regression was even seen in some areas. In a number of socialist countries, stagnation increasingly made itself felt and economic development slowed down. Socialist ideas became less influential in the world. All this also had a negative impact on the communist movement as a whole.

Social democratic parties have traveled a long, difficult road. They have gradually gone from a Cold War orientation to the recognition of the necessity of peaceful coexistence and cooperation of capitalist and socialist countries. They have begun actively advocating the limitation and reduction of armed forces, the termination of the arms race, and the elimination of nuclear weapons. The social democrats played an important role in the movement for detente in Europe and advocated the elimination of hotbeds of war in various regions.

The Socialist International and most of its parties—not without hesitation and not all at once—supported the national liberation struggle of oppressed peoples and urged aid for the developing countries. The Socialist International began organizing cooperation with many parties in the developing countries in an effort to overcome Eurocentrism.

Social democrats advanced demands reflecting the interests of the working people under the altered conditions and facilitated the implementation of reforms expanding the rights and improving the socioeconomic status of the working people. A great deal of positive experience in securing the rights and interests of the working people has been amassed under social democratic governments in such countries as Sweden and Austria.

The Socialist International made the transition from the official prohibition on cooperation with communists to the recognition of the admissibility of joint actions. It is true that the road to cooperation proved to be long and difficult. For many years communist initiatives did not enjoy the social democrats' support. Contacts were established and spheres of cooperation originated in the late '60's and early '70's only in individual countries; joint detente and disarmament efforts proved to be the most promising.

On the other hand, deformations of socialism and stagnation phenomena in a number of socialist countries hindered the development of cooperation.

After evaluating the experience of those years, it can be said:

- the role of the labor movement and its impact on the peace process have on the whole grown considerably;
- notwithstanding the common nature of the most important interests of the working class, it has not been possible to overcome the struggle of currents owing to disagreements on the understanding of these interests and the avenues, methods and means of securing them;
- the realization of the new potential for mutual understanding and mutual action that has evolved as a result of changes in the world was complicated by the difficult legacy of previous years, by reciprocal prejudices and mistrust, the elimination of which required serious efforts from both sides.

IV

The beginning of the new stage in the world labor movement and together with it in the activity of its basic currents is determined by change in objective conditions and the tasks generated by deep processes that became obvious in the '70's and '80's. The question confronting mankind—to be or not to be?—has acquired ominously palpable form. The disposition of forces changed radically on a planetary scale. Hundreds of millions of people, new nations and countries, and new social movements and ideologies have appeared on the proscenium of history. The universal impulse toward independence, democracy, and social justice is realized contradictorily on many levels.

The labor movement must realize that the problems tormenting mankind today cannot be resolved by traditional means and methods. There is need of a joint search for new solutions. Obviously, in the course of such a search there are many disputes that divide the currents in the labor movement, that lose their former sharpness. Accordingly, much that burdened relations between communists and social democrats is more and more receding into the past.

The progressive aggravation of global problems that threatens the very existence of humankind is encouraging all currents of the labor movement to take an active part in the search for models of international security based on the new thinking. The discussion of these questions has already revealed a wide consensus that it is first of all necessary to reject the concept of peace based on force or the threat of force and to replace it with the concept of stable and consciously regulated peace based on the balance of interests and common security that is the same for everyone.

There is a growing readiness for common efforts aimed at resolving numerous global problems in economic,

ecological, and humanitarian areas. A far-reaching unity of views is developing regarding the need for decisive measures capable of preventing a widening gap in the conditions of existence between the industrially developed and the developing countries. There is broad agreement in the left-wing camp that a many-faced Europe divided by a social barrier from the Atlantic to the Urals has reserves for cooperation in economics, ecology, politics, security, and culture.

The growing understanding of the multivariance of the social development of different countries within the framework of both the capitalist and socialist systems is among the unifying factors. Readiness for reciprocal efforts to protect human rights, to accept the ideas of democratization and humanization of international relations operates in the same direction.

The intrinsic problems of the labor movement can and are becoming the subject of constructive cooperation. It proved to be a necessity in the search for the democratic alternative to neoconservatism that strives for economic rationality at the price of infringing certain important interests of working people, justifies the growth of social inequality, and violates social justice. It is a common concern of all labor parties to accept the challenge and to make an appropriate response that would take into account the new realities, that would stimulate renewal processes occasioned by them.

In other words, present, rapidly changing reality, while not eliminating the historically forming differences between currents in the labor movement, opens up to them broad latitude for comparing experience and searching for solutions to modern problems within the framework of the general socialist tradition. What is more, it is becoming increasingly obvious that differences, including ideological differences, must not necessarily be perceived through the prism of confrontation. The fact that they remain and will remain should not be evaluated only in negative terms. In the face of the new problems that arise before all leftist forces, when the correct answer to them is the decisive condition to the survival and progress of mankind, the differences can be the stimulus for intensive theoretical search in the formulation of the political line and a means of mutual enrichment.

It would also be wrong to underestimate the difficulties that both currents will have to overcome⁶ before the reduction of differences between their basic, fundamental positions becomes a reality.

The communist movement is looking for avenues of renewal. This quest is uneven and occasionally contradictory. Nevertheless, even now it is possible to identify several basic directions:

- the complete and final elimination of Stalinist deformations of Marxism-Leninism and its development on the basis of the analysis of new processes and phenomena;

- the elimination of obsolete views of socialism and the attainment of a new quality of socialist society;
- the elimination of simplistic views of capitalism; the realistic evaluation of its prospects; the development of a democratic alternative to neoconservatism;
- the identification and realization of the more effective model of social reforms for the developing countries;
- the conceptualization of world social progress reflecting the new realities;
- the determination of new avenues of struggle and expansion of the international solidarity of working people; the mobilization of forces of the movement for the survival of mankind.

Social democracy is also faced with the need to modernize its ideological and political principles. Within its ranks, there is presently active theoretical search, including:

- the rethinking of alternative economic policy that differs from neoconservative principles by its orientation toward socialist, humanist values;
- the resolution of questions associated with the strengthening of own political positions under conditions when the technological revolution quickly changes the social structure of society;
- the formulation of policy that ensures the preservation of the support of traditional advocates of social democracy and winning new detachments of working people over to one's side;
- securing the irreversibility of the democratization of society and the extension of this process to economic, social and cultural spheres;
- searching for new approaches guaranteeing greater stability in international relations;
- finding a common denominator with kindred political currents in Third World countries primarily through a positive response to the problem of a new world economic order, etc.

Since many of the named problems also confront communist parties, this substantially expands the field and potential of interaction of both currents.

It is important that changes in the socialist world (in particular, perestroika in the Soviet Union, renewal processes in a number of other countries, the development of democratization and glasnost, a constructive foreign policy in the spirit of the new political thinking) are helping social democracy to abandon its prejudices, are stimulating it to evaluate anew the part that social development in socialist countries plays in normalizing the international situation, and create more favorable conditions for contacts with leading communist parties along both state and party lines.

The CPSU and other ruling communist parties are formulating their policy in such a way as to promote this process. In 1983 the CPSU Central Committee returned to the practice (begun in 1959) of addressing messages to Socialist International congresses (the next message was in 1986) indicating common problems confronting the organized labor movement as a whole. Contacts with the Socialist International's Advisory Council on Disarmament were made still earlier. At its 27th Congress, the Communist Party of the Soviet Union announced its intention to continue to "follow a consistent policy of unity of action of the international working class and all working people in the struggle for their common interests, for lasting peace and the security of peoples, for national independence, democracy and socialism."⁷ This principle of the congress is being carried out in actual fact.

The meeting of representatives of 178 communist, socialist, social democratic, revolutionary-democratic, and other parties that arrived in Moscow for the celebration of the 70th anniversary of the Great October Revolution (November 1987) became a kind of turning point in the development of relations between communists and social democrats. It marked the beginning of a broad dialogue among international leftist forces. This meeting reflected the diversity of the modern world and the different conditions under which every party works, the diversity of ideas and approaches, and provided much food for future exploration in the spirit of the creative understanding of the world.

V

The final behest of the Second International to the international labor movement would seem to be the affirmation of democracy and pluralism, unity in diversity. The International unified representatives of countries that were at different levels of socioeconomic and political development. There were great differences in the specific problems addressed by member parties. There were continuous heated debates on basic problems of theory and political practice. Thus, in one way or another the framework of the Second International was sufficiently broad and elastic so that different forces unified by a common striving to defend the interests of the working masses could find a place and interact within it. For a long time the desire for unity won out over centrifugal forces in the complex peripeteia of the internal life of the international workers' association.

In this context, the fate of the Second International was very instructive. Why did its internal contradictions, exacerbated by World War I, develop into such a deep split in the labor movement. The October Revolution broke the connective fabric of the international labor movement that had been worn thin to the extreme by the cruel war. It specifically posed the question of the historical fate of the working class pointblank. At that time it appeared to be a question of making a decisive choice, a question of "either or": could the working class develop normally under capitalist conditions or had

history approached the point where, while saving itself and society from degradation, it [the working class] had to take power into its own hands.

Time has obliterated the categorical, unequivocal nature of such a vision. What is more, life has proven to be much richer, much wiser, and much more complex than theory that was born in another historical era. The extremely rich experience of the 20th century has shown the fundamental possibility of different avenues of development of the liberation struggle of the working people, their dependence on the circumstances of place and time, and has revealed the strong and weak sides of one or another model of social progress.

The beginning of the present in the life of civilized mankind—not the 20th century in calendar terms—dates back to World War I and the October Revolution in Russia that took place in the course of it and the subsequent division of the world into different sociopolitical systems. The collapse of the Second International was only one manifestation of this general worldwide historical process. The formation of an integrated interdependent world—under the new historical conditions of the end of the 20th Century when centripetal forces begin to predominate over centrifugal forces—also requires overcoming the deep split in the labor movement.

The open, unprejudiced, comradely discussion of the most fundamental problems confronting the labor movement on the threshold of the 21st century will be a major step in this direction. The complex of these problems is very great and diverse. Three basic groups can be identified among them. The first results from the need for a critical reappraisal of the experience of the international labor movement under the new conditions. The following topics can be named here:

- basic results of the labor movement in the last 100 years and its contribution to the development of modern civilization;
- evaluation of key aspects of the history of the labor movement from modern positions;
- positive and negative experience of the activity of communists and social democrats as ruling parties;
- evaluation of the theoretical contribution of the most prominent figures of the Second International in the light of the historical experience of the 20th century.

The second group of problems of a directly practical political nature:

- the search for ways of creating an all-embracing system of international security;
- the expansion of democracy in all spheres of social life and the development of a reliable system of guarantees of basic human rights;

- protection of democratic rights of minorities (religious, ethnic, ideological-political, etc.);
- the creation of a firm alliance of labor and new democratic movements.

Finally, the most complex, little-elaborated theoretical issues that are called upon to serve as a reference point in practical activity comprise the third group of problems. Without laying claim to completeness, let us name some of them:

- the development of the theoretical basis of the new political thinking based on all advances in the social sciences;
- new criteria and avenues of social progress;
- interaction and reciprocal influence of the two sociopolitical systems;
- optimization of the correlation between spontaneity and deliberateness in the development of the modern world;
- restructuring of socialist society and the evolution of interrelations of the two currents in the labor movement.

We should not be confused by the existence of differences between communists and social democrats on these problems. If they do not turn into antagonism and fratricidal enmity, under certain conditions wide differences of opinion can become a factor of strength not weakness in the labor movement. The continuous dialogue between communists and social democrats will help the international labor movement to restore such vitally important features as openness to the present and orientation toward the future, and will enable it to display historical initiative.

The joint interpretation of the historical experience of the two currents in the labor movement arising from one sources and striving for a single goal—socialism—can become an important impetus for further progress in the true direction, for the creation of a new, more perfect world, for a new quality of life.

Footnotes

1. V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], Vol 39, p 101.
2. Ibid., Vol 20, p 66.
3. Ibid., Vol 38, p 303.
4. "Programma i Ustav Kommunisticheskogo Internationala" [Program and Regulations of the Communist International], Moscow, 1933, p 78.
5. V. I. Lenin, Op. cit., Vol 20, p 65.
6. The authors deliberately leave aside an involved complex of problems connected with the inception and affirmation of Christian currents in the labor movement

as well as revolutionary democracy in the developing countries—a complex that requires special analysis.

7. "Materialy XXVII syezda KPSS" [Materials of the 27th CPSU Congress], Moscow, 1986, p 182.

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18th Congress of the Socialist International (1989)

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[Article by Sergey Vladimirovich Yastrzhembskiy, candidate of historical sciences: "Staking for a Global Mission (On Certain Results of the 18th Congress of the Socialist International)"]

[Text] The regularly scheduled, 18th Congress of the Socialist International, which was held in Stockholm in June 1989, was not only not lost in the current year's political calendar that was filled to overflowing with important forums, meetings, and visits, but even occupied a very noticeable place and attracted the attention of the world community. And with very good reason.

First, this was a kind of jubilee congress of the leading international social democratic organization that united in its ranks more than 80 parties, 27 of which headed or were part of the government of their respective countries at the time of the congress. Its organizers timed it to coincide with the 100th anniversary of the Second International (the Socialist International traces its genealogy back to the founding of the Second International) and the 200th anniversary of the Great French Revolution in an effort to demonstrate the close connection that exists between the internationally significant legacy of these two major events in world history and the mission of contemporary social democracy.

Second, the Stockholm forum became the most representative form in the entire history of the Socialist International: it assembled approximately 600 delegates, observers, and guests from more than 120 parties, movements, and organizations that probably personified the entire spectrum of contemporary socialist thought and practice. The range of invitees was broader than ever before: in addition to such political formations as the African National Congress, the Frelimo Party, the Panhellenic Socialist Movement, the FSLN, and others, for the first time in the Socialist International's entire existence (!) official observers from the CPSU, the Polish United Workers' Party, the Hungarian Socialist Workers' Party, the Italian Communist Party, and the PLO were present in the meeting hall. In our view their presence at the Stockholm forum not only reflected positive change in the international arena in recent years, but also appeared to emphasize the readiness of modern social democracy to play the role of a global

political force that does not limit its interests and ambitions to the concerns of its own "social democratic family."

Third, the 18th Congress adopted a whole "package" of long-range program documents (Declaration of Principles, Platform on Human Rights, "Ecological Safety: A Strategy of Long-Term Survival," and a resolution) and it was in this respect probably of pivotal significance to the Socialist International. They probably most poignantly indicated the striving of social democracy to become a truly international movement in the scope of its vision of today's world and in its practical activity, in its effort to find its answer to the global challenges at the end of the present century and to offer its plan for world development in the 21st century.

A planetary vision of the world

The Declaration of Principles, the preparation of which took more than 10 years of discussion, comparison of opinions, and searching for compromise formulations to reconcile the positions of different ideological currents in the Socialist International, stands out among the documents approved by the congress. Theoretical principles, assessments, and conclusions contained in the well-known commissions [headed by] Palme, Brandt, Brundtland, and Kreisky, and of the Manley Committee, that were created for the in-depth study of various major problems in international politics, had a major influence on the content of the declaration. It is essentially a new Socialist International program that was devised to take the place of the old one that was adopted back in 1951 in Frankfurt-am-Main. While proclaiming the dedication of member parties to their traditional values, principles, and obligations, the declaration at the same time reflects the unquestionable evolution of social democracy's views on a broad spectrum of sociopolitical, especially international, problems.

The updating of the Socialist International's arsenal of concepts is particularly noticeable when one compares the Stockholm document with the Frankfurt program which was adopted at the height of the Cold War and which was infused with the spirit of confrontation and intolerance of that time. The new document, however, has a completely different tonality that is in harmony with the sentiments, expectations and hopes that are gaining strength in the world community as international relations are normalized. The world is rapidly changing and as the content and entire spirit of the declaration show, the social democratic movement is trying not to lag behind the demands of the time in its development.

Judging by the documents adopted by the congress, the philosophy of contemporary social democracy is largely similar to the Soviet concept of new political thinking. Social democrats see the globalization of political, economic, social, and technological processes and the internationalization of international relations as a basic, unique feature of the present stage of world development. In the opinion of the declaration's authors, the

world is becoming increasingly interdependent and is gradually changing from a bipolar world of the two "superpowers" to a multipolar world. Unprecedented possibilities of development open up before mankind, but there are also unprecedented dangers. This is the basis of the conclusion (naturally formulated in the spirit of the social democratic tradition) that priority should be given to general human interests and values: "In our age of unprecedented interdependence of the individual and the state, the solidarity principle acquires special significance since it is necessary for the survival of mankind." Finally, the social democrats, like us, connect their hope for the preservation of the peace and the development of social progress to the democratization of the world order through the efforts of all countries and peoples.

A distinguishing feature of the Socialist International's international conception is its concentrated attention to planetary processes and problems of modern times, first of all, to problems of securing the peace, international security, disarmament, the search for a way out of the ecological crisis, and the development of dialogue and partnership between East and West, between North and South. As is known, since the end of the '70's, a number of these questions have become an integral part of the sphere of the Socialist International's priority concerns and interests, and its peacemaking efforts in the area of the restoration of detente, in the normalization of relations between East and West, and in the regulation of regional conflicts, have won the recognition of the world community. The CPSU also assesses such activity by the Socialist International highly: "We attach great importance," stated a detailed message from the CPSU Central Committee to the 18th Congress published on 29 June 1989, "to the effective contribution that the Socialist International and its parties have made to overcoming difficulties...on the road to arms reduction and to the strengthening of international stability."

Characterizing peace as a fundamental universal value and the principal prerequisite to social progress, the Stockholm declaration speaks out in favor of disarmament, especially nuclear disarmament, and the adoption of new doctrines of global, regional, and national security. The Socialist International considers it impossible to guarantee a firm peace with the aid of nuclear deterrence. This position clearly contrasts with the line of participants in the last NATO summit meeting (Brussels, May 1989) and the leadership of the bloc that declare the absence of any real alternative to the strategy of nuclear deterrence.

The realistic position of social democrats naturally strengthens their international reputation as a peace-making force. This is especially important in view of changes that have been noted in the deployment of figures on the West European political "chessboard." If the trend (noted in the elections to the Europarlament) toward the declining influence of the conservatives and the rising stock of the social democrats takes root, the possibility is not excluded that the latter will become the leading force in the integrated European Community.

Considering the entirely probable assumption of power in Bonn and London by the social democrats and the Labourites, respectively, I will venture to suggest that there may be a certain adjustment in NATO strategy in the direction of bringing it more into line with the demands of the time.

The Stockholm congress also introduced much that was new and unusual in the Socialist International's conceptual vision of problems of Third World development, of ecology, and even of human rights to which the social democrats have traditionally devoted priority attention. Their present approach to these questions is distinguished primarily by the understanding of their integral "inclusion" in global, world processes and the need to search for international means of resolving them.

In respect of environmental protection, the Socialist International raises the question of the ecological renewal of the world, calls for the adoption of coordination measures to protect and restore man's habitat, and correctly notes that the steady degradation of the biosphere is a process that knows no national boundaries. In the opinion of social democrats—and one cannot disagree with this—mankind needs ecologically balanced development because economic growth that is not directed toward the solution of ecological and social problems contradicts progress.

It can be said without exaggeration that the congress formalized social democracy's turn in recent years in the direction of ecological problems that are called the "new mission" of the labor movement and the Socialist International. In Stockholm the latter not only set up the landmarks of its ecological course, but also placed it on a solid, carefully developed platform that contains an in-depth analysis of the worldwide ecological situation and recommendations on its normalization. The proposal by S. Auken, the leader of Denmark's social democrats, to establish an International Ecological Security Council similar to the UN Security Council, is noteworthy.

The complex of problems connected with the life-support and development of Third World countries, i. e., with North-South relations, also acquires ever greater weight in the Socialist International's concerns. The inclusion of these problems in the range of its priority interests is one of the basic directions of globalization of the role of social democracy in international affairs. Naturally, the fact that the ranks of the Socialist International were augmented in the '80's and continue to grow chiefly on the basis of the parties and movements of these countries has also made itself known. As a result, the activity of the social democrats' head organization is gradually losing its clearly pronounced "Eurocentrist" character of the past and is acquiring qualitatively new geopolitical measurements. It is symptomatic that Luis Ayala, a Chilean, was elected secretary general of the Socialist International at the Stockholm congress.

The Socialist International predicated its analysis of relations between Northern and Southern countries on the premise that the increasing and intensifying inequality between them affects all mankind and is a source of danger that threatens the community of nations. Hence the intention of its leadership (Willy Brandt was especially active in this regard) to promote the unification of the efforts and resources of East and West in the interest of eliminating indebtedness, hunger, epidemics, and illiteracy in the Third World. The Socialist International approaches the prospects of the establishment of a just international economic order in close connection with the solution of these global problems.

As regards human rights, which social democrats regard as a universal value, here, too, there is evidence of the renewal of their program principles. This is manifested first of all in the recognition of the interconnected and complementary nature of all aspects of human rights—political, socioeconomic, individual, and collective. The documents adopted in Stockholm probably for the first time emphasize so definitely the significance of such social rights as, for example, the right to work, the right to strike, the right to engage in trade union activity, and the right to reliable social protections.

New views of socialism

"The idea of socialism has gripped the imagination of people throughout the entire world..."—these are the opening words of the Declaration of Principles. The major tonality of this assertion is not by chance. On the one hand, the compilers of the declaration evidently proceeded from social democracy's Europarlament election victories, from the possibilities that open up for "social democratic reconquest" in West European countries that have long been dominated by conservatives. But on the other hand, as the last declarations by the press and the leaders of a number of social democratic parties show, the Socialist International does not conceal its hopes that the new forms of social development in certain socialist countries, especially in Hungary and Poland, may be accompanied by prospects favoring the spread of the ideas of democratic socialism to Eastern Europe as well.

At first glance, it appears that social democracy's concept of socialism has not undergone major changes. In the spirit of its traditions, it views democratic socialism as "a constant process of social and economic democratization and strengthening of social justice," sees it as a global alternative to both capitalism and communism, emphasizes the ideas of freedom, justice, and solidarity, and emphasizes its dedication to the principles of political democracy and a mixed economy.

However, while the declaration preserved views that are traditional of the social democratic movement, the Stockholm congress at the same time promoted the development and renewal of social democracy's conceptual views of socialism and gave them a greater degree of elasticity and balance. Thus, the Socialist International

now recognizes the possibility of different forms of political and economic democracy, does not consider the multi-party system the main criterion of socialism, and admits the diversity of avenues of struggle for democratic socialism in various countries. While remaining a staunch champion of the market, it considers it necessary to compensate the inevitable shortcomings of this economic mechanism with the aid of state regulatory measures.

It is also noteworthy that the social democrats have in fact abandoned many years of attempts to monopolize socialist thought and ideas of its embodiment in practice. "Socialists do not claim," the declaration states, "to hold the prescription for the creation of a society that cannot be changed, that cannot be reformed and developed further. A movement that makes democratic self-determination its goal will always find a place for creative solutions because every people and every generation must determine its own goals."

The natural question is: what prompted the social democrats to make by no means cosmetic amendments in their conception of socialism? There are several reasons for this. First among them is the circumstance that in recent years there has been an appreciable evolution in theoretical thought and practice (especially international) in the social democratic movement. One more factor: there was substantial improvement in mutual understanding, the sphere of agreement, and dialogue and cooperation are becoming increasingly fruitful between the latter and a number of ruling communist parties. But it would seem that the key role was played by positive changes taking place in the world and by the renewal processes that are developing in the USSR and certain East European countries.

But the social democrats would not be themselves if they did not once again distance themselves both from "uncontrollable, irresponsible capitalism" and from "conservative capitalism," thereby confirming the invariability of their claims to the role of a certain "third force" that has its own alternative social project. While the Stockholm declaration assigns responsibility to liberals and conservatives for absolutizing the principle of personal freedom to the detriment of justice and solidarity, it at the same time rebukes communists for ignoring the freedom principle. But criticism of communism is not confined to this. The declaration also contains the following rigid assessments: "Communism has lost some of its appeal for some of the labor movement and some intellectuals whose sympathy it enjoyed after the October Revolution and during the struggle against fascism. The crimes of Stalinism, mass repressions, and violations of human rights, as well as unresolved economic problems undermined trust in the idea of communism as an alternative to democratic socialism or as a model for building the future."

Only a few years ago, such a passage from a social democratic document would hardly have appeared in the pages of the Soviet press. Today, however, we judge

ourselves still more sternly. We are trying to tell the entire bitter truth about the chapters in our history that so devalued our social experience in the eyes of the entire world. The self-purification process is inseparable from the economic, political, legal, and moral regeneration of our society. Social democracy shows genuine interest in this new experience, which is born of perestroika, and ties considerable hopes to it.

The beneficial influence of perestroika

Changes in the USSR, reforms in certain other socialist countries, and their influence on international life were one of the themes of the congress that was reflected in the documents it adopted. Thus, already in W. Brandt's introductory remarks, he addressed representatives of the CPSU, saying that in their person he welcomed those who "are working with Mikhail Gorbachev to advance the ideas of perestroika." Other prominent social democrats, e. g., N. Kinnock, the leader of the British Labourites; E. Bahr, presidium member of the board of the Social Democratic Party of Germany; and K. Sorsa, chairman of the Finnish parliament, while noting the indisputable positive impact of perestroika and glasnost on the international climate, emphasized that social democracy most not merely wish success to Soviet reforms, but must also actively support them. The most reliable way of doing this, according to N. Kinnock, is to promote disarmament, thereby making it possible for the USSR to release financial, intellectual, labor, and technological resources for civilian purposes.

