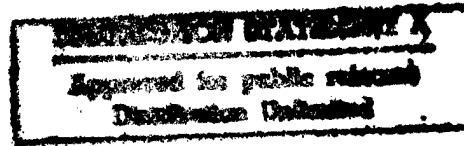


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No. 3, March 1982

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1 June 1982

USSR REPORT
WORLD ECONOMY AND INTERNATIONAL RELATIONS

No. 3, March 1982

Translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

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ENGLISH SUMMARIES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 3, Mar 82
(signed to press 19 Feb 82) pp 158-159

[English summaries of some magazine articles: "The Issue in Brief"]

[Text] The present U.S. administration and its partners in other NATO countries have set out to upset the military-strategic equilibrium shaped during the past decade between the USSR and the United States and between the Warsaw Pact and the North Atlantic bloc. In the article "U.S. Militarism--A Threat to Peace," A. Astaf'yev and A. Nikonov expose the nature of the claims that the United States has "fallen behind" in the military field. The publication of a Pentagon pamphlet entitled "Soviet Military Power" was designed to frighten the public in the Western countries with the military potential of the USSR. For the sake of objectivity, it is necessary to show the military potential of the other side.

On the basis of data provided in the Soviet book "From Whence the Threat to Peace," the authors examine the present state and orientation of the armed forces and military-industrial potential of the United States. The Soviet Union, prompted by its desire to ease tension and curb the arms race, is countering the militaristic efforts of Western reactionary circles with a balanced and restrained approach to the resolution of international problems by means of negotiations and a search for mutually acceptable agreements.

In his article "The Place of the Newly Independent Countries in the World Economy," Academician Ye. Primakov examines different factors contributing to the increasing role of the developing countries in the world economy, the dynamics of relations between the central and peripheral areas of the capitalist economy as a result of the change in the balance of world forces, in the political situation of the peripheral countries and in the system of the world capitalist economy. The author shows that under these conditions the strategic task of neocolonialism has become the retention of the newly independent countries within the capitalist orbit by means of economic methods of exploitation, which certainly include political and military means. The article presents detailed analyses of the two main forms of imperialist practices--the granting of so-called state aid to the developing countries while private capital seeks to expand the activity of transnational corporations in these countries. It further reveals the mechanism by which aid is transformed into an important instrument for the protection of the general economic, military and political interests of the capitalist center in its relations with the

peripheral countries. At the same time, neocolonialism has sustained some losses, most appreciably manifested in the energy crisis. Much of the article is devoted to an analysis of the way in which the energy crisis in the capitalist world has affected the relations between the oil-exporting countries and the center of the world capitalist economy. The article concludes with a consideration of problems relating to the struggle for the democratization of international economic relations. It stresses both the unsoundness of the attempts to emasculate the anti-imperialist content of this struggle and the need to give it a truly universal character in the interest of all states, regardless of their level of economic development and their adherence to this or that socioeconomic system.

I. Vanin's article "Imperialist Policy and the World Ocean" examines the legal aspects of the capitalist countries' maritime activities, their position at the Third UN Conference on the Law of the Sea, particularly on problems connected with international deep seabed regulation, and their actions which hindered the successful accomplishment of this conference and the signing of a comprehensive convention on sea law. As far as the draft convention is concerned, it represents a true code of principles and rules of modern sea law, determines long-term international relations governed by law in different regions of the ocean and serves to develop international cooperation. The convention is based on mutually acceptable principles and settles sophisticated sea law problems, constituting a balance of the interests of the participants in the conference (over 150 states) and takes into account the legal rights and interests of all states, parties and peoples of the contemporary world.

The article "Washington-Pretoria Alliance and Africa" by A. Urnov tells about the American-South African rapprochement which occurred after the Reagan Administration came to power. The article examines the economic, political and strategic causes of this rapprochement and describes the cooperative U.S. and South African attempts to disrupt the just settlement of the Namibian problem by setting up a puppet regime in this country.

The article outlines the aggressive policy of Pretoria and Washington in southern Africa, spearheaded against people's Angola with the aim of destabilizing the lawful government of the People's Republic of Angola. The author reveals the false nature of the American and racist propaganda which employs the myth about the "Soviet threat" to cover their own hegemonistic intentions concerning the African continent.

According to a review which is well substantiated by abundant statistical data, the state of "The Capitalist Economy in 1981" was plagued by continuous recession along with short-term upward fluctuations in industrial production. The economic crisis aggravated structural discrepancies, especially in the industries producing durable consumer goods, particularly cars, and intermediate goods--the steel industry, ferrous and nonferrous metallurgy and others. To promote GNP growth, the OECD countries expanded their exports, thereby intensifying inter-imperialist rivalry. The drastic shift in the balance of demand and supply in the world market for energy resources engendered new problems within the framework of OECD-OPEC relations.

The authors of the review emphasize new developments in the mechanism of state-monopoly regulation, stressing the actual transition from the policy of

counteracting the ups and downs of the business cycle toward a strategy of tight credit and fiscal restraint to balance budgets and offset inflation. This monetarist approach has triggered mass layoffs and bankruptcies, has caused monetary upheavals and has even threatened to stall recovery. State-monopoly capitalism now faces mounting political pressure in internal and external economic relations, making economic prospects for the capitalist world in 1982 disheartening.

I. Sheyman's article "The Effectiveness of Labor in Service Industries" deals with the evaluation of the economic and social effectiveness of service industries in the United States. The author considers labor productivity to be one of the most important economic indicators and regards scientific and technological progress in the service industries as the basic trigger of its growth. The author's estimates of labor productivity and capital-labor ratios, based on national statistics, have enabled him to examine the intensification of production and the industrialization of service industries. The social effect of the development of service industries must meet a variety of social requirements and contribute to the formation of the optimal economic structure. The stable growth of the service industries is a principal feature of U.S. postwar economic history. The United States has reached a high degree of interaction by various branches of the economy and adaptation of the service industries to changes in final demand. Nevertheless, under the conditions of a private economy, the development of the service industries has been marked by contradictory tendencies.

The primary aim of American food aid programs has never been to feed the hungry, says L. Bagramov in his article "Behind the U.S. Food Aid Facade." This aid has been used, above all, to sell American "surplus" food products, to secure and extend the American sphere of influence in various parts of the developing world, to ensure the economic, political, military and strategic advantages of the United States and to create regimes to the American liking in the recipient countries. In the 1970's, some attempts were made to take the criticism of the American "food strategy" into account, to disguise its neocolonial nature and to make it less dependent upon immediate goals. The new approach of Reagan's administration to the food aid program demands not only a general reduction of its volume, but also its stricter control, proceeding from the interests of "U.S. security" and the "political reliability" of the recipient countries. At the same time, the entire food aid policy is now being viewed through the prism of East-West confrontation.

The author stresses that the American food aid programs objectively undermine local agricultural production in the developing countries and lead to the unjustified dislocation of development priorities. On the other hand, the political, military and strategic orientation of the food aid granted to corrupt dictatorial regimes cannot fail to harm U.S. prestige.

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U.S. CLAIMS OF SOVIET MILITARY SUPERIORITY DISPUTED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 3, Mar 82
(signed to press 19 Feb 82) pp 3-15

[Article by A. Astaf'yev and A. Nikonov: "U.S. Militarism--A Threat to Peace"]

[Text] At the turn of the decade, especially after the change of administrations in Washington