The motivation behind the social democratic movement's support for reform processes in a number of socialist countries is also heard in the Declaration of Principles. "The Socialist International," it states, "supports all efforts to reform communist society through liberalization and democratization. The same support should also be rendered to the creation of decentralized market mechanisms, to the struggle against bureaucracy and corruption, and especially the struggle to affirm human rights and political openness as important elements of dynamic and progressive society."

What is the reason behind such persistent interest by social democracy in perestroika and why did its Stockholm forum support perestroika?

Judging by everything, the social democrats are taking into account numerous factors. They first of all consider radical changes in the international situation, progress in the disarmament process, and the filling of East-West relations with constructive content, while properly connecting all these changes to the new political nature of the Soviet Union. What is more, in the opinion of social democrats such a course of events creates prerequisites for the further weakening of the positions of neoconservative forces in the zone of developed capitalism. As already noted, the Socialist International also entertains certain hopes that the ideas of democratic socialism will penetrate East European countries, where kindred parties are showing themselves to be more and more active. We note, incidentally, that one of

them—the recently formed Hungarian Social Democratic Party—was already represented in Stockholm. Finally, the experience of perestroika proper, which generates long-range, attractive ideas and creates new forms of social development, contains much that is valuable for those dynamic social democratic circles that relate attentively to the entire wealth of contemporary socialist thought and practice.

The readiness demonstrated by the Socialist International to promote the modernization of socialist countries and the success of perestroika (although by no means on the basis of missionary zeal) presupposes progress in relations between social democracy and the ruling communist parties. Grounds for such progress, *inter alia*, in relations between the CPSU and social democracy, unquestionably exist. They are the similarity of the positions of the sides (if not more) on a broad range of global and regional problems. They are the similarity of philosophical views of the fate of modern civilization, the understanding of the necessity of securing mankind's general consensus for preserving peace and for future social development. The reality of this progress lies in the increasing similarity of our views regarding avenues of progress toward the socialist ideal, regarding the role and significance of human rights and freedoms, moral and cultural values in the social development of democracy. Such an expansion of the platform of agreement between communists and social democrats makes it possible to hope for the still more effective coupling of good will and constructive efforts of the two leading currents in the labor movement in the search for the solution to problems besieging today's world.

What has been said does not in any way mean that no philosophical or political disagreements remain between communists and social democrats. They naturally exist. Unfortunately, not all social democrats are oriented toward constructive cooperation; the "anticommunism syndrome" has not disappeared from some of them. It would be an illusion to assume that existing difficulties and differences will dissolve in the foreseeable future.

But the existing disagreements must not be regarded as a negative factor. What is more, under present conditions they can and are becoming a stimulus for mutual enrichment. Future cooperation between communists and social democrats must not be in the spirit of "settling accounts" but must rather take the form of the joint search for answers to the challenges of the time while each current retains its independence and originality.

Finally, there is one more consideration that stems from the Stockholm congress and that has a direct bearing on the attitudes of social democratic parties toward the CPSU.

Under the conditions of perestroika, we have finally cast off the toga of know-it-all boastfulness and messianic infallibility and we are beginning to focus attention on all the good, progressive, and promising that exists in foreign socioeconomic practice, in the storehouse of world social thought. And in the given sense, I believe

that the reform experience of international social democracy also holds special interest for us.

As objective indicators show, social democratic economic management is sufficiently effective to satisfy basic social needs. The reasons behind able management can be explained in different ways. In my opinion, not the last role is played by the circumstance that social democrats base their economic activity primarily on common sense, feasibility and objective reality and do not fetter themselves with ideological postulates. Thus, in my view, from the standpoint of our present development, social democratic experience is useful in such questions as the regulation of the market economy; consumer, sales, and production cooperatives; social security; housing construction; vocational training; and the creation of a differentiated tax system.

But what is characteristic—and the Stockholm forum clearly demonstrated this—social democrats are by no means inclined to rest on their laurels. The approaches proposed by the Socialist International for neutralizing the negative social consequences of the technological revolution and for healing other “sore points” of modern civilization are noteworthy—once again in the light of our perestroika concerns. Social democrats favor democratic social oversight over investment policy, giving the consumer more rights than the producer in influencing the production of goods, and the legally guaranteed right of the working person to influence the decision-making process directly in the workplace. It is obvious that many of the Socialist International's proposals merit thoughtful study and, where possible, creative utilization—on the basis of our understanding of socialist values—in the search for optimal means of realizing the tasks of perestroika.

Of course, the few months that separate us from the 18th Socialist International Congress do not permit us to evaluate its influence on the course of social democracy's thoughts and actions. Figuratively speaking, only the future will show how precisely the Socialist International's “navigators” have been able to determine the tack of their “ship,” and avoid the numerous reefs of the era. But even now one thing is clear: the Stockholm forum opened a new stage in the life of international social democracy and set forth a program for its activity on the approaches to the next century.

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WORLD PROBLEMS

Stalinist Economic ‘Laws’ Impeding Development of Market Economy

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[Article by Anatoliy Yakovlevich Elyanov, doctor of economic sciences; chief, Socioeconomic Problems Sector,

Center for Developing Countries and the Nonalignment Movement, USSR Academy of Sciences IMEMO; mbr, Editorial Collegium, MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA: “A Common World and Common Economic Laws”]

[Text] The new political thinking, which brings us back to the thesis of the wholeness and interdependence of a world that is divided into two systems, opens up the broadest heuristic possibilities. Naturally, it is not solely confined to the framework of international relations. The idea of the primacy of general human values essentially embraces all spheres of modern social life and stimulates the search for new, unconventional approaches to their study. In this connection there is a more and more keenly felt need for the critical rethinking of certain established theoretical views and ideological principles, at least in their traditional interpretation. The question of the content and interaction of general laws of economic development (for both systems) and particular (intrasystemic) laws of economic development would seem to merit special attention because they largely determine specific paths and forms, and moreover, the very possibility of coexistence of the two systems.

I

Until recently, at any rate before perestroika, Soviet scientific, educational and propagandistic literature primarily focused on differences between the two economic systems, each of which supposedly developed according to its own unique laws. The actual principle has been that “our way” is entirely different from “their way.” And there is indeed much that has been and continues to be “entirely different.” But alas, this is usually not in our favor. The question naturally arises: why is it not in our favor? Why, notwithstanding radical change in forms of property with which qualitative change in social systems is usually associated have we not succeeded in achieving any kind of economic superiority?

References to the backwardness of prerevolutionary Russia, to enormous material and irreplaceable human losses sustained in World War I, in the civil war, and in the Great Patriotic War are unquestionably appropriate. But they are clearly insufficient and have moreover exhausted themselves. Other explanations are required. At the same time it should be taken into account that the scale of economic progress indicated by official Goskomstat [State Committee for Statistics] data no longer inspire confidence. Actual progress in the basic, most socially significant sectors of the economy have proven to be incomparably more modest than can be concluded from these data. Moreover, against the background of accomplishments of certain countries, including the developing countries, in the other system, this progress is not so very impressive.

Of course, the systems are of different types. And differences between them must necessarily exist. They are

primarily connected with the completely different functions of the state in the economy. But if we proceed from the premise that the command-administrative system is not an immanent property, but is a distortion of socialism that leads to its deformation, then the essential differences between the two systems will evidently not be on the same or, more precisely, not entirely on the same plane that we have looked for them up until now.

While not by any means disregarding all differences, the genesis and real content of which unquestionably require serious study, we can hardly continue to abstract from certain features and regularities common to both systems since we indeed live in the same interconnected even if contradictory world. This is all the more important if we consider the fact that previously, in the time preceding perestroika, these features and laws were essentially simply ignored. Individual qualifications have changed nothing here.

We are primarily discussing general laws which according to F. Engels are applicable "to production and exchange in general," regardless of the degree and social form of their development, and "apply to periods of history to which these modes of production and forms of exchange are common."¹ In other words, the reference is to laws that are at the **basis of the forward progress of human civilization** as a common worldwide historical process, that ensure the **necessary continuity** between its different periods and stages. Laws, without the knowledge and consideration of which it is hardly possible to make full use of the most important attainments (and not their individual elements) of modern civilization, to extract maximum benefit from cultural, scientific-technical and economic cooperation between the two systems, and to achieve the desired results in the historic competition with capitalism.

We must pose a number of questions in this regard. What tangible changes have actually taken place in the economy of countries in which a socialist revolution has taken place and what has been the direction of change? **In what way and to what degree** did their economic organism **differ** and how does it now **differ** from the one that exists in capitalist countries and how did this difference originate? Can **two fundamentally different**, largely incongruent economic systems coexist at all in a single, interconnected world? And indeed in such a case is it even appropriate to raise the question of its wholeness?

The answer to these questions would seem to stem partly from the very specifics of the formation of socialism. After all, the beginning and progress of its development are in many respects not the way K. Marx and F. Engels viewed it in their time. First, it began long before the exhaustion of the potential for the development of the productive forces that are secured by the capitalist mode of production. "No social formation," Marxist theory states, "dies before all the productive forces to which it

gives sufficient latitude develop, and new, higher production relations never emerge before the material conditions for their existence **mature** (my emphasis.—A. E.) within old society itself."² Second, not simultaneously and—most important—not in the most developed, but at different times and especially in countries that are relatively backward economically. Third, not through the natural "elimination" of private capitalist ownership of the means of production, but as a result of its forcible expropriation and nationalization.

While correctly viewing the specifics of the present socialist economy to lie in public ownership of the means of production, we frequently forget that this property itself was in fact affirmed without regard to the progress of the productive forces on the basis of which and in the course of which the prerequisites to a higher socioeconomic formation based on other, more sophisticated forms of labor organization and social life on the whole can only be created.³ We lose sight of the fact that this property nevertheless essentially belongs not to society but to the state in the person of various departments and organizations created by the state. What is more, in the course of nationalization and collectivization, the operational-economic independence of producers without which it is practically impossible to secure any kind of effective connection between production and the consumer's interests was liquidated together with the elimination of private ownership of the means of production. As a result, the market mechanism—which developed over many centuries of mankind's history—for motivating and regulating economic activity was destroyed and the state was burdened with the functions of principal organizer and direct participant in the production process that were inappropriate to its nature (and that were in many respects also beyond its ability).

Objective reference points and criteria of economic activity disappeared with the destruction of the market and the economic mechanism that functioned on its basis. This cleared the way for the tyranny and voluntarism of the command-administrative, essentially authoritarian-bureaucratic distribution system that replaced it. The **depersonalization** of property that accompanied nationalization and collectivization weakened and eroded the interest of the direct producers in the results of their labor.

II

The uniqueness of the socialist economy essentially boiled down to the modification of distribution relations based on state and kolkhoz (which is in fact a type of state) property. One of the consequences of this was that the previous system of general motivation of economic activity and specific work incentives was not only not improved, but to the contrary became weaker and weaker and was reduced to naught. Hence the decline of economic discipline, wastefulness, the lack of coordination of investment decisions and society's real needs and potential, unreceptiveness to technical innovations, and *dolgostry* [late completion of projects], which in their

aggregate undermined the overall effectiveness of the economy and led it into a deep crisis. The advantages that theory connected with the liberation of the working people from capitalist exploitation also proved to be illusory under these conditions.

Only radical reform, only a return to market-oriented development within the framework of which all the rest of mankind exists and progresses can resolve the existing dilemma, can overcome the negative, essentially destructive processes and trends that are deeply rooted in the economy of socialist countries. Through the decentralization of economic decisions, a flexible system of feedbacks, and competition, other countries develop and improve the self-regulatory mechanism that increase the viability of the economic system as a whole, pose a reliable safeguard against voluntarism in the choice of goals and means of development, maintain effective social control over the measure of labor and its remuneration and their coordination through the consumer's purse, and conduct the active search at the enterprise level for the possibility of assimilating organizational-technical innovations and for increasing the general effectiveness of production.

The restoration and development of a **full-blooded** market are thus an invariable condition to the economic rebirth of socialist countries, to making them privy to the entire range of modern scientific-technical attainments (and not individual elements of them), without the mastery of which it will hardly be possible to resolve extremely urgent social problems and all the more so to secure the vitally necessary acceleration of social progress. Prospects for the democratization of the economy, for affirming the true sovereignty of the consumer, for transforming his demands into the only goal, and thus into a determinant of all forms and types of economic activity are integrally connected to the restoration of the market and market relations. The possibility of bolstering democratic trends in other spheres of social life and of making them irreversible is also largely connected with this.

As the experience of history irrefutably shows, the relatively free development of the market and the complex system of economic relations ramified in breadth and depth that is based on it is moreover probably the most important and effective, albeit by no means painless, road to the natural integration of different oblasts and regions into a whole socioeconomic organism that is tied into one by many different economic relations.

The gap between the by no means inexpensive ideologized schemes and the extremely urgent need to return the economy of socialist countries to the realm of common sense, to restore the market and normal commodity-monetary relations with all the attendant problems and contradictions (naturally while simultaneously organizing an appropriate system of market regulation by the state) convinces us of the total insolvency and the contrived thesis that there is a basic distinction between

socialist and capitalist forms and methods of management. Such a distinction cannot exist if only because the market and commodity-monetary relations are basically connected with the social division of labor (and by no means with the existence of heterogeneous forms of property or economies as is still frequently suggested by some Soviet political economists) upon which any economy system that is developed to any degree is based.⁴ But as regards the distinctions that are perceived every day, they are to a considerable degree the result of the command-administrative system that is somewhat undermined, but that still maintains quite firm positions. It is the same system that impedes and frequently simply blocks the socioeconomic progress of socialist countries, pushes them to the curbside of world development, and at the same time reduces the potential for international cooperation that is vitally necessary to everyone.

If we are really finally ready—not just in words but in deeds as well—to recognize the universal role of the market, it would seem necessary to make a critical examination of the entire complex of views of the economic laws of socialism that were affirmed during the period of absolute dominance of the command-administrative system. All the more so because some of these views apparently reflect not so much the results of the analysis of objective needs as the dogmas that simplify and camouflage them and the structures that are created in accordance with these dogmas that only hinder the development of our economies and keep them in the procrustean bed of voluntarist decisions. Such an examination, in addition to everything else, would help us to gain a deeper, more complete understanding of the general principles behind the economic reforms that are presently being carried out by socialist countries and possibly to bolster them theoretically in some way. I shall address only two closely interconnected questions that more than others concern the wholeness of the world and the coexistence of different types of social systems.

III

As seditious as it may sound, the first of these questions relates to the so-called basic economic law of socialism. So-called because what is commonly called the basic law is not such in fact. It can also hardly be classified among the objective laws, i. e., among the laws that are independent of the consciousness and will of people, e. g., the law of value. What is more, there are serious doubts about the very idea that some special basic economic law exists in every formation. Characteristically, Stalin, who claimed the dubious honor of "discovering" the basic economic law of socialism, did not confine himself to its definition, but compared it with his interpretation of the basic economic law of capitalism, and contrasted the goals of the two modes of production and the means of attaining them.

If, as Stalin emphasizes, the basic goal of capitalism to extract maximum capitalist profit, the basic goal of socialism is to secure the maximum satisfaction of the

constantly growing material and cultural needs of all society. And if the merciless exploitation of the population of capitalist and backward countries themselves as well as wars and the militarization of the economy are the source of maximum profit under capitalism, the maximum satisfaction of the needs of socialist society is secured through the continuous growth and improvement of production on the basis of higher technology.⁵ These, as is now entirely obvious, largely scholastic constructions were evidently intended to affirm in the consciousness of Soviet man irrefutable and moreover (since we are talking about objective laws) that are supposedly given for all time "from above," i. e., the automatic advantages of socialism, and to simultaneously convince him of the inevitability of the imminent demise of capitalism which had become obsolete.

Even if we do not question the goals of capitalist and socialist production proclaimed by Stalin, it is obvious that he was talking about phenomena on entirely different planes.

As K. Marx brilliantly showed in his time, the attempt to maximize profit is characteristic of capitalism not in a certain period, but typifies capitalism in general at all levels. This is not only a question of capital's immanent internal tendency toward spontaneous growth. This very property is formed and supported by the conditions of unceasing competition that compels every capitalist entrepreneur to make maximum efforts to improve and increase the effectiveness of his activity. In other words, subjective aspirations coincide with objective need. Enterprises that for some reason are unable to realize this need to a sufficient degree go under and give way to more successful competitors.

At the same time, with the organizational-technical improvement of production spurred by the attempt to maximize profits, higher demands are made on the quality of labor power, thereby placing the question of higher pay on the agenda. The solution of this problem is facilitated by the struggle of hired workers for their rights on the one hand and the relative and frequently absolute lowering of the cost of living in the course of technical progress on the other. Hence profit and wages are in a complex dialectical interdependence that requires maintaining a certain, objectively conditioned correlation between them that in principle stimulates their parallel growth. Thus, maximum profit⁶, like the rampant exploitation of hired labor that secures it, resulting in the "ruination and impoverishment (only the physical boundaries of one and the other are not clear) of the majority of the population," are pure illusion. However it is by no means an innocuous illusion. Its canonization has been a substantial obstacle to the understanding of objective patterns of distribution of national income, that ultimately measures the well-being of any society and the place and role of its individual components in the development process.

As is known, profit finances capital investments that secure the development of production. Consumption

potential or the capacity of the market for the products of consumer demand, however, is determined by wages.⁷ Uninterrupted expanded reproduction depends on the harmonization of these two basic components of national income (through a complex system of intermediate links). But when disharmony gains the upper hand and disengagement between them exceeds objectively allowable limits, a total or partial crisis of overproduction begins. But this crisis, in addition to destructive functions, also performs unique beneficial functions by preparing conditions for the next, higher spiral in the general trajectory of movement of capitalist production. An especially important role in this self-regulatory mechanism belongs to profit which in all stages of the cycle is the principal reference point and at the same time an indicator of the state of the capitalist economy.

Under socialism everything is much more complex and at the same time simpler. As the basic economic law of socialism "discovered" by Stalin states, the goal, the driving motivation behind socialist production at all levels that imperatively inspires its development is not the highly humane, but is rather the quite abstract striving—which does not directly affect the vital interests of its participants—for the maximum satisfaction of society's constantly growing needs. The entirely tangible state plan, according to the tradition established back in the '20's, is such an imperative in fact. This is because the welfare of a given department and every enterprise subordinate to it together with all its personnel depends on its fulfillment, essentially regardless of the associated expenditures and cost of products produced under the plan. But the way society's real needs are reflected in the plan is eloquently evidenced by permanent shortages with the growing erosion of inexpensive goods and by the expanded reproduction of all manner of disproportions.

But regardless of this, the very idea of the maximum satisfaction of needs, at any rate in its Stalinist interpretation, is absolutely insolvent. After all, needs, always and under all circumstances if, we take society as a whole, develop faster than the growth of production. But it is only possible to consume (thereby satisfying needs) only what has already been produced and, moreover, only what society can pay for. Consequently, the satisfaction of needs depends on the state of production, on the aggregate purchasing power that society has at its disposal during any given period of time, and on the distribution of money to satisfy this need.

Here, too, we cannot ignore the question of profit which was so many times stigmatized and, it would seem, ultimately pilloried by Stalin. Naturally, not maximum profit which simply does not exist in nature, but the "most ordinary," ultimately average profit that finances the development process and that under the conditions of the highly developed social division of labor and the commodity-monetary economy corresponding to it, is the integral indicator of the effectiveness of production. After all, the aggregate consumption fund (including the part that is totally financed or subsidized by the state) does not by any means depend solely on the share of

national income that is used for accumulation. A no less, if not more important factor among the factors that influence production is the volume of the final product that largely determines the effectiveness and consequently the profitability of production. In other words, profit as a resource that is used for accumulation opposes current consumption only in every given period of time. Over time, however, the extraction of profit mediates the growth of consumption and is an inevitable condition to it: the possibility for increasing the production of consumer goods expands as it increases. And conversely, there is the increased possibility of higher profits with the progress of consumption and the market that serves it.

But when the role of profit in the reproduction process is underestimated or—worse yet—entirely ignored, the thesis of continuous growth and the improvement of production as the source of satisfying constantly growing needs (a thesis that is correct in itself) also appears unconvincing. And not even because of the confusion of different concepts—comparison of the technical level and dynamics of production under socialism with the distribution of its results under capitalism, but primarily because of the incorrect approach to the problem of motivating economic activity under socialism. This means losing sight of the levers that stimulate the organizational-technical improvement of production without which its continuous growth is practically impossible. But to compare profits with the satisfaction of needs, even though this was supposedly done only theoretically and in application to different types of socioeconomic systems, necessarily promoted the dissemination of **simplistic ideas** concerning the economies of socialist countries and **harmful illusions** about the motivations and driving forces behind economic activity under socialism.

As soon as radical economic reforms in socialist countries are oriented toward the rehabilitation and restoration of market forms of management, they must also restore to its rights the natural striving for maximum profit as the **main objective** of economic agents' production activity. Real khozraschet [cost accounting] is possible only on such a basis. This also makes it possible to approximate a model of development that is capable of securing the accelerated betterment of the well-being of one and all. However this purification process encounters a great deal of inertia and sometimes even the concealed resistance of previously created socioeconomic structures as well as difficult-to-surmount psychological barriers based on dogmas which, although insolvent from the beginning have nevertheless not yet been refuted and—most important—have not been rejected. Such is the price of a scornful, arrogant attitude toward the most important advances of human civilization and the deep-rooted habit (not without the active participation of Stalin) of approaching the evaluation of economic problems chiefly—if not exclusively—from ideological positions, of seeking their solution without proper regard to the interests and potential of real producers and consumers.

Dogmatism and the stagnation of thought that accompanied the excessive ideologization of the social sciences to the detriment of their basic cognitive function also prevented the identification of certain other, more general trends and patterns in the socioeconomic process that are based on general human values. After all, the striving for maximum profits under the conditions of the relative balance of the market and competition (the same striving that we still frequently characterize merely as greed), while stimulating efforts to rationalize production, helps to lower production costs. But this is essentially only a certain, historically conditioned form of value, a **particular case of the economy of working time** (in the form of live labor and labor embodied in the means of production) which ultimately represents the basic goal and main direction of development of all human civilization. This was specifically how K. Marx defined this phenomenon in his examination of the development of the monetary form of value. "Any economy," he emphasized, "is ultimately the economy of time."⁸

As historically experience irrefutably attests, the potential for the development of the individual and of society as a whole is to a decisive degree connected with it [economy of time]. Indeed, the more time that is saved in the production of the goods and services that are the primary necessities, the more time is spent on production to satisfy material and non-material needs of a higher level. With the further growth of the productivity of social labor, prerequisites were created for reducing the total length of the working day, as was usually the case in a certain stage of industrialization, and is today more and more clearly the case with the intensification of the scientific-technological revolution. The time that is liberated in this way is essentially the additional, priceless resource without which the all-round development of both the individual and society is impossible. The way to attaining this objective is to improve all forms and types of economic activity, which is most appropriately reflected in the growth of profits, the quest of which stimulates the production process under capitalism. However, the economic theory and economic practice of socialism have not recognized this connection until very recently.

IV

The idea of systematic, proportional development (which Stalin elevated to the rank of a law), that was virtually juxtaposed against the law of value because it was viewed as one of the latter's constraints, also seems equally incorrect. This "discovery" played an especially negative role in our economic history primarily because it, like the basic economic law of socialism, became wishful thinking in Stalin's interpretation, thereby disorienting society and diverting it from the search for ways of solving real problems and contradictions. With the beginning of perestroika and the expansion of glasnost, the press presented an infinite number of examples refuting the existence of the law of systematic, proportional development. Everyday life also provides convincing evidence of this fact. Because of its ideologically

protected status, however, this idea continues to live in theory. In any event, it is reproduced in virtually unaltered form in political economy, philosophy, and history textbooks and learning aids.

As we know, practice is the best criterion of the validity of theoretical discoveries. But if its evidence is for some reason rejected or unheeded for some reason, as in the case with systematic, proportional development, it probably makes sense to return once more to the theory of the question and to take an unprejudiced look at it.

One is first of all struck by the inadequacy of the actual formulation of the law, by its sketchiness. Proportional development is in fact treated as a synonym and at the same time the result of *planomernyy*, i. e., systematic development, as a planned influence on the economy on the part of the state. However the synonymousness of these concepts is highly relative and, for a host of reasons, the results of the planned activity of the state may vary greatly. The need for such activity essentially also remains an open question. It is adduced from the *a priori* affirmed need to curb spontaneous market forces. The reason for this need under socialism is not revealed. It is only emphasized that the possibility of realizing it is opened up by socialist ownership of the means of production that took two forms—state and kolkhoz—during those years. *Planomernost* here is understood to mean **directive planning**, while spontaneous forces are equated with anarchy.

However, spontaneous market forces, unlike Brownian motion, have their own internal objective logic that is expressed in economic cycles and are therefore not equatable with anarchy—the synonym for total disorder and chaos. The need to iron out cyclical fluctuations, to reduce the destructive consequences of periodical crises of overproduction as much as possible and in this way to straighten out the general trajectory of development is especially keenly felt specifically under capitalism. Under socialism, however, development is not cyclical or at least has not been up to now. At the same time, it became clear that socialist property does not reduce exclusively to state and kolkhoz property and that socialism, as follows from the experience of certain countries, is entirely compatible with private ownership of the means of production, to say nothing of such a modification of it as individual ownership. Views of directive planning, which was presented as a virtual panacea for all ills, but is in fact the product of and at the same time the condition to the existence of the command-bureaucratic system of management, which by its very nature is organically incapable of securing any kind of proportionality, have been thoroughly shaken.

While in no way denying the need for planning as a form of conscious intervention in the process of socioeconomic development, we must not lose sight of the fact that such intervention **can and should** take place not at one level, as is the case with the authoritarian-bureaucratic system of regulation of economic activity, but at least at **two levels**. In other words, not only at the

level of the state, but also at the level of each individual enterprise-producer. What is more, this should evidently take place **more at the second**, lower level which is **closer to the market**, where the interests of various producers and consumers collide. It is specifically this level that permits and at the same time compels maximum consideration to be given to the real needs and demands of the actual consumer and accordingly to satisfy them better, thereby raising overall effectiveness and hence the profitability of production as well. The state, however, should be charged only with those functions that for some reason cannot be performed by the enterprises themselves.

Only with such "division of labor" between the state and the direct producers is it possible to approach the sought-for proportionality that is in fact an unattainable ideal. K. Marx showed that under capitalism "there is no entirely established 'proportionality relationship' whatsoever, there is only movement that establishes it."⁹ Nor is it excluded that ideal proportions are also totally unnecessary as long as all manner of "disturbances" and contradictions play the part of a driving spring behind development. There is something else that is also important. Movement toward proportionality, as Ricardo declared, and Marx concurred completely, is realized through practically inevitable, continuous fluctuations of demand and supply. At the same time, the correlation established by these fluctuations between different types of production depends on their technical equipment and on society's real consumption power, i. e., on the basket of consumer goods that it is capable of and willing to pay for at any point in time.

But as we know, the capitalist economy itself is only a highly developed form of commodity production. At the same time, the latter—as a result of the constant increase in the breadth and depth of the social division of labor, which is stimulated by scientific-technical progress that is boundless by its nature—continues to develop under socialism as well. It would thus appear that the results of Marxist analysis of this and many other problems might also be entirely applicable to the economy of socialist countries. Incidentally, the experience of their development does not to any degree refuse the thesis that movement toward proportionality is only possible on the basis of the permanent adjustment of production to fluctuations in demand and supply. In any case, the command-administrative system was unable to propose an alternate solution of this problem. What is more, the centralized directive planning that is integrally connected with it does more to multiply than diminish the disproportions that arise in the course of development because it influences only the forms of their manifestation and their general configuration.

It is obviously also appropriate to recall the thought of the same K. Marx (which was incidentally also reproduced by V. I. Lenin), which was stubbornly ignored by the authoritative-bureaucratic system, that the circulation of constant capital is "ultimately limited by personal consumption, because constant capital is never

produced for its own sake but is produced only because more constant capital is consumed in branches of production whose products enter into personal consumption."¹⁰ Obviously, the only exception to this rule is the production of producer goods for military purposes. But in this case as well, the volume of production and product mix are determined by the customer with the sole difference that the customer is the state itself which in the absence of effective, democratic control over its activity can allow itself considerable excesses.

Hence the entire, extremely intricate complex of economic relations between various types and forms of production, just like the individual enterprises engaged in them inevitably revolves around consumption or more precisely around effective demand that finances this consumption. Its volume and structure essentially comprise the system of coordinates which ultimately lies at the basis of literally all production proportions. In the light of the foregoing, the idea of replacing the market with directive planning looks strange to say the very least: why is non-economic coercion needed if the production of various types of products is stimulated by effective demand? In the absence of such, there is also doubt about the feasibility of expenditures on the production of the corresponding products. And if these expenditures cannot be compensated by state subsidies, they are subtracted from previously created wealth.

V

The question of the time that can and should be considered necessary for the production of one or another type (or model) of a product-commodity merits the closest scrutiny in this regard. Notwithstanding the quite obvious logic and the existence of direct pronouncements by K. Marx on this score, there is still considerable confusion concerning this question. The interpretation of the concept of necessary working time is usually confined to the clarification of K. Marx's well-known principle that this is the time "that is required to produce a certain use-value under the existing socially normal production conditions, with the average level of ability and labor intensiveness in a given society."¹¹ The question that the real measure of such time, which is continuously changing in connection with technical progress, must to a certain objectively significant form be recognized by society is passed over in silence and is frequently even consciously ignored. Under the conditions of a commodity-monetary economy, this recognition depends entirely on the market where the consumer votes for the goods and services he needs with his own purse.

According to another pronouncement by K. Marx that is also usually passed over in silence or lost from view, "the value of a thing is determined...by the **minimum** time it takes to produce it and this minimum is established by competition."¹² In other words, "the socially necessary working time for the production of goods makes its way through random and constantly fluctuating exchange

relations of the products of partial works only forcibly in the capacity of a natural regulatory law that acts like the law of gravity when a house falls on one's head."¹³ Naturally, given the present developed system of intrafirm planning and state regulation and widely ramified and relatively stable economic relations, the "exchange relations of the products of partial works" are in large measure no longer random. Nevertheless, the socially necessary time for the production of these products under competitive conditions can only be established in the process of exchange, i. e., in the market, through the comparison of demand and supply.

Characteristically, even if use values are created at the average level of ability and labor productivity in a given society, but in larger quantities than the market requires, the part of the time spent on their production that exceeds the needs of the market, as in the case of production costs of enterprises that are backward in an organizational-technical sense, is in the opinion of K. Marx not socially necessary. Nor can expenditures on inferior products that do not find a buyer despite the existence of demand, as is not infrequently the case in our country, be considered such.

Obviously with the exception of the actual act of realizing product-commodities in the market, which alone makes it possible to establish the measure of correspondence between the commodity mass available for sale and existing effective demand, there are simply no other ways of determining necessary working time. And hopes for the growing power of computers are absolutely insolvent in this sense.¹⁴ Long-range calculations of the commodity mass on the scale of the entire national economy have also failed to justify themselves in the past. Still more questionable—notwithstanding the growing speed of computers—is their present feasibility. This is by no means merely the consequence of the dramatic expansion and modernization of the product mix that are dramatically accelerating in the course of the scientific-technological revolution, primarily because of the fluctuations of demand and supply that do not cease for a minute and that multiply together with the diversification of this mix. Nor can we disregard rapid progress in computerized information processing which creates the prerequisites for reducing the turnover time of all production resources. Serious additional difficulties for such calculations are created by the relatively greater increase in demand for services, the consumption of which, unlike material commodities, takes place in the course of production proper and gains strength by virtue of the trend toward integrating material and non-material components of the reproductive process.

VI

It appears that only by taking these principles into account can a substantive discussion be conducted on scientifically substantiated planning. Unlike directive planning, it cannot ignore the real demands of the market and the economic forces it generates. What is

more, I believe that in the more and more widely recognized interrelationship of the plan and the market, which were previously contrasted against one another, unconditional priority belongs to the market, which is the ultimate basis of any plan as well as its end result and goal.

After all, the market is in a certain sense identical with an economy in which every producer—whether an individual selling his labor power or an enterprise—is also a customer, thereby necessitating very definite relations with a host of other producers and customers. Hence every national economy, regardless of the degree of its internal integration, is a single interconnected whole, is a kind of system whose individual elements cannot develop entirely independently of one another. And the growth of every national (or the world) economy is inconceivable unless certain, objectively given proportions between its component parts are observed.

The effectiveness of production is also integrally connected with proportionality as a form of necessary structural equilibrium. At the same time, national economic proportions in every stage of development have a certain measure of elasticity that frequently makes it possible to partially compensate the slowdown in the expansion of some subdivisions of the economy with the accelerated expansion of others and to thereby support or even temporarily raise the overall growth rate. This elasticity is particularly significant in the case of extensive development. It enables the state to **consciously influence** the general directions and dynamics of socioeconomic progress. Economic proportions are more elastic and the development process is consequently more manageable when a country is deeply involved in the international division of labor. However both one and the other have quite strictly defined boundaries, the violation of which is fraught with the danger of reduced effectiveness and a slowdown in the rate of social production.

It follows from this that the very idea and practice of centralized state planning under socialism require radical reexamination. This planning should be reoriented exclusively toward the solution of national strategic problems. It should be primarily within the framework of state target programs and should generally accord with the consumer's interests. It should at the same time be free of rigid directives aimed at the immediate producer who should be influenced through tax, credit, currency, and other regulatory systems.

In other words, the task of centralized state regulation of economic life should be reduced to the creation of optimal conditions for development. This means above all all-round encouragement and support of scientific-technical progress, especially in its most important directions, in accordance with selected national priorities; the use of economic levers to effect a certain correction of market forces that are determined by spontaneous changes in the scale and structure of effective demand;

and putting an end to dangerous monopolistic tendencies. The important tasks of the state also include support for strata of the population that are unable to provide themselves with the subsistence minimum; protecting the property and dignity of all citizens, and securing general sociopolitical stability on this basis. A special word should be said about forecasting and adopting anticipatory—shock-absorbing and/or stimulating—measures where necessary.

The acceleration of organizational-technical progress seems unrealistic just as the social reorientation of the economy appears unattainable unless a decisive break is made with directive-allocation methods of management that only create the appearance of managing socioeconomic processes, but that in fact drive them into a dead-end street. The need for such changes, however, is so great that the preservation of the status quo would make the very possibility of survival questionable if only because there is simply no other way to avert ecological catastrophe (naturally excluding a substantial cutback in economic activity). The fact that the unprecedentedly deep economic imbalance and the dramatic deterioration of the economic and social situation make a complete break within a short period of time highly unlikely is another matter. The long overdue transition to the new economic mechanism therefore requires maximum deliberation and particular circumspection. Much if not all now depends on finding the proper forms, avenues and tempo of this transition.

VII

Awareness of the fact that a number of socialism's objective economic laws are identical to those inherent in capitalism, and the coordination of practical activity with their demands have nothing in common with underestimating and all the more so ignoring differences between these two systems. Nor do they have anything in common with authoritarian-bureaucratic interference in the normal course of economic processes. Of course, the restoration of market forms of economic management can be assessed as a **step in the direction of convergence**. But it would appear that this is **more likely** merely an **attempt to overcome the divergence** that resulted from the unwarranted termination of NEP and the affirmation of the command-allocation system of regulation of economic life.

Obviously, in itself such a step does not and cannot eliminate basic differences between the two systems. These differences stem from the nature of ownership of the means of production and therefore **cannot arbitrarily be eliminated** at any rate painlessly and in any brief period of time. The principal reason is the enormous inertia of existing socioeconomic structures. The value and corresponding psychological orientations engendered by them must be taken into account. At the same time, the objective socialization process that is gaining momentum in the capitalist world cannot be eliminated. It includes: the transformation of individual capitalist property into joint-stock property; the formation of

property that belongs to the personnel of individual enterprises; the development of social forms of consumption; and the improvement of the social security system. In a word, despite the statements and fears of the most active guardians of the "purity of socialist ideals," radical economic reforms in socialist countries, their projected reforms of property as well as of forms and methods of management are not by any means evolving in the direction of the restoration of the capitalist system or any approximation of it.

Their only goal is to eliminate deeply rooted deformations in the organization of economic life that originated not without the influence of extremely harmful illusions about the directly social character of labor under socialism, about the far-fetched advantages of the non-market economy, and the simplistic, clearly exaggerated idea of the possibility of purposefully influencing the general course of economic development, which was supposedly capable of virtually altering its internal logic. They were the same illusions and views which, after becoming mythologems, distorted the real picture of the world and became incontestable dogmas, and promoted the affirmation of tyranny in the economies of socialist countries.

If we abstract from particular features, the essence of this restructuring on a political economy plane reduces to the elimination of the demoralizing *obezlichka* [obliteration of personal responsibility], to overcoming the totally unjustified alienation of the direct producer from the means of production and the results of his own labor, to his transformation into the real master of the economy with all the attendant rights and obligations to society, and to the affirmation of the unconditional priority of the consumer's interests. This is, strictly speaking, the sense of the three "s's"—self-management, self-support, self-financing—that have been proclaimed but have by no means been realized as yet. Unless they are implemented, it will be impossible to solve any major economic or social problem, especially such painful and urgent problems as eliminating scarcity, attaining and maintaining relative equilibrium in the market, and making the vitally necessary transition from the practically exhausted extensive type of development to the intensive type. Nor can the solution of the most acute ecological problem be seen outside the framework of radical economic reforms.

However, in the circumstances presently existing in the world, the economic reforms that have begun in the socialist countries can no longer be regarded exclusively as their internal affair. Naturally, no one has a right to interfere in the reforms that are being undertaken in this connection. But because of the growing interdependence of what is now as never before one world, the direction of reforms in socialist countries most directly affect the interests of other countries, including those that belong to another social system. In a word, the interests of the entire world community are affected.

In large measure, worldwide historical development has not gone the way V. I. Lenin pictured it in his time. This was not only because of the termination of NEP, which

had been proclaimed "in earnest and for a long time; because of the restoration and affirmation of an authoritarian-bureaucratic model of management in the USSR based on its fragments and the subsequent extension of this model to other countries that were building socialism. It was largely because this very model and—above all—the concrete results of its functioning did not promote, but rather hindered the development of fruitful economic and scientific-technical cooperation, especially on an intersystemic basis to which V. I. Lenin attached enormous significance.

As a result, the increased interdependence of the world depends primarily on factors of a military-political and ecological nature. Both one and the other do not so much cement it as force the countries of different systems—under the threat of global catastrophe—to seek mutually acceptable solutions essentially intended to merely diminish the threats that continue to mount. While the complex of measures at the international level has resulted in the extremely important postponement of potential threats so that they have not become a reality, they still cannot eliminate them entirely. The solution of this important problem of modern time to a considerable degree requires overcoming the totally unjustified economic division of the world and the formation and perfecting of a **single world economy**. Only such an economy could secure all the necessary prerequisites for the ultimate exclusion of military and ecological catastrophe.

At the same time, the command-administrative model of economic management, while impeding the socioeconomic progress of socialist countries, continues to hinder their broader and deeper involvement in the international division of labor. Not only directly—as a result of the numerous shortages, the low competitiveness of products which restricts the potential for exporting them, and the traditionally insufficient openness of the economies of socialist countries (particularly vis-a-vis countries belonging to the other system) or delays in assimilating modern scientific-technical advances that could accelerate their "opening" from without. The more significant and organic integration of socialist countries into the world economy is also unquestionably hindered by the incompatibility of the actual economic mechanisms presently in operation of countries belonging to different types of social systems (naturally with considerable variations from one socialist country to another), the principles on which they are based, and the means proposed to attain their goals. Unless this incompatibility is overcome, it will hardly be possible to count on any kind of rapid progress in other directions of international cooperation, without which no global problem of modern time can be solved.

Footnotes

1. K. Marks and F. Engels, "Sobr. soch" [Collected Works], Vol 20, p 151.
2. Ibid., Vol 13, p 7.
3. Ibid., Vol 6, p 442; Vol 23, p 191.

4. "The division of labor transforms a product of labor into a commodity and therefore necessitates its transformation into money," noted K. Marx (K. Marx, et al, Op. cit., Vol 23, p 118). In his time, V. I. Lenin explained to the Narodniks that the market "arises where, and to the extent that, the social division of labor and commodity production appear" (V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], Vol 1, pp 83-84).

5. I. Stalin, "Ekonomicheskiye problemy sotsializma v SSSR" [Economic Problems of Socialism in the USSR], Moscow, 1953, pp 90-97.

6. Convincing criticism of the insolvency of the thesis of maximum profit is contained in Academician Ye. S. Varga's book "Ocherki po problemam politekonomii kapitalizma" [Essays on Problems of the Political Economy of Capitalism] (Moscow, 1964, pp 5-30).

7. It is characteristic that the capacity for consumption itself was viewed by Marx as a certain productive force (K. Marx, et al, Op. cit., Vol 46, Part II, p 221).

8. K. Marx, et al, Op. cit., Vol 46, Part I, p 117.

9. Ibid., Vol 4, p 98.

10. Ibid., Vol 25, Part I, p 335.

11. Ibid., Vol 23, p 47.

12. Ibid., Vol 4, p 99.

13. Ibid., Vol 23, p 85.

14. See Ya. Pevzner, "Radical Economic Reform and Questions of Political Economy" (KOMMUNIST, No 11, 1987, p 54); V. Popov and N. Shmelev, "The Anatomy of Scarcity" (ZNAMYA, No 5, 1988, p 161).

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Social Progress of the World Viewed as Questionable
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MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 11, Nov 89 pp 56-62

[Article by Elgiz Abdulovich Pozdnyakov, doctor of historical sciences; chief scientific associate, USSR Academy of Sciences IMEMO: "World Social Progress: Myth and Reality"]

[Text] "Social progress"—a favorite concept of our social science—has lost some of its former luster and popularity. With our characteristic social optimism, we honestly believed until quite recently that the world was developing exclusively along progressive lines from lower to higher, that it was steadily rising from less developed to more developed social forms, from one formation to another, from capitalism to socialism, etc., all the way to the shining peaks of communism.

But today our society, which we have long regarded as a symbol of social progress, finds itself in a deep socioeconomic, political and moral crisis. Moreover, in the opinion of many scholars, this is a crisis that grips all civilization today: mankind is faced with the real threat of global catastrophes of a military, economic, ecological, and demographic character, for the prevention of which the appropriate means have not yet been found.¹ And everything indicates that this crisis is worsening.

Was the idea of progress false? Or was it one of those myths that man created to comfort himself and that he himself believed in? This is evidently partly the case: the idea of progress is indeed attractive to the human mind if only because it accords with man's unceasing hopes for a better future. It appears that he would rather labor under all manner of delusions than lose these hopes. The deliberate or involuntary identification of social progress with scientific-technical and material progress can probably be called one of the most common delusions in this sense. The idea of progress as movement from lower to higher, from the primitive mechanisms and implements of the past to the miraculous machines and instruments of today is specifically expressed in it in the most complete and obvious and, I would even say, graphically linear form. Perhaps for this reason it gratified his vanity, filling him with a sense of pride in the fruits of his labors, with a feeling of grandeur and omnipotence, and caused him to think of himself as the lord of nature and even the universe.

However, its creator—man himself—almost imperceptibly began to disappear behind the brilliant successes and attainments in the development of science and technology. One of the astonishing metamorphoses that are so numerous in the history of mankind took place here: material production and science and technology which were supposed to serve and obey man became an end in themselves. They gradually removed man as the center of the universe, made him the means rather than the end of material production, and made him a tiny "cog," an appendage of machines and rapidly developing science and technology. The economy, industry, the state, establishments, and institutions became the real goals.

One of the mysteries of human (and hence social) existence is not only life, not even the good life, but the reason for living. A bias between these two human or societal conditions in the direction of the material frequently results in man's loss of the meaning of life, in the loss of genuine human values, in moral degradation, and in zombism. Distortion of man's lofty purpose, on the other hand, inevitably leads to the deformation of the meaning of his life, to the lowering of his social and personal value, to his total alienation from the world he lives in, and to distorted, monstrous forms of his self-expression and self-affirmation. Incidentally, all this takes place against the background of rapid progress in the material sphere.

If we confine ourselves entirely to the sphere of material progress, we will not find in it direct access to the sphere

of moral progress, without which the idea of social progress is entirely meaningless. A surprising fact: sociologists used to think that poverty was the main reason for the impoverishment of the individual, for the decline of morality, and for the development of social vices, but it now turns out that material well-being is also no salvation from not only the old but also the new diseases afflicting society. Thus, the actual level of material progress is not—or at least not exclusively—the issue. Naturally, the individual can be moral whether he is poor or rich. But society cannot be moral if it includes both the poor and the rich, if consequently it incorporates social injustice—that source of all social vices. But a moral world divided into “rich” and “poor” nations, peoples, and states is all the more impossible.

What, then, is the sense of the very concept “social progress?” K. Marx wrote in his day: “instances of **regression and movement in a circle** are constantly seen despite the claims of **progress...**” “The ‘progress’ category,” he added, “is abstract and devoid of all content...”²

This lack of content and abstractness appear to be particularly obvious where progress is viewed as unilinear movement from lower to higher. In society's real movement, however, progressive development is constantly alternating with regressive development, progress in one respect may be accompanied by regression in another. Mankind's entire history refutes the notion of its forward, progressive development. Development in the scientific-technical sphere, in which the creation of unquestionable material goods is accompanied by a mass of negative, regressive phenomena in the life of society and in its natural environment, can serve as just one example of this point.

Penetrating minds have long ago noticed that neither science, as the precise knowledge of activity, nor and its offspring—technology—incorporate constraints on moral principles proper. We see that while they assist in erecting the edifice of human civilization, in addition to material goods they also created monstrous, criminal means that served the direct or indirect destruction of man and his environment. This became especially noticeable in our day, when the pollution and destruction of the human biosphere with the waste products of modern production together with the creation of mass destruction weapons most urgently raised the question of survival of humankind.

Man creates circumstances to the same extent that circumstances create him—this is an age-old aphorism. Of course, man himself—and no one else—created the circumstances of his life that enslave him today. Even if one is condescending toward them, one can hardly say that they are progress. Man tries to extricate himself from them, but how can this be done if his every step along the road of notorious “progress” binds him still more closely to the selfsame Moloch that he himself has created and that demands continuous sacrifices of him?

Despite repeated efforts, man has still not succeeded in solving this problem. What is more, the great, liberating, progressive ideas of the past and present have in some incomprehensible way turned into the direct opposite in the course of their implementation.

Why is it that people base their actions on certain motivations and goals, while the result of their activity not only does not correspond to them but is remote and even diametrically opposed to their original plans? Perhaps by revealing this mysterious metamorphic mechanism, it will be possible to change things for the better.

Notwithstanding centuries of errors and delusions, man still operates according to the same methods to this very day: he promotes peace and security with the aid of monstrous means of destruction and attempts to use the same means of violence—against man and against nature—to solve economic and social problems.

Is it not because peace today is more like a temporary armistice under which countries continue to actively prepare the material basis for war through the race in various kinds of arms, their improvement, and stockpiling? Is this not why the peoples of many countries continue to live in a state of permanent internecine enmity and hatred? Is this not why the world is on the brink of ecological disaster?

There is an obvious disparity and incompatibility between the conditions of such a “peace” on the one hand and the concept of social progress on the other.

The basic question is therefore: how can this disparity be eliminated and is it possible to do so at all?

There are different points of view here. I will allow myself to add one more point. I begin with the statement that if we intend to discuss world social progress, it would be appropriate as a first premise to admit that it, like peace or security, must be indivisible. If it indeed exists, it must be a single, all-encompassing, interconnected, and interdependent process of development of the entire world community in the aggregate of all its parts. But is this how it is? And are we entitled to speak about the world social progress if in many parts of the world or individual directions of its development, progressive directions are accompanied by regressive movement or stagnation?

For the purpose of clarifying these difficult questions, it makes sense to examine if only in most general form two laws that operate in any system and that have a direct bearing on the question under examination: the “law of the least” and the “law of the most.”

Let us begin with the “law of the least.” Its general sense is as follows: the structural stability of any system as a whole formation is determined by the least relative stability of its parts. This law operates in any system, be it a physical, biological, or social system. If a chain consists of links that are of unequal strength, the entire chain will be as strong as its weakest link. The speed of a

squadron consisting of ships with different speeds is determined by the speed of the slowest ship. Similarly, the overall labor productivity of interconnected production enterprises is determined by the enterprise with the lowest labor productivity. A cultivated tree or shrub that is left untended will sooner or later turn "wild." Similarly, a society that is acted upon by spontaneous forces moves in the direction of a "natural" state and may sooner or later turn wild.

Consequently, any functioning system that is subjected to the action of uncontrollable forces follows the path of least resistance in the direction of the least stable or its weakest part and ultimately, if no obstacle is placed in its way, either stabilizes at some lowest level of existence or perishes. The path of movement of any system acted upon by the "law of the least" is in general the path of gravity flow, the path of regression.

If upward movement along the path of progress requires the constant, enormous effort of many generations of people and if the struggle for it is the path of most resistance on which man must overcome not only his own sluggishness and inertness but also the sluggishness of those around him; it does not take much work to destroy what has been accumulated along this path. Is this not why man's movement along the path of progress frequently resembles movement up a steep slope where almost every step forward is accompanied by slippage downward.

A modern writer has likened today's civilization to a very thin layer of lacquer over an abyss of savagery and barbarism. If we agree with this assessment, we must at the same time admit that it would take centuries of colossal efforts by all mankind to create even this very thin layer. However it peels off with very easily—and we see this at every step of history: and at mankind's every step there is an abyss of savagery that constantly threatens the world. At any rate, we can hardly fail to see the extremely thin and unreliable protective layer that separates today's world from ecological or nuclear collapse.

But if we look at world social progress from the standpoint of the "law of the least," it is not the "fastest ship" but rather the "slowest ship" that will have to be adopted as the criterion for evaluating it; in other words, not the countries and people that have moved far forward on the path of socioeconomic and moral development, but those that are behind in this respect. But even with this approach, the evaluation may be imprecise because the peoples that are pictured to be ahead in their socioeconomic development may lag morally thereby devaluing their accomplishments in other areas.

In a manner of speaking, the "law of the most"⁴ is a supplement to the "law of the least." Its essence is that any system has a certain limit to its development (progress) whereupon it begins to stagnate and then regress. It is easy to see the action of this law as exemplified by the development of man's mental and

physical potential. While the limits to such development vary from one individual to another, in general within a certain period of time after a person reaches his limit, he begins to stagnate and then to regress. Similarly, every social system has its own limits to development (its own "energy threshold"). Upon reaching them (i. e., after exhausting its social "energy" potential), society enters the stagnation stage and then the regression stage.

The "entropy" concept can be used to express the action of the "law of the least" in the event of social development as follows: the social system, while developing progressively, simultaneously increases its entropy. The system's attainment of its "energy threshold" coincides with the attainment of maximum entropy. As a result of this, the system attains an equilibrium state, energy transformations in it are reduced to a minimum, and the period of stagnation begins. If there are no radical changes in the system, stagnation sooner or later gives way to regressive movement dominated by the "law of the least."

The history of the rise and fall of great civilizations in the past or the rapid rise and equally rapid fall or decline of various social systems can be cited as examples of the joint action of both laws. Of course, these laws are also operative in our days. Their action is expressed in the complex combination and intertwining of progressive, stagnant, and regressive processes and phenomena in the world.

Strictly speaking, these three states—progress, stagnation, and regression—can determine the entire cycle of development of any society. Different societies (or social systems) go through these states at different times, which is one more reason why it is still premature to talk about world social progress.

But as regards individual societies or social systems, the category of social progress is more appropriate, naturally if we do not forget that it is not unlimited in the given instance.

The determination of transitional moments from one state to another—from progress to stagnation or from stagnation to regression, etc.—is probably the most difficult in this change of states. They are just as imperceptible to the naked eye as the solstice: in either case, it is necessary to travel a certain path before change becomes noticeable. The observer may think that society is in a state of progressive development whereas it has already entered the period of stagnation; that it is stagnating whereas in reality it may already be tending to decline; that it is in a deep decline whereas it is already showing signs of rising, etc. Evaluation errors here are more the rule than the exception. They are in no small measure influenced by the age-old desire to engage in wishful thinking or to take one of many factors of development for the main and decisive factor. Thus at one time we hastened to proclaim the ultimate demise of capitalism, taking certain symptoms of its growing pains for senility and at the same time losing sight of the key

factors that were responsible for its further progressive development. One such moment was that capitalism developed as an open system, which on the one hand raised its "energy threshold" and on the other hand prevented the growth of entropy and the destructive action of the "law of the least."

A most important factor in the progressive development of any system is its ability to synthesize with other system, its positive reaction to the experience of others, and the willingness to assimilate it. It is specifically this ability that can help society to emerge from stagnation and even regression. It necessarily presupposes the capacity of the system to be open and at the same time to integrate with other systems. The integration and synthesis of different social systems and cultures would also seem to open up real opportunities today for modern civilization—including our society—to extricate itself from crisis and to develop progressive trends.

Certain hopeful features in the development of the modern world speak in favor of such a possibility. The growth of the forces of communication and interdependence can be considered principal among them. For all the political, socioeconomic, religious, and ideological separation in today's world, mankind nevertheless still constitutes a certain wholeness. It is manifested first and foremost in the spheres of world economic relations and economics and finally in the sphere of awareness of the catastrophe that threatens the world. In their aggregate, they can serve as a slight, not very firm basis but nevertheless a certain basis for the unity of the world.

The further development of mankind would seem to depend in large measure on the strengthening and expansion of this trend toward interdependence, toward integration, and consequently the trend toward overcoming its division and disunity. One of the main tasks here, in my view, is to overcome the separation between East and West which, in turn, is also the basis for overcoming North-South de-integration.

Serious changes have been seen here. At least there have been changes at the conscious level. The dominance of old dogmas and views has begun to disperse little by little. At the same time, the tyranny of ideas, concepts, and views of the world and of self that have eaten into the consciousness have begun to wane. This provides a certain hope for overcoming the separation between East and West. We for our part have renounced the understanding of peaceful coexistence as a form of the class struggle. There have also been changes in the understanding of the conception of the confrontation between socialism and capitalism in the world. It is at least recognized that it is not the decisive trend in the modern era. However if we really want to make progress in the direction of world social progress, in the direction of the unity and integration of the world, it would seem that we cannot limit ourselves to palliatives in this regard. I personally believe that we must entirely reject this idea of confrontation of two camps or systems that was developed under Stalin and that was touted as the main

line of mankind's progress. It is theoretically wrong and practically harmful under today's conditions. This idea is essentially nothing other than the transfer of ideological and political contradictions between certain countries (today—between the USSR and USA) to the entire system of international relations; it elevates these contradictions to the rank of general systemic contradictions and invariably identifies foreign policy contradictions with interinformational contradictions.

If we do not repudiate this conception, it will continue to hamper new political thinking and hinder its implementation. It deeply contradicts the search for a general human consensus, the idea of broad cooperation of states. As long as it is preserved, as long as it is reflected in one way or another in the practice of international relations, it generally makes no sense to speak of any kind of world social progress since it promotes the action of the "law of the least" and at the same time hinders integration processes.

We have already recognized the interdependence of the world. But interdependence is the antipode of a closed system, the antipode of self-isolation, and consequently, the antipode of a world that is disunited for ideological and other reasons. Interdependence is a universal and all-embracing phenomenon. It is inseparable from the development of the world economy, which to an ever greater degree is becoming a single organism, outside of which not a single state can function normally. Without the development of the broadest relations with it, without continuous integration into it, we simply place ourselves as a minimum outside general economic and scientific-technical progress. Movement in the same direction will enable us to emerge from the crisis and to rise to this common economic, social, legal, and democratic level of countries, without which the existence of a truly modern society free of archaisms and the unification of different societies into something whole and integrated is unthinkable. Integration in turn requires the broadest development of convergence processes, i. e., the development of common forms of interaction, cooperation, synthesis, and mutual enrichment. These processes have essentially already begun. It is important that they develop not spontaneously, circumspectly, and with the fear of destroying their own "ideological chastity," but that they become deliberate, purposeful policy.

And here, of course, we must divest ourselves of old myths, illusions, and schemes. It is even difficult to imagine the possibility of our integration into the world community under the old ideological slogans that conceal all the same conceptions of class struggle in international relations and the confrontation of socialism and capitalism in the world arena, and rigidly one-valued views of socialism and capitalism and their complete incompatibility and oppositeness. As long as they exist, we will not talk the same language as the West and all attempts to erect a common "home," all attempts at integration will invariably become a new variant of the "Tower of Babylon." But finding a common language presupposes breaking down any and all partitions and

fences dividing the two worlds, developing universal ties and communications, and abandoning the formational approach to the evaluation of the modern era—an approach that has long shown itself to be unconstructive and unpromising. And if we want to give the concept “world social progress” some sense and content, we must use another approach, specifically: an approach from the standpoint of developing all civilization as a forming wholeness that is interdependent in all its parts and manifestations.

Of course, the development of the world in the direction of integration cannot be called progress in the full sense of the word, but it outlines its necessary material prerequisites. I see the world social progress itself (as, strictly speaking, social progress in a more limited framework) as the synthesis of a high level of material development of all peoples with an equally high level of moral and cultural development. One without the other is shaky and unstable.

But can this be achieved or is such synthesis no less an illusion than many other ideas that man has made do with? Is it possible to harmoniously combine material well-being and morality, matter and spirit, “bread” and faith, different ideologies and beliefs. Mankind has not yet succeeded in doing this. And if the idea of social progress does indeed have real content, it is my firm conviction that it lies specifically in this harmony, in this combination, in this synthesis. Of course, total harmony is an unattainable goal. Moreover, no one knows the true way to this even though everyone tries to find it in his own way. But the search itself is already movement toward social progress, toward overcoming the action of the “law of the least.” The fate not only of world social progress but of the human race will depend in large measure on whether people will be able to unite in this search or whether they will follow their own, different roads while at the same time claiming to have the only true understanding of the truth.

Footnotes

1. See KOMMUNIST, No 7, 1988, p 80.
2. K. Marks and F. Engels, “Sochineniya” [Works], Vol 2, p 91.
3. The “law of the least” was first formulated and examined in detail within the framework of the “theory of organization” by A. Bogdanov in his book “Vseobshchaya organizatsionnaya nauka (tektologiya)” [General Science of Organization (Tectology)], Third edition, Part II, Leningrad-Moscow, 1927.
4. I proposed this name by analogy with the “law of the least.” It essentially reflects the phenomenon that is called the “energy threshold” in scientific literature.

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POLITICAL PORTRAIT

John Paul II: The Politician and the Man

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[Article by Boris Alekseyevich Filippov, candidate of historical sciences; senior scientific associate, Institute of Scientific Information on the Social Sciences, USSR Academy of Sciences: “John Paul II: The Politician and the Man”]

[Text] It would be difficult to name among the modern world leaders another person who has evoked such contradictory assessments as Pope John Paul II. These assessments range from pathetically rapturous to insultingly humiliating. The severest criticism of the head of the Roman Catholic Church comes from within the church itself: from advocates of extreme reforms that would destroy the church in its present form as well as from traditionalists who oppose any attempt to adapt Catholicism to the world.¹

D. Hervieu-Leger, a French sociologist specializing in religion explains the contradictoriness of the pope's activity by the fact that at first glance he appears to embody directly opposite traits: progressive-traditionalist, “right-winger”-“left-winger,” a middle-of-the-roader who uses the potential of the modern mass media flawlessly, and at the same time, on the ethical plane, the defender of the position of “concrete” rigorism; a populist, especially when he delivers a speech before a Latin American audience, and a traditionalist who secretly condemns the “theology of liberation” for the influence that is exerted on it by Marxism; and finally a champion of “human rights” who supports discriminatory practices toward women as being in accordance with their nature and vocation.²

I

Krakow Cardinal Wojtyla was elected to the papal throne on 16 October 1978. At the time of his election, he was one of the best known and most popular non-Italian cardinals who had a reputation as a strict anti-communist, a theological traditionalist, an advocate of firm discipline within the church, and above all a spiritual leader with his own program for extricating the church from crisis and for restoring its lost positions.

The fact that the author of an energetic program for the papacy was a cardinal who was a citizen of a socialist country, a representative of the church who had scored significant successes in expanding his influence under the conditions of ideological and political confrontation with the state made the program proposed by him credible in the eyes of those who voted for him. Another factor that spoke in favor of K. Wojtyla was his reputation as an “expert on Marxism” the influence of which had become a serious internal church problem in Third World countries.

The crisis that afflicted the Catholic Church primarily centered on the very belief in God and in the supernatural. Under the influence of the scientific-technological revolution, it is increasingly replaced by belief in the omnipotence of science and technical progress. The crisis of faith has generated a crisis in the church as an institution. It finds expression in the dramatic reduction of the number of believers who observe the religious rituals and precepts of the church, in the declining number of clergymen, in the aging of the clergy, in the closing of a number of seminaries, and in mounting criticism of the church itself and its social position by the clergy. According to a comprehensive study conducted in Western Europe in the early '80's, only 64 percent of all Catholics still believe in the church.

The wave of "new religious consciousness" that swept through the USA in the late '60's and early '70's and later through Western Europe led to the increased activity and increased size primarily of religious sects.³

Almost all of the most important Catholic authorities—cardinals and theologians—spoke of the deep crisis of the church in the '70's. Discussions of the fate of Catholicism on the even of the conclaves of 1978 also criticized the methods of the church administration, especially the Roman Curia, the growing particularism of local churches, and the inability of the pope to withstand the destructive consequences of the intellectual explorations of the leading Catholic theologians.

By virtue of the noted reasons, the new head of the Catholic Church started his activity by trying to resolve internal church problems, first of all with the restoration of discipline and unity both in theoretical (theological) and organizational spheres, i. e., with attempts to overcome the conflict between priests and bishops, between clergymen and laymen, between bishops and the Vatican. At the same time, John Paul II undertook to reform the Roman Curia, to restore the capability of the world church's central administrative apparatus, and to reform the Vatican's financial system. The pope posed these problems for discussion by synods and by consistories of cardinals that became regular.

The very character of the indicated program of action showed that the new head of the Vatican clearly understood that the crisis made it impossible to solve any internal church problem without returning authority and influence in the world to the church and to the papacy. This program was called the "evangelization" or "re-Christianization" of the world. Efforts with this objective were in two different directions. The first, traditional direction included administrative, including disciplinary, measures against "progressive theologians" and recalcitrant priests, the modification of personnel policy, and the reform of internal church law and the Curia. The second, untraditional, direction is connected with the trips of John Paul II to all corners of the world that gave the pope the opportunity to exert a direct influence on the internal life of local churches.⁴ He in this way replaced the management of the world church

through various kinds of messages and instructions with direct and personal intervention.

Those who speak sarcastically about the "hasty father"⁵ do not notice the results of these truly very short foreign trips: the considerably enhanced popularity of John Paul II in the eyes of most people who have seen and heard him, the bolstered position of the pope's supporters in conflict-ridden local churches,⁴ and ultimately, the actual transformation of the Catholic world into one enormous congregation of Rome's Supreme Pontiff. For the first time, the pope has ceased to be an abstract symbol of the unity of the Catholic Church and is becoming its visible embodiment in the eyes of millions of believers throughout the entire world.

Direct diplomacy and the direct administrative of church affairs led to change in the functions of the Roman Curia: it is being transformed from a bureaucratic institution that is the *de facto* administrator of church affairs in the name of the pope into an auxiliary body under the pope. John Paul II responded to the resistance of the Curia by changing the principles for appointing its leadership and for appointments to the College of Cardinals. The bureaucrats and diplomats that traditionally sat in the College of Cardinals and headed Vatican congregations have been replaced by the heads of the major dioceses directly connected with the church's practical activity. These changes reflect the Vatican's fundamental reorientation: relations with governments and states recede to the background while relations with the masses of believers are advanced to the forefront. As a result, professional diplomats in the church leadership are yielding their place to pastors.

The pope has counterposed the internationalization of the church leadership against the particularistic tendencies of local and regional bishoprics. The present pontificate has already broken the monopoly of Italians in the Curia leadership and of Europeans in the College of Cardinals. Sixty nationalities are represented in the current College of Cardinals (at the beginning of the century—only 12).⁶

The conflict between the Vatican and the Latin American church was the first serious test of the new strategy of John Paul II. Its formal basis was the cause of Dominican priest L. Boff, one of the ideologues of the "theology of liberation." In 1981 he published the book "Igreja: Carisma e Poder" [The Church: Charisma and Power] in which he not only criticized the anti-democratic, "feudal" structure of the Catholic Church, but also practically proposed the creation of a new "church of the poor." Boff believes that Christianity in this "people's church" is being transformed into a revolutionary teaching that has the objective of transforming the world and creating a new society that would reject both capitalist and socialist experience. "Base communes," that have become widespread and that have united millions of simple believers in their ranks, must

become the social support of the new church. The real specter of schism and even Reformation loomed before the Catholic Church.

The Vatican reacted to this threat with "Instructions on Certain Aspects of the Theory of Liberation" (1984), in which he condemned "theology of liberation" advocates' recognition of the class struggle, their equating of the evangelical "poor" with the "Marxist proletariat," and their use of elements of Marxist analysis in the assessment of social phenomena. The reference to the experience of socialist countries which was called the "disgrace of our time" was the decisive argument that was supposed to prove the unacceptability of Marxism and the class struggle.

After the "Divini Redemptoris" (On Godless Communism, 1937) encyclical, the Vatican never again referred to the experience of socialist countries to condemn communism and Marxism. What is more, relations between them and practically all socialist countries have been normalized in the last 20 years. And the fact that under these conditions the pope returned to the practice of the '30's, if only briefly, showed that he viewed the influence of Marxism on the "theology of liberation" as a mortal threat to the church.

However the negative reaction of a considerable percentage of the Latin American bishops⁸ forced John Paul II to abandon global condemnation of the "theory of liberation" and even to recognize the existence of positive elements in it.

The basis of such a conflict inheres in the very institution of the papacy, in the contradiction between the role of higher moral authority and the spiritual leader of the Catholics and the political role of the head of the world church as a social institution. Morality knows no compromise between good and evil whereas politics is by definition the "art of compromise." The contradiction between morality and politics frequently takes the form of contradiction between the temporary and long-range interests of the church.

In the course of his travels to Latin American countries, John Paul II condemned repeatedly and in the sharpest terms the social injustice, poverty, and violence that reign on that continent. But his sermon of peace and spiritual renewal and the spiritual renewal of hearts under the concrete historical conditions of these countries proved to be an objective appeal to preserve the status quo. When one analyzes the development of events from the standpoint of the political interests of the church, one gets the impression that the pope connects the radicalization of the masses under the slogans of the "theology of liberation" with the long-range establishment of Pinochet-type military regimes or Cuban-type socialism, which are unacceptable to the church. On the other hand, John Paul II associates bourgeois democracy with the legalization of abortions and anti-church legislation. The impossibility of having a precise stance on such evaluation of prospective development calls into

question everything the pope has achieved in the sphere of internal church policy and complicates his relations with bishops not only in Latin America but in the USA as well. The tradition-hallowed preservation of relations with the dominant classes and the inherited Eurocentrism of the world center of Catholicism, which evaluates all new problems by exclusively European measures of utility both to the church and to all mankind, are other important factors responsible for the indistinctness of the social position of the papacy and the church as a whole. They should include fundamental differences in the nature of problems confronting the population in the developed and developing regions and in the evaluation of their significance for the fate of the world. For example, the preservation of life on earth is the most important consciously perceived problem for the population of the highly developed countries, whereas the most important problem for a considerable part of Latin America, Asia and Africa is the struggle against hunger and regional conflicts. For some of them, this can also be the struggle for human rights and for the autonomy of the individual, while for others, it may be class struggle and the national liberation struggle.

II

How can the activity of John Paul II to strengthen the church be evaluated from the standpoint of mankind's hopes and aspirations?

There is probably no urgent, vitally important global socioeconomic, political, and moral-ethical problem that John Paul II has not spoken out on: man in the modern world; demographic and food problems; the unity of Europe, the world, and mankind; abortion; the plight of youth; ethnic relations; problems of culture, war and peace, and social and national liberation. The urgency of these problems and the uncompromising stand of John Paul II on their moral assessment promoted the growth of his authority among believing Catholics as well as among representatives of other churches, religions, and non-believers.

But the pope does not confine his moral assessment to problems in which mankind is keenly interested. The papacy has its own social doctrine which to an ever greater degree claims the role of a program for extricating mankind from its present crisis. And the offensive character of social doctrine is not by chance. The situation in the world is such that no single church in the world, no single sociopolitical institution, no religious ideology or philosophical system can hope to strengthen its positions if it does not have a conception of a way out of the crisis.

The social conception or sociopolitical doctrine of John Paul II derives from criticism of materialistic civilization based on faith in the omnipotence of human reason and in technological progress. The pope defines it as the "civilization of death." He considers its symbols to be abortion ("murder of unborn children"), euthanasia (murder out of compassion), indifference to the suffering

of others, to the question of questions—human life. The pope calls atheism—both the “practical” atheism of the population of highly developed Western countries and the scientific atheism of Marxism—the ideology of this “civilization of death.” In the encyclical “*Dominum et Vivificantem*” (To the Lord and the Life-giver, , 1986), the pope characterized the atheism of Marxism and bourgeois liberalism as the fundamental struggle with God and as the intellectual basis of the “civilization of death.” In the papal characterization, “materialism means the perception of death as the end of human existence” whereby human life becomes “existence for death.” The arms race, ecological problems, poverty and disasters that have afflicted countries and regions, local and regional conflicts—all these are only partial manifestations of the “civilization of death.”

John Paul II contrasts the “civilization of love” based on Christian principles against the “civilization of death.” He urges his listeners to struggle for this civilization, to subordinate everything else to it. In this context, peace is not the absence of war, but a new social order based on the love thy neighbor principle. Regional and national problems of the moment lose their urgency before this sermon of Christian hope. The pope tells concerned mankind: “Do not be afraid! Open the door to Christ!”—these words are the password of the pontificate of John Paul II.

At the same time, John Paul II does not urge calmly waiting for the “civilization of love” by giving oneself over to prayer and self-improvement. He offers a model of a militant, socially and politically active church that incorporates Christian principles in personal and social life, in the activity of economic, political and social institutions. Part of the Western press that is oriented toward the intelligentsia sarcastically ridicules the pope’s social utopianism and his sermons about the physical reality of Satan. However, millions of believers, primarily those who do not live in the highly developed countries, are beginning to perceive the religious rebirth personified by the pope and the political and social institutions corresponding to it as a kind of alternative to the capitalist and socialist orientation, as a “third path” of development.

When we evaluate the activity of John Paul II, we must not avoid the question of the pope’s attitude toward capitalism and socialism. In his social encyclicals, the pope unambiguously condemns both capitalism and socialism for their inability to resolve man’s basic problems in their historical form. But while condemning them, he does not call for the struggle against them. And this is natural. Christianity proceeds from the thesis that it is fundamentally impossible to solve all of man’s problems in this world. But while the pope sought and found negative examples to illustrate this thesis in the experience of socialist countries, the last encyclical—“*Sollicitudo Rei Socialis*” (The Social Concern of the Church, 1987)—focused on the highly developed Western countries. The pope devotes much more attention to the criticism of materialistic ideology, atheism, and the global confrontation of the two military blocs that he

considers as primarily to blame for the distressed state of the peoples of Asia, Africa and Latin America.

When we encounter the special anticommunism of John Paul II, we must not forget the pope’s personal experience. His frequent foreign trips give him the possibility of comparing the situation in socialist countries with the situation not only in highly developed Western capitalist countries but also in Asian, African and Latin American countries. John Paul II has formed his own political or “positive” anticommunism as a result of all these comparisons and not without the influence of the experience of social democracy. He is characteristically able to differentiate the strengths and weaknesses of the socialist system as well as its accomplishments and miscalculations. Hence also the pope’s realistic assessment of the situation in the Polish People’s Republic during the crisis of the ’80’s and his reluctance to support the anti-Polish policy of the Reagan administration.

For John Paul II, the very recognition of the reality of the existence of the socialist system makes it possible to shift the center of gravity in the fight against communism (in papal terminology, “Marxist collectivism”) to the sphere of concrete political and ideological practice and to view it as the struggle for the humanization of the system. Within the framework of such an approach to socialism, the pope’s unflagging attention to perestroika in our country is understandable. This form of “positive” anticommunism evokes the very sharp criticism of the position of the head of the Vatican by the defenders of uncompromising ideological anticommunism that negates the very reality of existence of socialism as a social system.

The attitude of John Paul II toward the USA is also quite complex. This country impresses him not only for its technological level, which staggers the imagination of an East European, but for the combination of this attainment with the preservation of a high level of religiosity and the strength of American religious fundamentalism.⁹ To the pope, the USA is a visual example of the coexistence of a highly developed civilization and Christianity.

As regards his relations with American presidents (J. Carter and especially R. Reagan), for the first time in U. S. history, that country’s administration clearly demonstrated the desire to cooperate with the Vatican and to use the authority of the head of the Catholic Church in its interests. Diplomatic relations between the USA and the Vatican that were severed 100 years ago were restored in 1984. High-ranking American government emissaries kept the pope regularly informed on all of the administration’s most important foreign political actions. (The left-wing anticlerical press even published articles about relations between the Vatican and the CIA). R. Reagan himself repeatedly declared his sympathies for the pope and the unity of his positions with those of John Paul II.

However the Vatican’s reactions to these declarations were quite restrained. What is more, at a time when international tensions were mounting in 1983,

L'OSSERVATORE ROMANO, the official publication of the Vatican, published an article setting forth the views of leaders of the world church on what they considered to be a desirable model of U. S. policy toward communism. This article formally coincided with the 20th anniversary of the death of President J. Kennedy, who it should be noted, did not enjoy the sympathy of the Vatican during his lifetime.¹⁰

The article noted that the USA under Kennedy opposed communism not with naked force but with an alternative program. The foreign policy of that country was based on "incomparable military, industrial, and moral might." The role of such organizations as Alliance for Progress, which was established for the purpose of rendering economic aid to Latin American countries, and the Peace Corps, which trained specialists for the developing countries, was highly praised and tribute was paid to the USA's "coolheaded" behavior during the "Berlin" and "Cuban" crises.

This same idea was also expressed by the pope when he received the credentials of the first American ambassador since the restoration of diplomatic relations in the spring of 1984. In his speech, John Paul II linked the American "global mission of service to mankind" to sensitivity to other peoples not in the sense of "foreign intervention," but in the sense of fraternal interest in the the "well-being of our brothers throughout the entire world."¹¹ The Vatican twice replied with official denials to R. Reagan's declarations that the U. S. administration and the pope shared identical positions.

On the other hand, we must not fail to note that the Vatican's ideas on ways of securing peace and trust between peoples were in large measure harmonious with the ideas and proposals of the USSR and other socialist countries. This is clearly seen when we compare papal peace messages and speeches by M. S. Gorbachev, when we compare the basic principles of John Paul II's "new philosophy" of international relations and the "new political thinking," and the pope's conception of the "unity of Europe" and the Soviet idea of the "common European home." In both instances there is: understanding of the need for trust and dialogue as a condition to a lasting peace; sincere concern for the fate of ethical and cultural values; and recognition of the "growing awareness of the interdependence between people and nations" as a positive and moral value.¹²

Of course when we speak of the activity of the head of the Vatican for the good of peace, we cannot close our eyes to certain points that make dialogue between all "concerned sons of mankind" difficult. They are primarily connected with the traditional hegemonism of the Roman Catholic Church toward other religions and political and social institutions.

III

Characterizing John Paul II as an individual, J. Cellini, a French historian of the papacy, writes: "The popes before him were fleshless. They were figures from the canvas of Fra Angelico...One is struck by his vital

energy..."¹³ Nevertheless, most modern authors writing about the pope say that he is not understood ("the singer, but not the song"). Catholic authors compare John Paul II with an evangelical "sower" most of whose grain has fallen on barren soil. The correctness of such a comparison is attested to by a study showing that while 83 percent of the French sympathize with John Paul II, 74 percent disagree with him. This apparent contradiction can be explained.

When the pope makes a speech, he does not try to ingratiate himself with his listeners. More likely the reverse is true: he constantly reminds them of their duty. The pope speaks to youth about the inadmissibility of premarital relations; to women—about the criminality of abortions; to workers—primarily about the need to work honestly, and only then does he talk about their social problems; he urges employers to establish humane working conditions; he calls upon representatives of highly developed countries to assist the underdeveloped countries (the pope does not talk about credits and pittances, but about real projects and real human participation in their realization; he reminds dictators, for all their anticommunism, about human rights and not about the struggle against communism.

Critics question the sincerity of the pope's appeal to the masses, calling him an "actor," a "demagogue," and even a "cold misanthrope." People going for an audience with the pope are cautioned not to succumb to his charm, not to believe in the sincerity of his attention to every individual during group audiences.

I chanced to witness such a visit during John Paul II's visit to the Polish People's Republic in June 1987. It was evening when the pope, after having spent the entire day at enterprises in Lodz, arrived in Warsaw by helicopter. Fifteen minutes after he landed, he was already in the middle of the crowd. It was not a papal sermon, not the concert, and not speeches welcoming John Paul II that constituted the essence of this evening meeting with Poland's creative intelligentsia. Rather it was the personal contact of the pope with the people. John Paul II walked slowly up the cathedral's main aisle to the altar. His hand, which was extended to those assembled, was shaken and kissed, but he moved slowly to his place, looking attentively at every person he passed, answering greetings, exchanging remarks, and recognizing acquaintances. This took half an hour. The same thing was repeated at the end of the official part. And it was this personal contact with the pope (a glance, a word, and purely physical contact) that in my opinion was the most important thing for most of the people standing on both sides of the pope's road. As for the content of his sermon...one could read that in the newspapers.

John Paul II is a charismatic personality to millions of people throughout the entire world. This is explained not only and perhaps not so much by his natural charm, by the aura of the martyr that followed the attempt on his life in May 1981, by his fine physical form and artistry, and by the well-staged meetings with the masses. The

reasons for the enormous popularity of the head of the Vatican also stem from the general social and psychological climate in the world which is characterized by the growing uncertainty of people for their fate and the fate of mankind. Under these conditions, his words of hope are a support for many believers and non-believers. It was not by chance that John Paul II's popularity peaked during the period of increasing international tensions: in the late '70's and early '80's.

The pope's peace-making efforts are inseparable from activity directed toward the creation of a broad social consensus around Vatican policy, with the aid of which he tries to change the place and role of the Catholic Church in the world. Therein lies the fundamental difference between its present leader and his predecessors who either viewed the church as a "besieged fortress" (the popes of the first half of the 20th century) or who tried—as did John XXIII and Paul VI, the present pope's immediate predecessors—to adapt the church to the world. John Paul II is actively struggling to return the world to Christianity, to the church.

Footnotes

1. The "Commune of Pius X" is the bulwark of the pope's critics on the right. Archbishop Lefevre, its head, was excommunicated in July 1988.
2. See D. Hervieu-Leger, "Vers un nouveau christianisme?" Paris, 1986.
3. The Vatican document "Sects or New Religious Movements" (1986) attributes their popularity and incidence throughout the entire world to the fact that they "provide the answer to needs and aspirations that people think their own church cannot satisfy."
4. By the middle of 1989, the pope had made about 80 visits throughout Italy and 42 trips outside Italy to more than 70 countries.
5. This is a play on words: "Der Heilige Vater—"Holy Father" and "Der Eilige Vater—"Hasty Father."
6. The College of Cardinals today numbers 59 Europeans, 12 North Americans, 19 cardinals from Central and Latin America, 12 from Asia, 16 from Africa, and 3 cardinals from Oceania.
7. See L. Boff, "Igreja: Carisma e Poder," Petropolis, 1981.
8. After prolonged negotiations, the bishops formally approved the instruction.
9. See "Religiya v politicheskoy zhizni SShA" [Religion in U. S. Political Life], Moscow, 1985.
10. See L'OSSERVATORE ROMANO, 21-22 November 1983.
11. Ibid., 10 April 1984.
12. Ibid., 21 February 1988.

13. Cited in: LAD, 19-26 July 1987, p 3.

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"MEIMO" SURVEY

Responses to MEIMO Survey on Soviet Enterprises' Foreign Relations

904M0006G Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 11, Nov 89 pp 106-111

[Article: "Soviet Enterprises' Foreign Relations"]

[Text] The following persons answered MEIMO editors' questionnaire:

Professor Ivan Dmitriyevich Ivanov, doctor of economic sciences; deputy chairman, State Foreign Economic Commission, USSR Council of Ministers;

Aleksey Borisovich Shagurin, candidate of economic sciences; deputy director, All-Union Scientific Research Institute for Consumer Demand and Market Conditions, USSR Ministry of Foreign Economic Relations; and

Viktor Davydovich Bossert, director, RAF Microbus Plant imeni 25th CPSU Congress, Yelgava, Latvian SSR

Question. The foreign economic activity of enterprises, associations, and organizations is a most important component of radical economic reform. The December (1988) Decree of the USSR Council of Ministers, which deals with important questions pertaining to the organization of foreign economic relations and raising their effectiveness, was intended to enhance this activity. Is it in your view really possible for enterprises to fully exercise the rights they have received in the area of foreign economic relations under present conditions? What objective and subjective constraints exist here? What is your assessment of the present role of branch ministries? What kind of changes should be made in relations between enterprises, branch ministries, and central organs of management so that the foreign economic relations of enterprises will be more effective for them and for the national economy as a whole?

I. Ivanov. In a legal sense, business activity of enterprises in the sphere of foreign economic relations today is entirely sufficient. They may independently enter into all types of transactions, spend part of their hard-currency earnings on their own needs, establish joint ventures, borrow money, and issue securities *inter alia* in foreign countries. The regulation of foreign economic relations in the nation has been reduced to a minimum and is used only to secure state interests.

Enterprises do indeed experience difficulties in the exercise of these new rights. But they are for the most part generated not by management structures, but by the fact

that the restructuring of the foreign economic mechanism in the USSR has to date gone farther than the general economic mechanism. As a result, these two mechanisms poorly mesh with one another, and foreign economic activity is still a separate, not an integral part of the overall economic activity of Soviet enterprises.

Industry's mass entry into the foreign market is impeded primarily by delays in the introduction of foreign trade and by imperfections of price reform. The lack of development of wholesale trade does not leave enterprises sufficient commodity stocks for export and industrial cooperation and does not support the proclaimed priority of production for export. As a result, the base of socialist economic integration at the economic level remains extremely narrow, and the creation of a common market of socialist countries (primarily the reciprocally open aggregate of their national wholesale markets) remains suspended in mid-air. Such a situation inhibits the freedom of commercial maneuvering and the intelligent use of consumer demand and market conditions in the world market.

The situation is still more complex in price formation where the gap and incomparability between internal and world prices remain. Nor do the surrogate reciprocal conversion coefficients that are used reduce them to a common denominator. Enterprises are consequently unable to effect uniform, total *khozraschet* on the basis of their intraunion and foreign economic activity or to evaluate their relative effectiveness in real terms. The existing price structure encourages exports of raw materials rather than manufactured goods from the USSR. Finally, delays in the price reform impede the calculation and introduction of a new, economically substantiated ruble exchange rate and new USSR Customs Tariffs.

Industry's broad entry into the foreign market is also impeded by the shortage of cadres and information and by the lack of consulting services. But Soviet industry's success in the world market basically depends on progress in the formation of genuine commodity-monetary relations in the nation's economy.

A. Shagurin. The decree adopted by the USSR Council of Ministers in December 1988 is a truly revolutionary decision that opens the foreign economic sphere not to tens and hundreds as in the past, but to thousands and tens of thousands of economic organizations. To our way of thinking, the direction of restructuring of the economic mechanism of foreign economic activity has not only been correctly chosen, but is the only possible direction that can force the nation's export potential to start working at full capacity. However it is not realistic to carry out such major changes immediately, all at once.

The rate of restructuring of the economic mechanism behind foreign economic relations up until now has been relatively more rapid than the rate of the internal economic reform. Therefore, the task of coordinating the efforts of all participants and of securing state interests

in this sphere is especially urgent in the period of transition in the restructuring of foreign economic relations. The experience of development of foreign economic relations in 1987-1988, i. e., when not all but only about 200 enterprises and organizations entered the foreign market, showed that such coordination is as yet faintly developed. In a number of instances, this substantially lowered the national economic effectiveness of foreign trade operations, led to significant losses of currency, and frequently damaged the prestige of our country in the foreign markets.

The only way to secure the coordinated action of all links of the foreign economic complex is to create an appropriate system for the state regulation of foreign economic relations. Its foundations were laid in the 7 March 1989 decree of the USSR Council of Ministers "On State Measures to Regulate Foreign Economic Activity." The creation of such a system is necessitated both by the realities of our internal economic life (for example, the continuing imbalance in many branches of the national economy and the scarcity of most types of products) and by the conditions and constraints that objectively exist in the world market.

The world market is not an area in which everything is permitted. It has certain rules of behavior that must be observed. For example, USSR trade with certain countries (Finland, India, and others) is carried out on a clearing basis. If all enterprises entering the foreign market begin to buy goods only from such a "clearing" country, the problem of balancing bilateral accounts will immediately arise.

Many countries widely practice the establishment of quantitative restrictions (or quotas) on the imports of certain goods, including goods from the USSR. Unhealthy competition may develop between our exporters in the process of filling these quotas. In order to win foreign markets, some Soviet enterprises have already begun sharply reducing their prices compared with the prices charged by their competitors. This can result in accusations of dumping and in the invocation of corresponding actions against them.

Regulatory measures adopted in this regard are justified and logical. In principle they should not prevent enterprises from exercising their rights in the foreign economic sphere. The registration of new participants in foreign economic activity is in full swing: they already number about 8000. To be sure, the system of licenses and quotas will restrict exports and imports of some goods, but these restrictions primarily apply only to exports of raw materials and semifabricated goods and the license list of imports is by no means long.

Foreign economic associations of the Ministry of Foreign Economic Relations and of branch ministries will play an important role. In our opinion, they must become the principal coordinators of the pricing of products in their product mix.

Of course, the relations between enterprises and the corresponding branch ministries in the area of foreign economic relations require further improvement. At the present time, USSR Gosplan not infrequently assigns enterprises producing popular, competitive products a state order that takes up 100 or almost 100 percent of their production capacities. Under these conditions, enterprises are physically unable to deliver anything for export, no matter how much they might wish to. Therefore producers must be given freedom to maneuver so that they would be able to dispose of at least part of their output and to select the most profitable conditions for its realization inside the country or in the foreign market.

V. Bossert. The decree of the USSR Council of Ministers expanding the rights of enterprises in the area of foreign economic activity is urgent and timely because a greater degree of independence of enterprises and the transition to economic methods of industrial management require orientation toward the market, raising the technical level and quality of products, and the technical retooling of enterprises on the basis of the latest advances of science and technology. This is only possible when there are broad relations with foreign partners.

The enterprise's exercise of its rights in the area of foreign economic relations is limited to means for foreign exchange self-financing and rigid regulation of its product mix by Gosplan and Gossnab. If the state order comprises less than 50 percent of the volume, it is cunningly replaced by limit planning. Thus, for example, this limit for RAF for 1989 was even set 11 percent above production capacities or 1000 microbuses higher than the five-year plan target for this year. How can one speak about rights when Gossnab has made only material-technical support for a state order its responsibility (40 percent of capacities).

This creates a situation for enterprises where the rights are on paper but it is very difficult to exercise them because the necessary conditions have not been created. Branch management and central organs of management cannot depart from dictatorship and excessive control over every independent step taken by the enterprise. A ministry and department may act as guarantors of enterprises' contractual obligations with foreign firms (possibly for certain dividends or payment) and may provide them with funds [*fondy*] and construction capacities on a contractual basis.

Question. How in your view should the currency earned by enterprises be distributed between their own means and deductions paid to centralized funds? Are enterprises' rights to dispose of currency sufficient? Are currency deductions in general necessary?

I. Ivanov. Enterprises need currency earnings as an integral part of their *khozraschet* and as a stimulus for exports. The method used to calculate them was recently stimulated. They are authorized to spend part of their currency on the social development of work collectives.

Norms governing currency payments to enterprises will be revised upward for the 13th Five-Year Plan.

But there are also problems here. In actual fact, the norms are as yet not ranked according to the degree of machining of the exported product (as proclaimed) but are rather ranked according to the branch an enterprise belongs to. Claimants of its currency funds have also become quite numerous. Up to 10 percent of their volume can be centralized by branch ministries, another 5 percent by local organs of power, and republics are next in line. Such exactions must be minimized when enterprises are given the right to determine the proportions of deductions for production and social goals.

A. Shagurin. Enterprises unquestionably need currency funds. The decision to make payments to the corresponding funds immediately upon receipt of payments from foreign firms was an important step forward. It is necessary in a short period of time to make the transition from the system of non-balance to balance currency accounts, i. e., to give state enterprises not the right to receive currency but the currency itself.

In accordance with decree No 1405, starting in 1991, payments to enterprise currency funds will be replaced by stable (five-year) norms governing payments to the state from earnings actual received by enterprises and organizations for exports of goods (works, services) produced/performed by them. In our opinion, the given norms should be organized according to a different principle: not by individual ministries and departments, but by types of export activity, goods, and services. This will make it possible to abandon the uniform stimulation of all enterprises and organizations of a given department and to encourage above all exports of goods and services that are effective from the national economic point of view.

V. Bossert. All currency earned by enterprises, minus the stable tax of no more than 10-15 percent for foreign economic activity and not the 50-70 percent that is presently paid into centralized funds, should be placed at their disposal. It is essential that relations between foreign trade organizations, ministries, and enterprises be organized exclusively on a contractual basis. The sale and exchange of currency between enterprises within the nation must become the practice.

Question. How do you relate to the idea of an internal currency market? Its possible "pluses" and "minuses?"

I. Ivanov. The internal circulation of currency in uncontrolled form would result in the devaluation of our own, not so very solid ruble. Periodic currency auctions, on the other hand, make it possible to slightly accelerate and rationalize the circulation of currency within the nation. But such auctions are naturally not the basis for establishing a new exchange rate for the ruble, are not an obligatory stage on the road to its convertibility.

A. Shagurin. The convertibility of the Soviet ruble cannot conceivably be achieved without the creation of

the appropriate conditions, one of which is the organization of an internal currency market. Currency auctions that will be organized by the USSR Foreign Economic Bank can be regarded as a first step on this road. It is important that the auctions be open and that a real correlation between demand and supply be secured. They can then serve as a basis for determining the ruble's real exchange rate vis-a-vis various currencies.

As experience is accumulated, it would be possible to make the transition from periodic auctions to a permanent currency market, for example, in the form of a currency exchange. Since operations in such a market will be on a noncash basis, the danger of speculation—with proper controls—will be reduced to a minimum.

V. Bossert. We need an internal currency market very much because it will give enterprises the possibility of maneuvering means of production acquired for currency from foreign firms if they become superfluous at a certain time for objective reasons. At the same time, enterprises will have the possibility of earning currency without leaving the country. This is advantageous primarily because it will be a mighty lever for raising the technical level and quality of the product. What is more, products that are scarce will remain inside the country.

Enterprises' rights to dispose of their own currency are presently substantially limited by the need for the Foreign Economic Bank to transfer payments in rubles. In our view, two independent markets—the ruble market and the currency market—must operate as during the NEP period. This can be a definite step in the direction of the convertible ruble. An enterprise's lack of one type of financial resource must not influence its solvency in another type.

Question. What do you think should be the nature of state support for enterprises establishing direct foreign relations and what should be the functions of the central foreign economic organs? What is your assessment of consultative, information, and brokerage activity in this area? What are the possibilities of tax, credit, and customs policy here?

I. Ivanov. The state is as yet in debt to the enterprises. It does less for them than other countries. We are just now beginning to create a state system for insuring our enterprises' foreign economic operations against commercial risk. Foreign economic information funds have been "ringed." Access to them has been opened, but computerization has not yet been introduced. An official network is being slowly deployed. The tendency toward the unjustified commercialization of such services by departments rendering these services puts us on our guard.

Of course, something can be done by tax exemptions, credits, and customs revenues. This is how the creation of new statistics on foreign economic activity in the USSR, in particular, is financed. But first of all there must be large state capital investments targeted for the

organizational infrastructure of foreign economic relations. Otherwise a shortsighted saving will result in a major loss.

A. Shagurin. To most enterprises that have just won the right to direct access to the foreign market, foreign economic activity is a deep secret. "Newcomers" have no experience in concluding contracts. They lack the skill of determining world prices and engaging in commercial negotiations; they also do not know many other things. It is all the more important to provide new Soviet exporters and importers with the necessary methodological assistance and quality information services.

The registration of participants in foreign economic activity entitles them to obtain information on a *khozraschet* basis from the Unified System of Foreign Economic Information that is based on the combination of "InformVES" and the Ministry of Foreign Economic Relations system. These services are also offered by the Ministry of Foreign Economic Relations itself in the person of currency-finance, economic, commodity, and trade-political administrations, VNIKI [All-Union Scientific Research Institute for Consumer Demand and Market Conditions], the Consultation Center of "Vneshekonomservis" of the USSR Chamber of Commerce and Industry, and the GVK's All-Union Scientific Research Institute of Foreign Economic Relations. In particular, VNIKI is prepared to render Soviet enterprises and cooperatives methodological, consultative, and informational assistance in the study of the world economy and world commodity markets, and in making feasibility studies of cooperative projects.

The support of new participants in foreign economic activity by state organs is by no means limited to providing information and consulting services. The most important thing is to create a favorable climate for effective export-import operations and to make the transition more quickly from administrative to economic methods of management in the regulation of foreign economic relations.

In addition to currency deductions, the most important economic lever for stimulating exports is to establish the ruble's real exchange rate. It is planned to introduce the new, economically substantiated exchange rate for the ruble as of 1 January 1991, i. e., after the internal price reform.

Even the substantial lowering of the ruble's exchange rate will definitely not remove the question of stimulating exports of a number of products, including science-intensive products, from the agenda. If the effectiveness of exports of such products will not be sufficient because of difficulties in their assimilation, provision should be made for special export subsidies from the state budget. However these subsidies should be temporary.

Tax policy in the USSR is essentially still in the formative stage. Tax rates on the profits of enterprises and profits should probably include certain exemptions for

exporters of finished, especially science-intensive, products. The same kind of differentiated approach is obviously necessary in granting currency credits to enterprises. At present most imports of machinery and equipment to the USSR are financed on a non-returnable basis from the state budget. It would be feasible to expand the application of the principle of foreign exchange cost recovery here.

As regards customs policy, the new USSR Customs Tariff, as we know, must take effect no earlier than 1991. However the difference in world and internal prices on certain goods will evidently still be substantial even after the price reform. Customs duties will obviously not be sufficient to compensate this difference and the introduction of special "equalizing" taxes for individual types of imported products will be required.

V. Bossert. There must first of all be support from the banks in simplifying the procedure for forming currency credits and from the USSR Ministry of Finance in restructuring the system of taxes and customs duties. Joint ventures should be given a tax-exempt period (5-10 years). In subsequent years, higher, compensatory tax rates can be established (until the debt is paid off). The same exemptions should be extended to deductions from the currency earnings of joint ventures during the first years of their activity. Imported components for the production of final products of joint ventures should not be taxed by state duties at all.

The slogan of the Iron Curtain period—"hold and do not allow"—must become a thing of the past. We must dramatically increase the scale and improve the quality of overseas training and internship of managers for our enterprises' foreign trade firms; ensure that whole groups of technologists, adjusters, and students have the possibility of acquiring practical work skills in Western firms; significantly simplify the travel of specialists to capitalist countries, etc.

Question. Now a few concrete questions about joint ventures. Material-technical supply is now one of their most difficult problems. What are the possible ways of solving it?

I. Ivanov. Its solution lies in the sufficiently broad development of wholesale trade in the nation. Most joint ventures will begin operation in 2-2.5 years. We hope that by that time wholesale trade will become a stable supply source for them from the nation's internal market.

A. Shagurin. A joint venture is an entirely independent economic unit. No state plans whatsoever are established for it. However the present system of material-technical supply through USSR Gosstab organizations is directly connected with state targets.

Hence the need to develop wholesale trade in the means of production. By 1990, its share in the supply of enterprises must be 60 percent; by 1992—75-80 percent. But as long as wholesale trade is still in its embryonic state, joint ventures are temporarily plugged into the centralized supply system.

In general, on the basis of USSR Gosstab instructions, the material-technical supply of joint ventures is in the following channels: through the funds of ministries, departments and territorial organs; wholesale trade in the means of production (for rubles); purchase of exported goods from Soviet associations and enterprises for currency; imports.

Joint ventures use all the indicated sources of supply today and frequently combine them. Joint ventures are more and more frequently supplied by cooperatives. Joint ventures also conclude general agreements with their Soviet founders that stipulate the basic principles and terms governing the receipt of raw materials and components from them.

V. Bossert. The main thing is to secure more reliable legal protection for customer enterprises against breaches of contractual obligations by supply enterprises. There is also need for a more effective mechanism of financial sanctions for failing to make deliveries on schedule. The elimination of the producer's monopoly under the conditions of wholesale trade in material resources and means of production; the possibility of choosing one's partner both inside the nation and abroad; broader maneuvering with contract prices and barter-based deliveries—all this is possible when the state order is at a low level, when centralized ceilings and regulations on production are eliminated. The "enterprise-bank-market" link must become the main link in the national economic complex with the real reduction of the central management apparatus.

Question. What do you think about the present practice of solving social questions in joint ventures? What are the difficulties here and how can they be overcome?

I. Ivanov. Starting in December 1988, joint ventures have resolved the majority of their social problems on their own. But this experience is as yet insufficient for drawing any generalizations.

A. Shagurin. Joint ventures have broad opportunities for solving social questions. Their administration is obligated to conclude collective contracts with the trade union organization created in the venture, that include provisions concerning the social development of the collective. The joint venture has the right to create a social development fund that will receive deductions from profits in accordance with the order that is fixed in founding documents and at the discretion of the board. No kind of "norms" governing these deductions are assigned from above. The joint venture is entirely free to distribute its social fund and here it has advantages compared with Soviet state enterprises.

Joint ventures pay social insurance withholdings to the USSR state budget for Soviet and foreign workers and withhold deductions for pension security.

Certain problems have arisen in connection with the fact that Soviet personnel associated with joint ventures were paid the existing rates in the USSR, while foreign personnel were paid under the terms of their contracts. In a number of

cases, this led to a substantial difference in the level of pay of joint venture personnel performing similar functions.

In accordance with the decree of the USSR Council of Ministers, questions of hiring and firing and the material remuneration of personnel in Soviet rubles are resolved by the joint venture independently. It is thus possible to observe the principle of social justice within the framework of the joint venture.

V. Bossert. Problems of the social sphere in our country originated back in the times when ton-kilometers and fixed capital, buildings, pieces of iron, and units somehow imperceptibly moved into first place in deformed socialism, while man, who was proclaimed a "tiny cog," with his social needs receded to a secondary position. Perestroika once again made man the center of attention. The principal goal is specifically to satisfy his growing social needs entirely. Our enterprises are taking a heavier and heavier burden on their shoulders in the effort to resolve this problem.

Of course, Western partner-firms involved in joint ventures in the USSR do not burden themselves with such concerns and do not very much wish to invest funds in the social infrastructure without a guaranteed profit. I think it is the task and obligation of the Soviet side not only to provide its Western partner with "cheap labor power," but above all to include in the contracts points regarding the satisfaction of man's social needs.

Question. It is known that our foreign partners in joint ventures are as a rule primarily interested in penetrating our internal market. We, however, adhering to the principle of currency self-support, essentially orient them primarily toward the expansion of exports. How serious is this contradiction? How can it be resolved? Are we not transforming joint ventures into something resembling export enclaves where there is considerably greater interests in relations with the foreign market and with the internal market?

I. Ivanov. The formulation of the question is incorrect. To the contrary, we are attracting foreign capital, primarily for the needs of the country's internal market—the saturation of it with additional commodity mass and new technology. Exports of the products of joint ventures are also welcomed, but are legislatively prescribed only to the extent that they are necessary to cover the enterprise's currency expenditures (otherwise it would weigh on state's currency subsidy).

In order to cover the transfer of the foreign partner's profits abroad it is necessary to export no more than 4-7 percent of the total volume of such output depending on the size of his share. This indicator will naturally be higher if the venture uses imported raw materials or components.

A. Shagurin. The principle of currency self-support does not in any way mean that joint ventures are predominantly oriented toward exports. Currency is primarily needed for the foreign purchase of the necessary components and raw materials and tools, etc., that are not available in the

USSR. It is estimated that it is sufficient to have an export quota of 15 percent of a joint venture's output to secure currency self-support on the average.

Current practice shows that most joint ventures are primarily oriented toward the internal market and that their insufficient orientation toward exports is more to be feared than their transformation into "export enclaves." In order to attain currency self-support, some joint ventures sell their output in the internal USSR market and receive part payment in currency. Soviet organizations frequently find this more advantageous than importing similar products. Joint ventures, like consumers, actively use the internal market and buy raw materials, supplies, and equipment in the internal market. State enterprises, cooperative enterprises, and other joint ventures are their partners in this regard.

V. Bossert. The basic goal and objective of joint ventures is to create competitive products based on their access to modern technology under the conditions of currency self-financing. This is primarily possible today on the basis of exports of finished products. We must more quickly resolve the problem of creating a currency market in our country, and then we will reorient the products of joint ventures toward the internal market. These products, which are almost always in short supply, will help to eradicate inflationary processes and will bring the convertibility of our ruble closer. But for the time being, we must orient the production of finished products toward exports outside of state orders. This is the general trend of our economy (and not only joint ventures) with the return to objective economic laws. And here we must not be afraid of bankruptcies, competition, and the range of some prices without which neither the strengthening of the market nor wholesale trade in the means of production are possible. The strongest will survive. Socialism will survive and grow stronger. (To be continued)

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POINTS OF VIEW

Security Policy of Individual Scandinavian Countries
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[Article by Yuriy Ivanovich Lavrov, candidate of economic sciences; deputy department head, CPSU Central Committee Institute of Social Sciences: "The North European Variant of Security Policy"]

[Text] The countries of Northern Europe—Sweden, Finland, Denmark, Norway, and Iceland—are increasingly attracting the attention of researchers for a number of reasons. The broad international community has come to regard these countries as an attractive model of

political and economic development, as exemplars of participation in world politics. As a result of the new political thinking and the restructuring of the entire system of international relations, the military-political aspects of the "North European model" are viewed in a new way; this presupposes the closer scrutiny of these countries.

The "Nordic Balance": Reality or Abstraction?

Political practice is wont to coin comfortable, attractive terms to describe a certain state of international affairs. Some of these terms reflect the essence of the moment, while others are abstract-speculative or publicistic. However in either case, they seriously oversimplify our assessments and judgments. The "Nordic balance" is just such a term.

In the persuasive opinion of K. Mettel, famous Finnish expert at the Institute of International Relations: "North European countries are an exceptionally homogeneous group because of their social, economic, and legal structures and political systems. They are a model of a defensive community." Similar statements abound in other works by researchers from Nordic countries. While noting their sociopolitical and defensive unity, K. Mettel also correctly points out differences in their interrelations and in the involvement of North European countries in military-political blocs. These differences are so great that the Nordic countries "may find themselves on different, even opposing sides in the event of a conflict between the superpowers in Northern Europe."¹

The unique combination of national military policies with the general basic motivation in foreign policy has been embodied in the disposition of forces that is referred to as the "Nordic balance." As A. Brundtland, a political science researcher at the Norwegian Foreign Policy Institute, observes, this concept is "oriented toward preserving the balance in restricting the use of political and military force."² The Nordic military-political balance forms from three elements: the neutrality of Sweden coupled with a strong defense; the neutrality of Finland which has a Treaty of Friendship, Cooperation and Mutual Aid with the USSR; and the participation of Denmark, Norway, and Iceland in NATO.

"Nordic Defense: Comparative Decision Making"—a collective monograph written at Georgetown University's Center of Strategic and International Studies in Washington—emphatically states that "the 'Nordic balance' concept is most central to understanding the decision-making process on defense matters in North European countries." However, there is also another well-reasoned point of view that is articulated in particular by certain Soviet researchers: that the "Nordic balance" model "is in general hardly applicable to reality."⁴

Obviously the realistic nature of one or another theoretical concept can only be evaluated after being tested in practice, and for very understandable reasons priority must be given to the opinion of those actually participating in the foreign policy decision-making process. "At

the present time it is important to show concern for preserving the so-called 'Nordic balance,' that has made Northern Europe into a region of stability"—such is the belief of L. Budtz, a deputy to the Danish Parliament and Social Democratic Party expert on security and foreign policy. Thus if we wish to remain on a factual footing, we cannot fail to admit that we are still dealing with the "Nordic balance" as a real phenomenon that is not only of a military-political, but, as we shall see below, also a socio-psychological nature.

The "Nordic balance" is realized at two levels—political and military. The political level is understood to mean diplomatic, commercial-political, humanitarian, and other bilateral and multilateral relations of each Scandinavian country. The military level refers to strategy, military doctrine, structure of the armed forces, attitude toward the USA (NATO), the USSR (Warsaw Treaty Organization), and neutrality, and the state of relations between NATO and the Warsaw Treaty Organization.

The "Nordic balance" concept crystallized out of the urgent, dramatic search for a suitable security policy in the first postwar years. We recall that Scandinavian political and academic circles considered that there were four such variants or models: collective security under the aegis of the UN; individual, closed neutrality; Scandinavian neutrality based on a defensive alliance; and military alliance with Western powers.⁶

Collective security proved to be impossible at that time because of the position of the USA and its closest allies that launched the Cold War against socialist countries. Certain foreign policy actions of the USSR also failed to promote better mutual understanding. It should also be considered that belief in neutrality was greatly undermined in Denmark and Norway that had experienced fascist occupation.

Centrifugal forces outweighed centripetal forces in the discussion of plans for creating a regional defensive alliance. The result was that Norway, Denmark, and Iceland joined the North Atlantic alliance. But did this mean that the paths of North European countries in the military-political area would always be divergent.

The reality of today is such that five North European countries have established a broad network of formal and informal relations that make it possible to regulate the regional security obligations adopted by each of them. The practical meaning of this is that before a given problem of military policy is decided in some country, a thorough study is made of its influence on the security of other Nordic countries. The North European experience at the regional level is embodied in the principle of mutual security in international relations can be very useful in implementing this important approach on a European and then a planetary scale.

Our understanding of North European countries' security policy will be more complete and hence truer if we

discuss individual features of their national military policies in greater detail and then analyze them one by one.

Sweden: armed neutrality

As a neutral country since Napoleonic times, Sweden has not taken part in wars and has consistently adhered to a policy of "nonalignment toward power blocs in peacetime in the interest of maintaining its neutrality in the event of war."⁷ The goal of Swedish foreign policy is *de facto* neutrality, i. e., without guarantees or international legal conventions (as is the case with Switzerland or Austria). While military service is compulsory, most Swedes recognize the necessity of high defense spending.

Sweden's defense policy is called "universal defense" and includes the following five elements: military defense, civil defense, economic defense, psychological defense, and, finally, "miscellaneous defense," which refers to communications and the medical sphere. In the opinion of N. Andren, the author of the definitive work "The Future of the Nordic Balance," Sweden's strategic planning is based on the premise that "...an enemy that might threaten or attack Sweden will always hold back a considerable part of his resources for other purposes such as opposing an expected or surprise confrontation with another superpower. Consequently only a part of a superpower's military force can be used to attack Sweden. If the enemy's objectives in Sweden are limited and if the country is able to defend itself, the cost of controlling Sweden or part of it will be disproportionate to the cost of aggression."⁸

Only at first glance does Sweden's defense appear to be traditionally unchanging over a period of many years. Upon closer examination, it can be noted that the Swedish armed forces in the '40's and '50's were assigned the responsibility of "repelling attacks both from the Baltic Sea and from Finland." In 1963, a substantial correction was made: "from the Baltic Sea or from...." The seemingly insignificant change of conjunctions in fact meant the elimination of the simultaneousness of retaliatory actions. In the '70's and '80's the previous traditional formulation of "defense in all azimuths," as noted in the highly evocative American study "Nordic Defense," was in fact reoriented toward the "threat from the East" with obvious sympathies for the West."⁹

Sweden's security policy is under constant pressure from the USA and NATO. U. S. Secretary of Defense C. Weinberger, who visited Sweden in the fall of 1981, declared in an interview by the leading Swedish mass media: "I do not consider Sweden neutral."¹⁰ Participants in the antiwar movement responded to C. Weinberger's visit with mass demonstrations. We note that the above-cited quotation was by no means the only one in this vein.

The facts show that on more than once occasion, the Swedish government occupied positions that weakened the status of its neutrality. Thus, in 1979 the Pentagon was supplied detailed maps of Sweden's northern regions

even though their significance for the cruise missile program was known. There are secret agreements between Sweden and NATO countries on the exchange of military information, on familiarization trips, on participation in military exercises, and on the "reciprocal leasing" of military technology. Officers of Sweden's defense headquarters traditionally attend training courses in the military academies of NATO countries, especially in the USA, Great Britain, and France.

Military orders that the nation's leading military-industrial companies—Bofors, Ericsson, SAAB-Scania—fill for the Pentagon and other clients are instrumental in drawing Sweden further into NATO's global strategic plans. As a result, neutral Sweden is among the seven leading arms exporters in the world.

THE FINANCIAL TIMES, a British newspaper, wrote in a special section devoted to Sweden in June 1988 that Sweden's defense industry is currently experiencing an export boom. Foreign sales are necessary to support the large-scale production of weapons in the nation. Sweden produces, in particular, supersonic combat aircraft, rocket-propelled projectiles and torpedoes, warships and submarines, tanks and armored personnel carriers, and electronic defense equipment. Since the nation's laws prohibit the sale of arms to combatants, illegal deliveries of Swedish weapons to "hot points on the planet" are highly detrimental to Sweden as an advocate of universal disarmament.

The investigation of violations of Sweden's territorial waters by foreign submarines, with obvious references to "Moscow's intrigues," became the subject of heated discussion in Swedish political and military circles. The lack of proof that the Soviet Union had violated Sweden's territorial waters, with the exception of one known Soviet submarine accident in 1981, and the astonishing persistence of the press in this regard suggest that there are those inside and outside Sweden who find it to their advantage to cast a shadow on Soviet foreign policy and on Soviet-Swedish good-neighbor relations. It is regrettable that responsible political circles in that country have not been able to get to the bottom of the "submarine story" and to draw the correct conclusions.

Finland: political neutrality

Finland is a neutral country whose security policy is based on the Paris Peace Treaty of 1947, which restricted the size of Finland's armed forces, and on the Treaty on Friendship, Cooperation, and Mutual Aid, signed with the USSR in 1948.

According to the Paris Peace Treaty the total size of the national army may not exceed 34,400 men; total naval tonnage may not exceed 10,000 tons; and the airforce may have no more than 60 fighters. In addition to these and other military points, the treaty forbids the creation of fascist groups and parties in Finland.¹¹

The Soviet-Finnish treaty of 1948 states: "If Finland or the Soviet Union become the object of military aggression through the territory of Finland on the part of Germany or any country allied with it, Finland, faithful to its duty as an independent state, will fight to repel the aggression. In such a case, Finland will use all the forces at its disposal to defend the inviolability of its territory on the land, on the sea, and in the air, operating within its borders in accordance with its obligations under the present treaty if necessary with the aid of the Soviet Union or together with it.

In the instances indicated above, the Soviet Union will render Finland the necessary assistance in accordance with the agreement arrived at by the parties through negotiations with one another.¹²

However Western political and academic circles have developed a unique, highly guarded perception of the Soviet-Finnish treaty. At one time the mere hypothetical possibility that the USSR might propose the conclusion of the conclusion of a similar agreement with other Scandinavian countries evoked stormy discussions in Norway, Denmark and Sweden and at the same time generated uniformly negative reaction in Washington and London. These events are analyzed in detail in G. Lundestad's voluminous study "America, Scandinavia and the Cold War."¹³

The assertion that the Soviet-Finnish treaty "limit's Finland's potential to make sovereign decisions in the area of foreign policy" is repeatedly encountered in the works of Professor T. Hilberg, a well-known Norwegian political scientist.¹⁴ The groundlessness of such statements is obvious by virtue of the recognition of the large part Finland plays in peacemaking efforts and the prestige that such Finnish politicians as U. Kekkonen and M. Koivisto deservedly enjoy in the world community.

The treaties referred to above laid the foundation of Finland's defense policy which includes three basic components: securing Finland's territorial integrity in peacetime and in wartime; refusing to give Finnish territory to any probably aggressor for the subjugation of Finland or to allow its land, water or air space to be used for aggression against a third party; and preserving Finland's political, economic, and legal system.

Contemporary Finnish researchers are showing heightened interest in the study of neutrality as the basic form of security given the new realities in modern international relations. P. Ioniemi, an authoritative Finnish political scientist at the Institute for the Study of Peace in Tampere believes that "neutrality is primarily a category of international relations in the prenuclear age. Nuclear catastrophe or nuclear war will transcend the borders of nuclear countries regardless of the forms in which neutrality is declared." The Finnish expert associates the unreliability of neutrality not with the position of the opposing sides, as was frequently the case in the past, but with the "growing communality of international relations."¹⁵

Another point of view is advocated by FINANCIAL TIMES columnist R. Taylor who sees the threat to the nation's political neutrality to lie in the expansion of Finland's ties with the European Community. Because this point of view is espoused more and more frequently, Finnish Prime Minister H. Holkeri emphatically stated in a November 1987 lecture commemorating U. Kekkonen: "Finland is consistently avoiding political relations as a means of developing its foreign economic relations."¹⁶ The prime minister named the creation of a nuclear-free zone in Northern Europe as the central objective of current national security policy.

Norway: At the geostrategic crossroads

Just as neutrality has become the cornerstone of security policy for Sweden and Finland, membership in NATO plays a similar role for Norway. It was specifically Oslo's pro-Atlantic sympathies that destroyed the plan for establishing a North European defense community at one time. Another feature—compared with Denmark—is [Norway's] closer political and multilateral military-technical cooperation with the USA.

In the opinion of R. Tamnes, well-known Norwegian expert on defense problems, "stability in Northern Europe is based on a combination of detente and nuclear deterrence."¹⁷ This approach is embodied in Norwegian military doctrine which essentially consists in (1) having the military potential to defend strategic regions of the nation until reinforcements arrive; and (2) in summoning NATO armed forces to defend the nation.

The contradictoriness of Norwegian military policy is obvious. In the book "Deterrence and Defense in the North," General T. Nutfeldt points to the "two conflicting objectives of Norwegian foreign policy and security policy, specifically: the deterring of the probable aggressor and simultaneously convincing him that that Norway does not have offensive intentions."¹⁸ The judgment expressed by the general leads to the logical conclusion that any ambiguity does more harm than good.

There are two qualifications to Norway's membership in NATO: that there shall be no nuclear weapons on Norwegian soil and that foreign troops shall not be stationed in Norway. Since the qualifications do not extend to conventional weapons, in 1981 the USA and Norway signed an agreement on the pre-positioning of arms and heavy military equipment for 10,000 American marines on Norwegian soil. If necessity, the marines can be transported without heavy equipment to Norway in a very short period of time. The military equipment depots are located in the vicinity of Trondelag, which is 1000 kilometers from the Soviet border. Included among the various types of weapons are 155-mm howitzers capable of firing nuclear munitions.

NATO plans to pre-position a combined total of approximately 350 aircraft, including U. S. Navy aircraft-carrier fighter planes and F-111 bombers capable of carrying nuclear weapons at 10 Norwegian airfields "to

be used in a critical situation." Norwegian naval bases at Hakonsvern, Alasvern, and Ramsunn, and Kristiansund have been placed at NATO's disposal. Numerous NATO military exercises in Norway and off its shores are an indication of the permanent *de facto* presence of foreign forces in the nation, which clearly contradicts the initial condition of its membership in the North Atlantic alliance.

When U. S. Air Force Secretary D. Leman visited Oslo in 1983, he did not conceal the Pentagon's serious concern over the need to strengthen "NATO's northern flank." In his opinion, powerful units of American warships could provide reliable protection for Norway which, in the secretary's words, is "under constant Soviet threat." The secretary tried to convince Norway's leaders that Norwegian interests could be protected only by the USA and only on the basis of nuclear deterrence.

Pentagon strategists plan to increase the number of American warships in the Norwegian Sea significantly before the end of the '80's and to arm them with between 2000 and 3000 cruise missiles with conventional as well as nuclear warheads. Special significance is attached to Norway's deep fjords that afford excellent natural cover for American aircraft carriers. It should also be noted that American Orion aircraft based at Norwegian airfields regularly observe the Soviet Northern Fleet in the Norwegian Sea and the Barents Sea. AWACS planes stationed in Norway make it possible to monitor Soviet territory in great depth.

The most ticklish question for Norway, as well as for other Scandinavian member nations of NATO, is the degree of control a national government has in the event of an international conflict. In the book "Norway and World War III," D. Ausland, a former high-ranking American diplomat authoritatively argues that all the Norwegian government can do in the event it disagrees with the decision of Brussels and Washington is to order national armed forces not to become involved in the conflict.

A decision of the Norwegian parliament requires allied forces to obtain the government's approval to use nuclear weapons. But it only extends to nuclear weapons that will be inside Norway in a "crisis situation." "No one can predict," D. Ausland suggests, "how much weight the opinion of the Norwegian government will carry with the U. S. President when he makes a decision."¹⁹ We note that while the question of control can to some degree be discussed in the early stage of a conflict, the question of consultations in the middle or concluding stage of a military conflict is not even posed theoretically. Elementary logic suggests that everything will be decided by Washington.

For these and certain other reasons, the Norwegian government is more reserved than the other Scandinavian countries toward the idea of establishing a nuclear-free zone in Northern Europe. According to G. H. Brundtland, the country's prime minister, "work in this

area must be part of broader European regulation within the framework of Norway's membership in NATO."²⁰

To the foregoing, we add that Norway is one of the few NATO countries that not only meets but even surpasses the U. S.-inspired NATO decision to increase military spending by three percent a year. In the '80's Norway has occupied third place in per capita military spending in the North Atlantic alliance after the USA and Great Britain.

Denmark: Sea-sentry of the Baltic straits

In the opinion of leading Danish political scientists H. Tune and N. Petersen, Denmark's geostrategic position and its membership in NATO are of decisive importance in determining national security policy.²¹ The nation's territory forms a natural bond between the Federal Republic of Germany and Norway and makes it possible to effectively control the straits from the Baltic Sea to the North Atlantic. American researchers W. Taylor and P. Cole analyze Denmark's "geomilitary significance" with no less attention and note such important characteristics of the region as (1) a transit zone in which Danish straits connect the Baltic Sea with the Atlantic Ocean and that is hence a barrier for blocking the passage of Warsaw Treaty countries' military and merchant vessels; (2) a zone for observing ship traffic in the Baltic and for monitoring air space; (3) a region for basing and deploying NATO ground, air, and naval forces.²² U. S. and NATO strategists figuratively call Denmark the "cork in the Baltic" since the objective is to lock the Soviet fleet into the Baltic "like a bee in a bottle."²³

"The military meaning of security policy is a defense policy that is implemented...for the support of territory that is free of military actions..."—thus does the Danish military command formulate national security policy in general outline.²⁴ To attain this objective, the Danish government deemed it necessary to conclude a whole series of agreements on the preparation of conditions regarding large U. S. and British rapid deployment forces. In the event of a so-called "crisis situation," the number of foreign troops can be increased to 60,000-70,000 men in 1-2 days. As Danish analyst L. Olsen notes in the book "Defense or National Suicide," the possibility that these forces will be equipped with nuclear weapons is not excluded. Heavy weapons and military equipment are being stored as part of the preparations to receive NATO troops on Danish soil.

Danish political and academic circles frequently justify "up-arming" by referring, as for example in the two-volume study "Naval Strategy and Nordic Security Policy," to the buildup of the Soviet Northern Fleet and to the deployment of military objects [*obyekty* on the Kola Peninsula. Such an approach distorts the connection between the cause—specifically the growth of the military might of U. S. and NATO fleets in general—and the effect, i. e., measures taken in response by the USSR. The most inoffensive explanation of such interpretations

is probably that they relate not to the analytical sphere but rather to the sphere of political polemics.

While Denmark is for the most part in agreement with NATO, in a number of communiques of the North Atlantic bloc, Denmark has redefined its position through substantial reservations as a result of which it has been labeled "a country with reservations." Naturally, such an approach cannot fail to evoke a nervous reaction on the part of the USA and its closest allies. One of the most vivid indications of this situation was a long letter from U. S. Secretary of Defense H. Brown to his Danish colleague in 1980, in which he emphasized Washington's deep dissatisfaction with Denmark's latest reservation that meant its refusal to support NATO's decision to increase military spending by three percent a year. "I am doubtful that the Danish armed forces will be able to cope with the tasks the defense law imposes on them," H. Brown declared. "If Denmark considers itself incapable of carrying out these tasks, it will be very difficult for me to convince congress and the American people of the necessity of assuming obligations relating to support and to the pre-positioning of arms in Denmark."²⁵

During his visit to Copenhagen in 1984, R. Pearl, the erstwhile assistant U. S. secretary of defense, described Denmark's NATO policy "naive, irresponsible, and divisive."²⁶ Washington received with great irritation the decision of the Danish parliament regarding its special position on the deployment of American Euromissiles and its refusal to participate in paying for this action. Danish parliamentarians have repeatedly expressed their approval of the idea of creating a nuclear-free zone in Northern Europe, have supported initiatives of not being the first to use nuclear weapons, to halt nuclear testing, and to prevent "star wars."

At the same time, Danish representatives to the NATO nuclear planning group officially support the "nuclear deterrence" doctrine, and [Denmark's] national defense is based on preparations for nuclear war.

The kingdom of Denmark incorporates Greenland—the largest island on the planet—with the status of an autonomous province. It has enjoyed local self-government since 1979, but foreign and defense policy is determined in Copenhagen.

In accordance with the Greenland defense treaty signed between Denmark and the USA in 1941 and extended in 1951, the seaport of Gronnedal was transferred to U. S. use and Danish-American defensive regions were established around Thule, Sondre Stromfjord, and Narsarsuaq. Responsibility for the defense of Greenland rests with the commander of Danish forces in Greenland who is in turn subordinate to the corresponding NATO command.

The Thule military base was originally built as an en-route field for refuelling American strategic aircraft. While this function was diminished somewhat with the advent of intercontinental ballistic missiles, its role

increased in connection with the construction of anti-aircraft and antiballistic missile defense systems.

In January 1968 an American strategic bomber crashed near the Thule military base while attempting an emergency landing. Because the aircraft was carrying nuclear weapons, a vast area of Greenland was exposed to radioactive contamination. This accident clearly demonstrated Washington's respect for the nuclear-free reservation Denmark made upon joining NATO. As noted in "Naval Strategy and Nordic Security Policy"—a study conducted by a Danish parliamentary commission—the Thule military base occupies 14,000 hectares and is staffed by 1450 specialists, 1000 of whom are Danes chiefly employed in the base's technical service sphere.²⁷

Starting in the late '70's, the USA started modernizing the radar station in Greenland, as a result of which "Pave Paws"—a new type of phased-array radar—began operating in June 1987. According to the existing estimates, the Pentagon spent over \$120 million on such modernization, essentially on installing the new radar. In the opinion of V. Starodubov, a prominent Soviet expert, "The United States had no legal grounds whatsoever for deploying the large phased-array radar in Thule. It violates the ABM Treaty."²⁸ We note in this regard that Statement "F", an integral part of the ABM Treaty, contains the obligation of the sides not to deploy such phased-array radars.

The authors of the book with the poetic title "Greenland, the Pearl of the Ocean" conclude that Greenland, which is the site of American strategic aircraft and nuclear missile guidance stations, control centers for submarines armed with nuclear missiles, and anti-aircraft and antiballistic missile radars, bears the same responsibility for the arms race and the continuing tension, as countries that own or that have stationed nuclear weapons on their territory.²⁹

Iceland: security dilemma

"When Iceland joined NATO in 1949, it did so on the condition that its membership did not entail the creation of its own armed forces or the stationing of foreign troops in peacetime"³⁰—thus did B. Byarnason, the authoritative Icelandic researcher, begin his analysis of the nation's security policy in the book "Nuclear Policy in Northern Europe." However in the atmosphere of the expanding Cold War and under increasing external pressure, in 1950 Iceland signed a bilateral defense agreement with the USA. Under its terms, for the purpose of defending the island and adjacent water, Iceland agreed to the temporary presence of NATO forces represented by U. S. service personnel at the military base in Keflavik, which is 47 kilometers from the capital. The "temporary presence" continues to this very day.

Iceland is one of the rare countries in the world that does not have its own armed forces, not counting the 3500 persons serving in the American air force and navy in Iceland. Iceland does not in fact participate in the NATO

military organization [or in the nuclear planning committee. American-Icelandic agreements have been repeatedly revised (the last time in 1983) in connection with the construction of a new terminal at Keflavik Airport.

Iceland's military-strategic significance is determined by the island's geographical location in the passage between the Atlantic Ocean and the northern seas. In the opinion of NATO military experts, the island is an ideal region for naval and air patrol and early warning operations. Alongside the American military base at Keflavik are two American early warning radars and there are always at least two AWACS reconnaissance planes on the base proper.

The Icelandic government does its utmost to use the American military base to secure its non-military, especially, economic interests. Thus in the '50's the problem of boundaries surrounding Iceland's fisheries arose and became particularly acute in 1975 when Iceland proclaimed the introduction of a 200-mile fishing zone. Great Britain's reaction to this decision was particularly painful. This led to a whole series of dramatic episodes between the British fleet and the Icelandic fisheries inspectorate which were called "cod wars." Under these conditions, Iceland made active attempts to influence Great Britain through the USA. Reykjavik made it clear that London's refusal to recognize Iceland's rights to a 200-mile fishing zone might result in the review of the agreement on the siting of the American base at Keflavik. Military-political considerations proved to be more important than fishing problems and Great Britain—not without pressure from Washington—agreed to the fishing zone established by Iceland.

In the '80's one of the most urgent questions to all Icelanders—whether there were nuclear weapons on the American military base at Keflavik—was the subject of debate in Iceland. The U. S. ambassador to Iceland made the traditional nebulous declaration that put people on their guard: "In connection with statements regarding the existence of nuclear weapons on Icelandic soil, it should be mentioned that the American position of many years standing is to neither confirm nor deny the existence of nuclear weapons in any region whatsoever."³¹ The ambassador went on to assure the Icelandic public of his country's dedication to Article 3 of the Defense Treaty which provides that the USA must not use the potential available to it on Icelandic soil in any other way than with the consent of the Icelandic government.

At the same time, the publication of a map showing countries in which nuclear weapons were located in 1975 by the American journal DEFENSE MONITOR became a notable fact. Iceland was included among these countries. The publication of the map was prepared by the Defense Information Center—a well-known American organization. Mention of the existence of nuclear weapons on Icelandic soil can also be found in publications of the international SIPRI institute and in a number of specialized journals.

So it is that the dilemma of nuclear or non-nuclear security remains in Iceland today. All this has had its impact on the shift in emphasis among the country's progressive community: demands to withdraw American forces in response to the demand to secure the island's real nuclear-free status.

"Nordic policy": present and future

The membership of Denmark, Norway, and Iceland in NATO unquestionably determines the general channel of these countries' security policy. However it would be an obvious oversimplification to think that their foreign policy is directly and unilaterally dependent on the USA and NATO. Both Denmark and Norway—naturally to different degrees—try to play an independent active role both inside and outside the North Atlantic alliance. Danish political science professor H. H. Holm probably has sufficient grounds for stating that Denmark, Norway, and Iceland can be called "NATO allies of necessity" or "allies under minimal conditions."³²

The realities of the modern world are forcing Sweden and Finland to rethink their neutrality. Without going into a discussion of the contemporary conception of neutrality, we will probably agree with the basic conclusion of a number of Scandinavian researchers that neutrality can be viewed as positive if it is directed toward the elimination of the reasons behind conflicts.

Foreign affairs ministers and defense ministers of North European countries meet twice a year to discuss regional political issues, and sittings by various committees and commissions are also held. These meetings discuss problems of foreign, defense, and economic policy connected with securing the realization of national objectives in the event of an outside threat. The appropriate reports and recommendations are prepared. In recent years, these meetings have more and more frequently raised security questions and in particular have examined the "U. Kekkonen plan" to establish a nuclear-free zone in Northern Europe.

Let us also call attention to the fact that the Nordic countries are the only countries in the world with a clearly defined system for training the armed forces to participate in UN operations. They have also created "Nordic UN reserve forces"—a kind of permanent army. A United Nordic Committee for UN Military Affairs has been created for their interaction. Its functions include the preparation of the agenda of conferences of defense ministers of Nordic countries, directing training courses and seminars, and analyzing the execution of UN operations.

It follows from the foregoing that North European countries are essentially guided by the consensus in the area of foreign policy and on defense matters. While it would naturally be incorrect to absolutize the Scandinavian model, some features of the Nordic experience may be acceptable for the construction of the common European home.

At the same time, it is also obvious that Nordic security policy has its limits primarily because of the inclusion of Nordic NATO member nations in the zone of action of the American "nuclear deterrence" concept. Denmark's and Norway's nuclear-free reservations are not unconditional and can easily be revised by the governments of these countries in a "crisis situation" which makes the very model of the "Nordic balance" unstable.

The "Nordic balance" concept emanates from regional features of Northern Europe that originated under the conditions of a bipolar world and a high degree of confrontation of the two systems. Under present conditions of the changing international military-political situation, with the increasing interdependence of the world and its multipolarity, the given concept hardly accords with the need to raise international cooperation to a new level. What is more, under these conditions Swedish neutrality policy is essentially a challenge to Denmark and Norway, that have foreign arms depots on their soil, and Iceland, where foreign troops are stationed. Finland's security policy can essentially be viewed as a challenge to the establishment of NATO military bases in Scandinavia.

The progressive community sees the alternative to the instability of the military-political balance within the framework of the "Nordic balance" to lie in the region's nuclear-free status. According to one of the most recent public opinion polls by USIA—the American information service—in 1987, 82 percent of the Danes favored the conclusion of an agreement on a nuclear-free zone in Northern Europe; 46 percent of the respondents were prepared to support this demand even if Denmark had to leave NATO. Seventy-one percent of the Norwegians favored a nuclear-free North and even though the USIA did not conduct a poll, it is generally considered that this demand is supported by the majority of Swedes, Finns, and Icelanders. The parliaments of Sweden, Finland, Iceland, Denmark, the Faroe Islands, and Greenland have already opted to support the formation of a nuclear-free zone in Northern Europe, and only in the Norwegian Storting are the opponents of this decision in the majority.

In the opinion of Swedish political scientist S. Lundberg, the trends of future development of the security of the North European regions lie on two planes: "the preservation of the status quo, i. e., the Nordic balance, or the polarization of the region according to the terms of the superpowers."³³ To our way of thinking, a different scenario is much more preferable: the establishment of relations of a new type based on broad political, military, economic, ecological, and humanitarian cooperation between all entities in the region.

Speaking in Murmansk in October 1987, M. S. Gorbachev outlined a plan for large-scale cooperation and the lowering of military activity in Northern Europe. The Soviet leader confirmed the readiness of the Soviet Union to act as a guarantor in the event of the establishment of a nuclear-free zone here on the basis of multi-lateral or bilateral agreements. Official circles in North

European countries have welcomed the interest of the Soviet Union in reaching agreement on arms limitation and naval confidence measures affecting the Northern region. Proposals concerning the creation of a nuclear-free zone and plans for cooperation in the Arctic on environmental protection and scientific research have attracted particular attention.

The time elapsed since the Murmansk initiatives has shown that many ideas expressed by the Soviet leader are still not gaining momentum. The reasons are evidently numerous. But it seems to us that there is an obvious deficiency of serious theoretical study of new military-political approaches to the security of this region both in the Nordic countries and in the Soviet Union. There is need for a new understanding of this paradox when the need for unity in supporting peace and security increases in proportion to the magnitude of the differences between these countries whose interests are represented in Northern Europe. This is the imperative of our time.

Footnotes

1. "Security in the North: Nordic and Superpowers Perceptions." Ed. by B. Huldtt and A. Lojns, Stockholm, 1984, p 20.
2. A. O. Brundtland, "The Nordic Balance," Oslo, 1981, p 1.
3. "Nordic Defense: Comparative Decision Making." Ed. by W. J. Taylor and P. M. Cole, Lexington, 1985, p XIII.
4. S. Morgachev, "On the Question of the 'Nordic Balance'" MEMO, No 1, 1988, p 106).
5. L. Budtts, "Develop Dialogue, Strengthen Confidence" (PROBLEMY MIRA I SOTSIALIZMA, No 1, 1986, p 70).
6. See J. V. Jacobsen, P. Risager, "Dansk udenrigspolitik. Selvbestemmelse eller tilpasning?" Herning, 1984, p 51.
7. "Nordic Defense...", p IX.
8. N. Andren, "The Future of the Nordic Balance," Stockholm, 1977, p 94.
9. "Nordic Defense...", p 154.
10. "Manga tecken pa bristande neutralitet" (NORSKENS FLAMMAN, 10 November 1981).
11. "Finnish National Defense," Helsinki, 1978, p 10.
12. "Sbornik deystvuyushchikh dogovorov, soglasheniy i konventsiy, zaklyuchennykh SSSR s inostrannymi gosudarstvami" [Collection of Treaties, Agreements and Conventions Concluded by the USSR with Foreign States], Vol III, Moscow, 1956, p 23.
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14. "Nordic Defense....," p 37.
15. COOPERATION AND CONFLICT, No XXIII, 1988, p 64.
16. FINANCIAL TIMES, 24 October 1988.
17. R. Tamnes, "Nordomraderne i amerikansk strategi etter andre verdenskrig. Internasjonal politikk," Oslo, Vol II, 1985, p 47.
18. COOPERATION AND CONFLICT, No 4, 1986, p 255.
19. D. Auslund, "Norge og en Tredje Verdenskrig," Oslo, 1983, p 113.
20. "Bezopasnost—delo obshcheye. Intervyu premyer-ministra Norvegii G. Kh. Brundtland" [Security is Everyone's Business. An Interview with Norwegian Prime Minister G. H. Brundtland] (PRAVDA, 12 November 1986).
21. See "Nordic Defense....," p 2.
22. Ibid., pp XIV-XV.
23. L. Olsen, "Forsvar eller national selvmord," Copenhagen, 1984, p 10.
24. "Forsvarskommandoen: oplæg til forsvarsordning," Copenhagen, 1979, p 7.
25. THE ECONOMIST, 4 October 1981.
26. L. Olsen, Op. cit., p 5.
27. See "Fladestrategier og nordisk sikkerhedspolitik," Vol II, Copenhagen, 1986, p 57.
28. PRAVDA, 23 November 1987.
29. P. Classon, "Gronland—Middelhavets perle," Copenhagen, 1983, p 66.
30. "Kernefabrik i Norden," Ed. by B. Henrlin, Copenhagen, 1983, p 140.
31. Ibid., p 142.
32. COOPERATION AND CONFLICT, No XXII, 1987, p 262.
33. Ibid., No XVI, 1981, p 62.

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Proposals on Reducing Confrontation Potential in Scandinavia

904M00061 Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 11, Nov 89 pp 121-123

[Article by Sergey Vasilyevich Morgachev, MEIMO department head: "New Political Thinking for Northern Europe"]

[Text] Political reality admits the possibility of two points of view of the situation in the North European region: geopolitical and purely regional. Various events in the region, various actions by the great powers or the North European countries are inevitably interpreted in terms of the global strategic balance, the heightening of a threat and its neutralization, actions and counteractions. It is equally natural that in an atmosphere of mutual mistrust—or insufficient trust—countries, depending on their point of view, traditionally propose different and even opposing interpretations of these events and actions.

At the same time, while the region occupies its place in geopolitical structures, it does not become dissolved within them, but exists as an integral political entity, as a single international political subsystem. It has developed its own mechanism, its specific logic of relations, certain traditions, and standards of conduct. Regional political thinking is not identical with geopolitical thinking. Stability and instability, balance and imbalance acquire their own regional interpretation. One and the same political action sometimes takes on different coloring within the framework of regional and global geostrategic logic in the same way that one and the same point in mathematics will be variously defined in different systems of coordinates.

This dualism and objective contradiction, in addition to the substantially sketchy and mechanical understanding of the realities of the present military-political situation, have also predetermined the contradictoriness of numerous attempts by Scandinavian political scientists to design the conception of supporting and strengthening stability and security in Northern Europe by operating simultaneously with the categories of regional and global strategic balances and their interrelationship. When conceptualized and reduced to its logical conclusion, this direction of thinking, which continues to dominate in Scandinavian studies, boils down to a kind of common denominator that could be called the "two-balance theory."

The main objective of this theory is to calculate a certain point of equilibrium—applicable to the concrete military-political situation in the North—that would simultaneously secure global and regional balances and that would identify paths of movement toward this point. This point is understood to mean a certain state (correlation) of armed forces and military activity of military blocs—the Soviet Union and the USA in particular—in Northern Europe. Paths of movement toward this point

are understood to mean certain measures to alter military presence and military activity. The discussion primarily centers on the reduction of the Soviet military potential in the North.

Such a view of equilibrium cannot be found for three reasons, even one of which would suffice. The strategic military balance has long ago become a concept which, even though it retains a certain quantitative determinacy, is nevertheless very elastic and plastic. In this sense, the value of concrete traditionally proposed measures that should comprise the region's contribution to securing strategic balance (and this usually means an increase in the American military presence in the Northern seas and/or a reduction in the Soviet Union's presence here) seems highly debatable.

Moreover, regional military parity within the framework of West-East relations is a totally irrational concept in the context of modern military-technical and military-political realities. Security, especially nuclear security (just like danger), is indivisible and exterritorial. The various ways the region is involved in modern military mechanisms that function on a global scale and the need to analyze numerous factors that determine the situation inside and outside the region make the very formulation of the question of the regional balance of forces senseless and counterproductive.

Finally, the interconnected nature of the action of factors of military force and the functioning of different weapons systems are such that measures proposed as a means of moving toward a point of hypothetical regional equilibrium is frequently interpreted as violating global equilibrium and vice-versa. Nuclear weapons of different radii of action and with different delivery systems, the corresponding infrastructure, and conventional forces are a tight knot that cannot be untied within the framework of the aforementioned paradigms. The researcher of military relations in the North encounters this interconnectedness at every turn. Whatever action you take—be it the positioning of American aircraft carriers and sea-based cruise missiles in the region of the World Ocean adjacent to Northern Europe, the creation of the infrastructure for receiving NATO rapid deployment forces, or the deployment of Soviet tactical nuclear systems and aeromobile and airborne assault units in the region¹—all these actions are measured in both regional and strategic terms.

We can extricate ourselves from these vicious circles in which the thinking of researchers and politicians in both West and East has roamed for such a long time only by approaching the regional military-political situation as an integral part of the global situation and by conceptualizing safety, stability, and the reduction of military activity in the North exclusively on the basis of a dialectically comprehended strategic balance. In other words, by discussing concrete measures together with the idea of how to realize the region's potential contribution to lowering the level of overall military confrontation

while preserving the stability of the entire military-political system. Within the framework of this logic, both bilateral and unilateral measures, including those that emanate from the Soviet Union, are conceivable.

It would seem that the well-known Murmansk (1987) proposals of the Soviet Union (and their subsequent concretization and development), which basically advanced the idea of reducing the activity of the naval and air forces of the opposing military alliances in the North European regions, could provide a generally acceptable basis for regional measures designed to promote the lowering of the general level of military-political tension. The idea of a nuclear-free zone in Northern Europe is also on the same plane. A nuclear-free zone essentially means certain reciprocal obligations (guarantees) of a number of countries plus measures to restrict military activity in the corresponding region. To all appearances, this is specifically the understanding of the zone that presently dominates political thinking in North European countries. The "only" question is the type and extent of the obligations and measures that must be proclaimed and implemented and how their burden should be distributed. The various political forces in Northern Europe interpret these questions in various ways, but the political vector is evidently still—albeit to a lesser degree than at the beginning of the decade—in the direction of demands for unilateral or larger-scale actions by the Soviet Union in the given context. The USSR has moved in the direction of accommodating these sentiments by dismantling medium-range missile launchers on the Kola Peninsula and the greater part of them on the remaining territory of the Leningrad and Baltic military districts; by withdrawing some operational-tactical missiles from these districts; and finally by declaring its willingness to withdraw nuclear-missile submarines from the Baltic Sea if agreement is reached on declaring the area a nuclear-free zone. The reduction of exercises by the Soviet armed forces in regions close to the borders of the Nordic countries was subsequently announced in October 1987.

The idea that the strengthening of Northern Europe's nuclear-free status will not go far until the willingness to make concessions and compromises matures in the minds of politicians in all countries that are directly affected by this, has to a certain degree long existed in political thinking in the North—both at the official level and among political scientists. Back in 1981 Swedish Foreign Affairs Minister O. Ullsten spoke of the establishment of a border zone, from which all nuclear weapons exclusively targeted against Northern Europe, in particular, tactical nuclear weapons in regions of the Soviet Union, Eastern Europe, and the Federal Republic of Germany adjacent to Northern Europe, around a nuclear-free zone (territory of the Nordic countries) would be withdrawn. Ullsten also noted that in connection with the formation of a nuclear-free zone, measures should be taken regarding Soviet submarines in the Baltic and similar NATO systems in the North Sea and other regions of the World Ocean adjacent to Northern

Europe.² We also recall what future Norwegian Defense Minister J. J. Holst wrote while he was still director of the Norway Foreign Policy Institute: "Forward naval operations in the Norwegian Sea might also presuppose a double impetus toward preventive actions: to attack Soviet port facilities and Norwegian airfields. A policy of mutual deterrence by both superpowers, in accordance with which they would refrain from continuous naval patrolling of the Norwegian Sea, would reduce the pressure in the direction of preventive nuclear strikes."³ In the same channel were proposals (1986) by Finnish President M. Koivisto to limit naval activity in waters adjacent to Northern Europe, and in particular to exercise restraint in conducting naval maneuvers and landing exercises.

Thus, ideas compatible with the principles of the new political thinking are present in the discussion surrounding security issues in Northern Europe, but they have by no means as yet become dominant among North European politicians and especially in U. S. and NATO political circles. Plans for a nuclear-free zone and the Murmansk proposals continue to be studied, but the problem is the unwillingness of Norway, Denmark, Iceland, and the USA (or rather: the USA, Norway, Denmark, and Iceland) to sit down at any kind of negotiating table. The principal political forces in the North European NATO countries indicate—and rightly so—that the given problem cannot be resolved without the clearly expressed consent of partners in the North Atlantic alliance and their direct participation in the discussions and negotiations because the question directly concerns their security and their armed forces. The next question is the kind of forms this participation should take. It is important that the political decision to undertake the practical examination of the possibility of reducing the level of military confrontation in the North has not as yet matured either in the USA or at NATO headquarters.

Until such a decision is made, there will be no progress, just as there has been no progress up to now. This in itself confirms the inseparability of regional problems from the general context and the indivisibility of nuclear and other security.

It would seem that these principles should also be the basis for the conception of international negotiations on reducing military activity in the North, including the problem of the nuclear-free zone. Discussions between Nordic countries on whether the coordination of positions on the zone of the Nordic countries themselves should precede the coordination of the positions of North European participants in NATO with partners in the bloc or whether the order should be reversed could hardly lead to a common denominator, just as it has not led to one up until now since the very formulation of the question, which presupposes dividing the indivisible, has been flawed. But the Nordic countries will stumble over manifestations of this methodological flaw until the dominant view is that the negotiating mechanism must in principle be interconnected in time and must provide for the participation of all interested parties. This could

take the form of parallel consultations or international conferences on Northern Europe.

Footnotes

1. See "The Military Balance" (London) for the '80's.
2. See, for example, HELSINGIN SANOMAT, 13 June 1981.
3. BULLETIN FOR PEACE PROPOSALS, No 3, 1983, p 229.

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OPINION OF A DUTCH SCIENTIST

Principal Obstacles to East-West Economic Cooperation

904M0006J Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 11, Nov 89 pp 134-139

[Article by Ye. Y. Kortkhals Altes: "Economic Cooperation Between East and West: Problems and Prospects"]

[Text] Doctor Ye. Y. Kortkhals Altes was born in the Netherlands in 1924. He studied economics at the Rotterdam School of Economics. He joined the Netherlands Ministry of Foreign Affairs in 1951 and worked as a diplomat in many countries. Following the publication of an article criticizing the arms race and the negative consequences of SDI (August 1985), he was dismissed from his post as ambassador to Madrid. Since that time, has been an active participant of the peace movement and the deputy chairman of the Netherlands Pugwash Committee. Participates in the work of conferences. Is the author of numerous articles and books, in particular "Man or Marionette?" (Amsterdam, 1987); "The Naked King: the Obsolete Security Policy" (Campen, 1988). The present article was specially written for MEMO.

Cooperation between East and West must be encouraged for a number of serious reasons. The first and quite obvious reason is that it could be of mutual benefit and thus promote the prosperity of both sides. However the decisive significance that economic cooperation holds for the vitally important process of normalization of relations between East and West is a much more important reason. Even though there has been significant progress in this area in recent years, a great deal of work still remains to be done.

We are still continuing the arms race. We in Europe are living on a volcano because we possess a destructive weapon that has several times more power than that required to wipe us from the face of the earth. The lowering of the level of the greatest military confrontation in history is only just beginning. Excessively inflated military budgets are a heavy burden on the taxpayers'

shoulders and divert already insufficient resources to the sphere of unproductive labor.

The increasing technological sophistication of weapons is accompanied by increased expenditures of resources on their production. At the same time, we are forced to admit that growing military spending does not really strengthen our security. Not all new weapons systems result in greater stability. Examples: MIRV's, SDI, and Stealth.

Progress in science and technology in the last 50 years has not been accompanied by corresponding changes in our thinking and actions in the sphere of international relations. Military policy and strategic thought gravitate to the old aphorism: "If you want peace, prepare for war." Improbable though it may seem, such thinking predominates in many capitals. As a result, we continue to pay tribute to the idol of the ever costlier arms race. Fortunately, there are signs of a basic change in thinking. President M. Gorbachev's constructive approach could be of decisive significance in altering our present catastrophic course. Western leaders must respond to this approach. The time has come for a fundamental change in East-West relations.

Science and technology and the high degree of vulnerability of our societies leave us no other choice. Real security can be realized only if we recognize our interdependence. The security of the East no longer depends on its own means. It also depends on the security of the West and vice-versa. The Palme Commission's conception of general security is realistic.

Thus, the reality of today requires that we adhere to the principle: "If you do not want war, prepare for peace!" This means formulating a broad-scale peace policy on the basis of a truly all-embracing concept that would include the extremely complex sphere of East-West relations. It would put an end to the domination of military aspects that would be incorporated in a general concept consisting of five major components: military, political, economic, cultural and humanitarian, and cooperation in the area of environmental protection and in relations with the Third World.

The all-embracing approach "from confrontation to cooperation" requires simultaneous actions in all spheres. Progress in one area can have positive consequences in another. The interaction between different elements could be a decisive factor in eliminating the mistrust and suspicion that accompany negotiations in military areas. The integrated approach would create the basis for radical change in relations and would thus help to reduce the threat of war and to bolster the real security of both sides.

The present article examines only the economic aspect of European cooperation.

Basic problems

There are many obstacles to economic cooperation. Some of them are so serious that they can be surmounted only by persistent, imaginative efforts of both sides.

Time will then become our ally. It will be easier to overcome obstacles connected with decades of East-West confrontation. Growing recognition of the fact that we must abandon the arms race and pursue an active peace policy for the sake of survival will help us to rid ourselves of them.

I mention certain obstacles to East-West cooperation as they appear to a Western observer (the list could easily be extended).

1. Structural differences between political, economic, and social systems.
2. The historical period of more than 70 years in which economic relations between East and West have been dominated by the spirit of confrontation, mutual mistrust, and hostility. Much more importance has frequently been attached to political and non-economic considerations than to economic factors.
3. The withdrawal of East European countries from the international economic system.
4. The structure of trade and imbalances. The low economic effectiveness of trade between Eastern Europe and the Western countries.
5. Excessive bureaucratism and the lack of information. Given the high level of competition in our information age, it is extremely important to have access to the latest reliable economic data in order to be able to make business decisions (market conditions, evaluation and adaptation to the changing structure of trade, etc.).
6. Price structure and production cost based on non-economic considerations.
7. Inconvertibility and barter trade. Both factors seriously impede not only East-West trade, but trade inside Eastern Europe as well.
8. The urgent need for management that meets modern demands.
9. Quantitative and qualitative trade constraints.

Prospects for economic cooperation

Analysis of future prospects always entails a certain degree of risk. It is pointless to make an analysis without basing it on certain assumptions. I permit myself to propose the following:

- (a) Continuation of the current process of detente and normalization.
- (b) The success of glasnost and perestroika, i. e., the continuation of the present realistic policy and the resolution of the inevitable difficulties of the transitional period.

The two assumptions are interconnected. The development of the detente process could radically alter the arms race and lead to the gradual lowering of defense

spending. The freeing-up of substantial economic, intellectual, and managerial resources could promote real economic growth significantly. The increased availability of goods could in turn stimulate the growth of labor productivity. Conversely, any upturn in the arms race will cause additional tensions in the economy and will impede the perestroika process.

The development of glasnost and perestroika must have a positive impact on the entire detente and normalization process. It will help to destroy the image of the enemy and to bolster mutual trust. It will at the same time create the necessary conditions for expanding economic cooperation.

It is vitally important that East and West European countries understand the basic dynamics of this process. It is therefore urgent that a consistent peace policy be formulated. I believe that public opinion will receive positively efforts to make the transition from confrontation to cooperation. The decision-making process of Western governments is quite long. Some governments have made more progress [in this respect] than others. Nevertheless, there is no doubt about the direction in which all of them are moving.

Long-range prospects. There is a host of important reasons for developing favorable, mutually beneficial, long-range economic relations between East and West. Above all, East and West Europeans belong to the same family. They have many centuries of culture and history in common. The historical division into orthodox and Western Christianity cannot obscure their common roots. Moreover, a new feeling of solidarity is developing because it is necessary to unify efforts to resolve the problem of the survival of mankind. The ecumenical movement and the active participation of orthodox churches in the World Church Council could serve as an important evidence of humanity in our time.

Geography is another very important factor. The proximity and complementarity of vast markets open up broad opportunities. Cooperation in the area of energy, environmental protection, and communications could yield enormous mutual benefits. Great opportunities for joint efforts could be opened up by large-scale projects in Siberia and elsewhere.

The availability of considerable brainpower and the high level of science and technology in both East and West provide an excellent basis for further economic cooperation.

Europeans living on both sides of the Iron Curtain increasingly realize that it is vitally important to overcome this artificial division for the sake of survival. The present division of the European continent into two highly armed opposing blocs is an anomaly.

However, the degree of economic cooperation between East and West depends not only on political will, but on practical opportunity as well. The obstacles previously referred to are a reality and they must be surmounted.

Naturally, trade might be expanded if the West were to remove trade barriers. But this would have very limited results, especially for the structure of exports. It is much more important to strengthen the export positions of the East European countries. Dependence on traditional exports of energy and raw materials is still very high (approximately 70 percent). It is therefore necessary to expand the mix of export goods, particularly in sectors where rapid growth is possible. This cannot be done without creating conditions that stimulate innovation. This is vitally essential to overcome stiff competition from new industrial countries in the Western markets.

Imports of consumer goods that are primary necessities and goods necessary for improving production and quality would be increased on the basis of rising revenues from exports.

The growth of trade will unquestionably depend on the success of internal reforms. But this is a very complex problem because of the stiff competition in Western markets and because trade is much more important to the East European countries than it is to Western Europe.

Short- and medium-range prospects. Short-range prospects are much more modest primarily because of the daunting obstacles. It will take time for ossified structures to change. It is very important to begin this process because even the smallest initiative may be developed subsequently.

Let us turn once more to one very important consideration. The very energetic prosecution of the detente process is highly beneficial to economic relations even in the short run. It will prevent the exhaustion of already insufficient economic and intellectual resources that will be inevitable if the arms race continues, and it will free up economic, managerial, and intellectual resources.

The very first steps toward integration within the international economic system would have immense political and economic significance. Trade and payments and important elements of economic development would be considerably easier for East European countries if they were closer to GATT, the IBRD, and the IMF. This is a difficult task especially in view of the differences that exist between economic systems. The rules of the game were established more than 40 years ago and they must be observed. Nevertheless, the convergence process could be developed if there were political will on both sides.

The elimination of quantitative restrictions and trade barriers requires efforts by both sides. There is a possibility of revising the COCOM list. It should be strictly limited to military equipment.

Effective agreements on agricultural cooperation should be concluded with West European countries that are highly developed in this area. The selection of regions for

experimental projects should be approached with extreme caution. Positive results can stimulate local farmers or cooperatives.

Cooperation of medium-size and small enterprises may be of interest not only by virtue of their immediate results, but also because of their indirect benefits (as an incentive for initiative and responsibility). The creation of a powerful institution to combat bureaucracy and to facilitate the operations of foreign companies could help to eliminate confusion among foreign investors and businessmen.

Joint ventures can be immensely important for the growth and diversification of exports; they could also have a positive impact on internal economic development by introducing elements of competition and new technology. However, a favorable economic climate is of decisive importance. Potential investors may be frightened away by inordinate bureaucratism, lack of clarity, vague legal status, and difficulties in transferring profit and, ultimately, capital, as well as by management problems. Special incentives will occasionally be required to attract foreign capital to export-oriented sectors.

An important role belongs to credits that are granted on the basis of a well-prepared and reciprocally coordinated program. It is essential to avoid the negative consequences of the excessive, "blind" granting of credit that has taken place in the past. Credits granted during the period of transition for consumer goods that are primary necessities would help the population to feel that the process of radically improving living conditions had begun. Economic development can be accelerated by increasing the motivation for labor intensification. This can be done in part by a program of credit for the primary necessities for several years. It is necessary to begin from a low level and to raise it gradually in subsequent years.

However, it is necessary to be mindful of certain specific features of the Western economic system which naturally has not only important advantages, but shortcomings as well. Stiff competition, especially in the consumer goods area, and the struggle for new markets can make the granting of credit for lower-priority goods very attractive.

The development of tourism can bring considerable benefit in both the long and short run. Eastern Europe, and especially the virtually unknown Soviet Union, have an enormous potential in this regard. We refer to the historical past rich in cultural life, to the beauties of nature, to vast territory, to a diverse landscape, to the possibility of traveling to exotic, almost inaccessible places. The possibility of cooperating with experienced West European travel agencies could be explored.

And finally, cooperation in the area of environmental protection. The constant, alarming destruction of the environment can be halted only through the close cooperation of East and West. Mutually beneficial results in

this area can be realized immediately. The time has come to form a high-level European council.

Institutions

The active promotion and development of economic relations between East and West urgently requires not only active participation in existing organizations, but the formation of new institutions as well.

The Conference on Security and Cooperation in Europe could play a constructive part. The second basket of measures of the Helsinki Final Act relates to economic and technological cooperation as well as to cooperation in the area of environmental protection. Due to circumstances, their implementation has been extremely limited to this very day. A common East-West approach to the implementation of world policy would give the necessary political impetus to the provisions contained in the second basket. It is now entirely obvious that only efforts directed toward simultaneous success in all spheres of the process begun by the Conference on Security and Cooperation in Europe could promote the strengthening of the real security of the participating sides.

It would be possible to re-establish the UN Economic Commission for Europe, that would play a constructive role in promoting real economic cooperation. It would enable interested parties to discuss problems openly and to exchange information.

EC-Eastern bloc. The joint declaration of 25 May 1988 is a good beginning for more intensive cooperation between the EC and the CEMA. Reciprocal recognition creates the institutional potential for dialogue between the Soviet Union and the EC on wide-ranging problems concerning economic relations between West and East. The permanent representative of the USSR maintains official and unofficial contacts not only with the Commission of European Communities but also with permanent representatives of member nations. At the same time, a solid foundation is laid for the parallel development of trade and cooperation between the EC and individual East European countries.

It is important that joint efforts to expand cooperation be stepped up so as to prevent the further division of Eastern and Western Europe. This division will be possible because of the establishment of the EC's single market in 1992-1993. Both sides must engage in serious efforts immediately.

OECD (Organization for Economic Cooperation and Development, whose membership includes the USA, Canada, Japan, Australia, and New Zealand, in addition to most West European countries, plays an important part in promoting trade and stable economic development. Its goals are to promote economic development, employment, and living standards in member nations while preserving financial stability, thereby promoting the development of the world economy as a whole. The

OECD contributes to the expansion of world trade on a multilateral, nondiscriminatory basis in accordance with international obligations.

The OECD, with its highly qualified staff, has a great deal of experience analyzing the economic situation in its member nations. The organization is presently focusing its primary attention on future relations with new industrial countries in Asia ("tigers"). To my way of thinking, it is much more important to open the door to East European countries. The normalization of East-West relations will be significantly accelerated. Economic development will also be stimulated at the same time. The time has come to eliminate formal impediments and to find ways and means of involving a number of East European countries in practical work in the OECD.

A high-level non-governmental committee on East-West economic relations could be a useful instrument for defining the range of problems and for making recommendation to individual governments. The committee, staffed with carefully selected, outstanding figures combining authority and a wealth of experience in a certain area, could also have a serious impact on governments and on public opinion.

The **European Council** deals with wide-ranging issues concerning various aspects of European life. Ways and means of involving East European countries in the work of the Council should be found.

The common "European village"

The bold, statesmanlike approach to Europe as the common European home has generated lively discussions that have had a positive effect and that have produced a shock effect in a number of instances. It is now totally obvious that we Europeans must overcome the artificial division [of Europe] into two antagonistic blocs. Europeans have not only a common history and culture but a common future as well. We must realize above all that the instruments of destruction that science and technology have placed in our hands compel us to abandon entirely the idea of armed conflict between East and West. Whether or not we like one another's system is immaterial. Since we have a common security, it is important to develop an understanding of our common future.

While not ignoring the reality of the existence of two opposing camps armed to the teeth, I would like to discuss the "European village." The village is now divided by a high wall protected from both sides. Dogs bark on both sides of the wall. Communication and cooperation are extremely limited. Fortunately, some wise people realized that this division is not only highly dangerous but that it also deprives their children of a future. Very wise statesmen started talking about the possibility of tearing the wall down and making the village one again.

It is naturally important to set down some general rules. The first rule is important: every villager has the right to paint his house the color he prefers. Some want to live in

a red house, others in a green or blue house. Even though some houses are much larger than others and one of them is the largest of them all, it is extremely important to use extreme care so that none of the neighbors living in the small houses feel any pressure.

Every villager naturally has the right to organize his dwelling according to his own tastes. Everyone tries to make it as attractive as possible. Villagers are always naturally curious. And if the Dutch tradition is adopted, every passerby will be able to look in through the open windows. Naturally the basic rules of human conduct will always be observed. No one, for example, has the right to strike his child if he protests against something. The balance between the freedom of the villager and the basic rules of the community must be observed.

There are many common features in this village. Not only fresh air, pure water, and power supply, but also common institutions that are vitally necessary for survival in our modern world. Good roads and telephones make it easier for different parts of the village to remain in contact with one another. This is also important in our information age.

The division of labor and intensive cooperation could raise the standard of living in both parts of the village. All villagers are engaged in the work for which the incentives are good. They realize that joint efforts will bring them the necessary benefits.

A spirit of solidarity formed among villagers. The need for such solidarity becomes more and more obvious in our unsettled world. Small police formations take care of security. From time to time, the appropriate number of able-bodied men and women are sent to the UN to keep law and order in other places. The village's relations with the external world are on the whole open and friendly. Particularly with the big village that is situated on the other side of the lake where many of our villagers' descendants live. It should be hoped that we are talking not about a city surrounded by a stone wall, but about an open village.

Cultural life is lively. The cultural level in both parts of the village is very high despite the destructive impact of mediocre and boring television programs.

From time to time, children are taken on excursions to the local history museum. They look in fright at the immense number of strange weapons that village dwellers used to threaten one another in dark, primitive times. They do not believe their eyes!

Will we continue to dream or will we begin to plan our actions? For the sake of future generations in East and West, I hope that we will choose the latter.

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ECONOMIC MONITOR

Declining Consumption Levels and the Soviet Miners' Strike

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No 11, Nov 89 p 140

[Article by L. Grigoryev: "Reproduction and Strikes"]

[Text] The miners' summer strike showed that economic strikes in our country have become a reality requiring in-depth analysis of their causes and effects in the context of the reproductive process; otherwise, understanding of the ongoing processes will remain at a mundane level: ...the miners were hard put...they went out on strike...heavy losses.

The lessons of the strikes were most instructive from the standpoint of the role of **consumption** in the reproductive process. The miners struck because their real incomes fell below the existing cost of reproduction of their labor power. The prestige of mining as an occupation had been declining in the last few decades. The relatively higher pay [of miners] compared with other occupations diminished—leveling took place at the expense of the high-paid branches. The increased instability of miners' incomes was coupled with the increased intensiveness of labor (*inter alia* in connection with the depletion of the mines) at the same or even lower rate of pay. The change in the nation's fuel balance in favor of oil and gas placed the coal industry in marginal financing conditions, at the same time that mining conditions became more complicated (the average price of coal is 12 rubles per ton while the average cost is 47.5 rubles per ton—the subsidy will total 4.3 billion rubles in 1989), which even led to the deterioration of working conditions (transport problems, the greater depth of the mines, and the higher accident rate). But it is proving to be increasingly difficult to translate even these incomes into goods what with the acute consumer goods crisis and the appreciable rise of market prices. While the consumption of a number of categories of *apparat* and trade personnel is stable at the local level, this frequently means a reduction in consumption for large population groups. The explosion came when there was a sharp decline in the miners' consumption compared with the usual level. Social tensions might be less if consumption depended less on non-market forms of distribution. The weight of economic difficulties would then be distributed more uniformly.

How will the fulfillment of the miners' demands influence the cycle of reproduction: production-exchange-distribution-consumption-production? At the **production** level, this entails an increase in the costs of all branch enterprises on the basis of increases in payments and benefits (approximately three billion rubles in overall volume or four rubles per ton of output a year). It can be compensated (if only partly) at the mine level on the basis of savings in a number of managerial links

while increasing the economic independence of enterprises and with the advent of the possibility of free exchange of above-plan output, *inter alia* for currency.

The increased independence of mines and the intensification of the role of strike committees (renamed, but active) can alter the character of **distribution** in the face of limited food resources and consumer resources in general. This can secure the urgently necessary stabilization of consumption in the given stage at the level of existing needs. The new leaders, whom the strikes have promoted from informal to real leaders, are in all probability ready to perform administrative-control functions without claiming exclusive access to consumer goods. Naturally, this will separate the traditional groups of priority consumers from convenient types of commodity distribution to a certain degree.

The stabilization of the **consumption** process is the link without which stimuli of the economic reform cannot be activated. The radical resolution of urgent problems in static form—through the redistribution of resources—simply does not exist. The shagreen leather of centralized reserves shrinks quickly thereby undermining important national programs. The living standard can only be raised over time with an increase in production as the result of deep economic reforms.

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BOOK REVIEWS

Book on Nuclear-Free Zones and International Security Reviewed

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No 11, Nov 89 pp 151-153

[Review by N. Seregin of book "Bezyadernyye zony i mezhdunarodnaya bezopasnost" [Nuclear-Free Zones and International Security] by V. F. Davydov, Moscow, "Mezhdunarodnyye otnosheniya," 1988, 191 pages]

[Text] The complex of questions connected with the creation of nuclear-free zones occupies a special place among the most important international problems of modern time. The world has amassed enormous arsenals of atomic arms that are a million times more powerful than the bombs used at the end of World War II. The nuclear threat is making an extremely unfavorable mark on many forms of human activity and thought, is undermining society's moral foundations, is worsening international relations, and is ultimately fraught with the destruction of all civilization on earth.

The book under review examines the entire spectrum of questions associated with the creation of nuclear-free zones that can become a powerful barrier against the

spread of these weapons. The author analyzes corresponding concrete proposals by various countries, shows the evolution of scientific conceptions, and evaluates the position of various political and social forces on the given range of questions. The reader's attention is focused on the idea that the movement for the creation of zones free of nuclear weapons has acquired a worldwide character in recent years.

Comparative analysis is frequently used to evaluate a new publication by an author as a method that makes it easier to understand its specifics and to reveal its truly original features. Unfortunately, in the given instance such a method is hardly applicable since our sociopolitical literature has clearly not devoted sufficient attention to this problem and because there has been no comprehensive work on nuclear-free zones to date. Nevertheless, a critical view of V. Davydov's monograph makes it possible to reveal its strong and weak points, to show the author's omissions and derelictions.

For example, a number of questions are raised but essentially no answer to them is given. We read that the idea of nuclear-free zones originated in the mid-'50's (pp 13-14), but that by the end of the '80's there were only two such large zones in the world—in Latin America and in the South Pacific (The Treaty of Tlateloko [sic] and the Treaty of Rarotonga). What is the hitch? The work does not reveal the mechanism that blocks the creation of such zones and does not show how the obstacles that arise could be eliminated. It does analyze the positions of militaristic circles in the leading capitalist countries that looks askance at the possibility of establishing such zones.

The author unfortunately does not explain why the Soviet Union for more than 10 years has not ratified the Treaty of Tlatelolco even though it was specifically the USSR that advanced proposals to create such a zone in the '50's.

We find that too little is said about the possible creation of a peace zone in the Arctic. The heated discussions of this problem in the scientific community of many countries are not shown. Many foreign specialists believe that this problem has acquired new significance in connection with Soviet initiatives set forth in M. S. Gorbachev's famous Murmansk speech.

On some points, the author has not eschewed old stereotypes, in particular, in supporting the notorious "image of the enemy." Thus, the chapter entitled "The Balkan Alternative" presents a detailed report of military preparations by NATO countries and especially the USA "that are trying to turn the Mediterranean into a springboard for its aggressive plans against the Soviet Union and other socialist countries and independent coastal countries" (p 77). But this was a case of the "contractual," legal presence of American forces in a number of countries and routine military training exercises. V. Davydov is of course nevertheless correct when he concludes that the demilitarization of the Mediterranean and the possible establishment of a nuclear-free zone in

this region would be major steps forward on the road to the normalization of the international situation at this "important strategic crossroads." The book also places all blame for nuclear tension in the world on the United States of America even though today there is hardly any need to conceal that a certain share of the responsibility for this is borne by literally all nuclear powers without exception.

While the monograph examines the question of establishing a nuclear-free zone in Northern Europe in general terms, one would think that it should offer analysis in greater depth (this region is directly adjacent to Soviet borders and holds top significance for the Soviet Union's national security). The book cites many quotations and excerpts from the works of leading bourgeois specialists. But these quotations are selective and fragmentary. It would have made sense to polemicize in greater detail with one or two Western researchers. Such discussions make the material livelier, more dynamic, interesting, and hence more contemporary.

Nor can we fail to mention a number of points that are lamentably passed over in silence. Thus, the author describes in considerable detail the movement to establish nuclear-free cities in the West. By mid-1987, there were already more than 3200 such cities throughout the world (p 184). Alas, nothing is said about whether such cities exist in socialist countries, including our country, and what the prospects are here.

In our view, the concept of the new thinking as refracted in the problem of nuclear-free zones definitely required more attention. General judgments in such an important context are clearly insufficient. The place of nuclear-free zones in the overall complex of measures directed toward disarmament and strengthening international security should have been shown more clearly.

Some statements by the scholar, while essentially correct and timely, are quite vague. For example, he repeatedly emphasizes that nuclear-free zones are capable of strengthening international security on both a global and regional scale. However he says practically nothing about the specific ways in which this can be done. There is little discussion of the spheres of activity of the two largest military-political blocs of modern time—NATO and the Warsaw Treaty Organization and their potential evolution in connection with the impending establishment of new nuclear-free zones.

V. Davydov correctly notes that if all non-nuclear countries (and there are more than 150 of them in the world) pledged not to allow nuclear weapons on their territory, the arms race would be dealt a heavy blow. The potential sphere of their application would be sharply reduced because a considerable part of modern nuclear arsenals consist of low-powered rockets with atomic warheads, aerial bombs, and atomic shells and projectiles (p 186). However the reader would seem to be entitled to hope to learn how states that differ markedly in their political orientation and internal regime, that belong to different

socioeconomic systems, and that have differing interests and views of the development of international events might develop a unified platform on this issue.

The work would seem not to have entirely shown the attitude of the major international organizations and research centers toward nuclear-free zones. Clearly, too little attention is devoted to the corresponding activity of Soviet and other diplomats at the UN.

At the same time, the most important point should be emphasized: the monograph is essentially the first attempt at an integrated approach to a vitally important topic. This is essentially the first attempt at a many-sided analysis of nuclear-free zones not only in Soviet, but also in world sociological literature. The significance of the book is on the whole indisputable. It will unquestionably be of interest to specialists and the broadest readership

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List of Books Recently Published

904M0006M Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA in Russian No 11, Nov 89 pp 153-154

[Text] Bkhatiya, V. "Dzhavakharlal Neru i stanovleniye indijsko-sovetskikh otnosheniy. 1917-1947" [Jawaharlal Nehru and the Development of Indian-Soviet Relations. 1917-1947]. Translated from English. Moscow, "Mysl," 1989, 220 pages.

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News of Institute Meetings, Activities

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[Text] A sitting of the USSR Academy of Sciences IMEMO Scientific Council heard and discussed the report on "The Concept of Pacific Regional Cooperation and the Soviet Union's Long-Range Interests" by V. I. Ivanov, candidate of economic sciences; head, Pacific Research Department. As the speaker noted, the region, which is conditionally limited to the Western Pacific, can be regarded as an independent and moreover most dynamic zone of the world economy. There are grounds for speaking of the "three waves" of rapidly developing countries: Japan; the "new industrial nations" of Eastern Asia and ASEAN countries; and the People's Republic of China. This region has been the focus of accelerated industrialization connected with world and especially regional markets through an export-oriented strategy of development. The increased multilateral interdependence of reproductive processes has placed on the agenda the question of maintaining stable and predictable international economic relations and the joint search for unconventional approaches, possibilities and ways of developing the regional economy.

The speaker dwelt at length on the historical aspects of the inception and development of concepts of regional economic interaction and recalled that the expanded cooperation of representatives of government institutions and of the business and science community has led to the creation of an authoritative international organization: the Conference on Economic Cooperation in the Pacific. He described the evolution of the USSR's relationship toward the given processes and characterized the activity of the Soviet National Committee for Asian-Pacific Economic Cooperation.

V. Ivanov noted that the economic presence of the USSR in the region is tending to diminish (in relative terms). The rate of economic development of the Soviet Far East is beginning to lag behind that of neighboring countries. It is still not sufficiently integrated into regional economic relations. Thus the level of orientation of Soviet foreign trade toward the Pacific region (including China) is very insignificant—approximately 4 percent of total Soviet foreign trade (for most countries in the region, this indicator is 60-80 percent). For a long time, the patterns of economic development of our Far East were not sufficiently taken into account, the emphasis was on the specialization of production of raw materials, and the richest natural resources were used wastefully and ineffectively. The result was the underdevelopment of

economic potential, the deformation of its basic proportions, and the dramatic worsening of cumulative problems. The scholar believes that the existing conditions call for the transformation of this economic complex into a system that includes elements of "dual integration": the integration of the mineral-raw materials potential into the general national economy and into the international division of labor. It is important to use the special status conferred on the Far East by government decisions with maximum effectiveness in the immediate future in developing the nation's foreign economic relations. The central question is the search for resources, especially currency resources, required for financing cooperative projects, for joint ventures, and for more intensive restructuring. We must put an end to the emphasis on exporting unprocessed raw materials. We must process them thoroughly and produce semifabricated goods or, better yet, finished products together with our foreign partners. It is specifically in this way that the extractive branches will be able to form a solid financial foundation for reaching a new, truly modern level of management.

As the report emphasized, a well-conceived strategy of gradually structuring the international division of labor, of defining branch and geographical priorities, of searching for a model of long-range specialization and methods for the maximum use of both internal and external potential is required to make our Far East a full-fledged partner of the region's leading countries. There is practically no time left to "get in the swing": the dynamism of economic processes in the regions is dramatically, dangerously faster than the changes in our conceptual approaches, to say nothing of the changes in our practical actions.

IMEMO was visited by Professor-Doctor Karl Heinrich Oppenlander, president of the Munich IFO Institute, and a leading West German economics scholar. He is widely known as the author of a number of fundamental scientific works on economic growth theory, innovation, and resource conservation; as an active advocate of the development of cooperation between the scientific and business communities of our two countries; and as a co-organizer of Soviet-West German symposia on current international economic issues in recent years. The visitor was warmly welcomed by his Soviet colleagues in the IMEMO directorate and in the Department of the Economics of Interbranch Complexes in Capitalist Countries. A number of questions relating to the development of bilateral cooperation, the possibility and avenues of expanding the sphere of joint research, and their most promising, priority directions were discussed in the course of businesslike talks. While placing high value on the existing results here, V. A. Martynov, corresponding member, USSR Academy of Sciences, the institute's acting director, in particular called K. H. Oppenlander's attention to as yet unutilized reserves. He identified a number of problems of a general theoretical and applied nature that would be not only rational but also definitely mutually advantageous areas of cooperation between IMEMO and the IFO Institute. Doctors of economic sciences R. R. Simonyan and Ya. Rekitar described Soviet specialists'

current work on creative problems associated with scientific support for the radical economic reform. The sides exchanged opinions regarding the next joint symposium, the possibility of exchanging young scientist-practitioners, the reciprocal publication of scientific articles in press organs, and other aspects of cooperation.

K. H. Oppenlander delivered the report "Economic Growth and the Policy of Economic Development: Prospects for the Federal Republic of Germany" before IMEMO researchers. In his opinion, economic science is in need of a "change of paradigms": the explanation of economic growth must be more many-sided, must be based on a broader range of indicators; it must above all have not a macro- but rather a microeconomic substantiation, i. e., must be based on the analysis of processes in the sphere of private enterprise; more significance must be attached to the statistical-factological testing of hypotheses and empirical research. The speaker emphasized that the state's economic policy must be maximally flexible and must be based not on rigid objectives and criteria, but must rather form more on the basis of trial and error. It is to a considerable degree the art of securing the maximum possible attainment of all objectives of the "magic triangle": stable growth coupled with the stability of monetary circulation and foreign economic equilibrium. Hence this must be an integrated policy based on a certain compromise between its objectives, on the careful balance of the country's economic interests and population groups. All this makes the boundaries between market and "administrative" economies quite conditional and flexible. The scholar expressed optimism concerning the prospects of the West German economy in the '90's notwithstanding adverse factors (first of all, population decline). He concluded that the most important considerations are: intensive structural change, measures to strengthen the market mechanism and competition, and deregulation.

IMEMO was visited by Professor-Doctor Wolfgang Oberndorfer, director of the Institute of Construction Economics (Vienna, Austria), a well-known expert on capital construction management and pricing, and an adviser to the Federal Ministry for Economic Affairs. He had a number of meetings and talks with the IMEMO leadership, with leading scholars of a sector of the construction complex, in the course of which he was familiarized in detail with the results of his Soviet colleagues' research, the problems they are addressing under the new conditions, their successes, and the difficulties facing them. The visitor showed keen interest in questions associated with the economic reform and restructuring processes in our country and emphasized the importance of expanding cooperation between Austrian and Soviet scholars and specialist-practitioners. He proposed in particular that major Austrian firms organize and conduct a seminar on management problems in capital construction in the USSR next year, which naturally met a positive response from the Soviet side. Also discussed was the complex of questions associated with the need for the more painstaking study of the wealth of experience amassed in the course of construction of large turnkey projects in the

USSR with the aid of Austrian firms and the latest advances in construction at the world level.

W. Oberndorfer took part in the work of the "Construction Complex" Problem Commission, USSR Academy of Sciences Scientific Council on the comparative analysis of the socioeconomic development of the two world systems. He also delivered a lecture to the institute's scholars on management and pricing in capital construction in capitalist countries.

The guest visited the Mosstroy Design and Construction Association and talked with the heads and leading personnel of that large organization, which is engaged in housing construction on a vast scale, and visited a number of recently commissioned projects in Krylatskoye and Orekhovo-Borisovo. While noting the solid volume of work that had been done, he at the same time expressed astonishment at the relatively large number of flaws in buildings already accepted by the commissions: a graphic result of the low effectiveness of the economic mechanism presently in operation in this sphere. Hence the urgent need to study foreign experience and to develop reciprocal cooperation in every way.

The institute was visited by New York University professor Dietrich Fischer. The principal theme of his talk with Soviet colleagues was the conversion of the military economy, the place and significance of this process in economic restructuring, possibilities and ways of overcoming difficulties in the course of conversion in the East and in the West, and the exchange of experience amassed in this area. Much attention was devoted to evaluating the effectiveness and expedience of using military equipment and technology in the commercial market. The visitor was briefed on the research tasks addressed by the IMEMO collective in connection with the economic reform, with the inclusion of the USSR in the system of world economic relations, and with the development of Soviet American cooperation in various spheres. He in turn described the activity of Economists Against the Arms Race, a non-governmental organization of U. S. scholars, and expressed interest in expanding the interaction with analogous Soviet social organizations.

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Articles in MEMO Not Translated

00000000 Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* in Russian No 11, Nov 89 pp 1-2

[Text] Summary of Major Articles in Russianpp 3-4

M. Allais: Conformity with Experience as the Only Criterion of Truth (An Interview with the Nobel Prize Winner)pp 24-40

American Trade Unions—Dead End or Turning Point (G. Rogova)pp 63-71

A Collective Contract Between an American Corporation and a Trade Unionpp 72-85

French Trade Unions: Between Past and Present (N. Lapina)pp 86-94

Kim Young Sam: for Openness and Freedom of Choicepp 95-99

Peace and the Environment (S. Chugrov) ...pp 124-125

On the Conception of the Initial Stage of Socialism in China (A. Onikiyenko)pp 126-129

The Relationship Between the Initial Stage of Socialism and the Development of a Commodity Economy (Tang Guojun).....pp 129-133

In the Search for Communalitypp 141-147

Galbraith on the Past, Present and Future of Economic Theory (N. Makasheva).....pp 148-151

Our Authorsp 153

Figures, Facts, Opinionsp 157

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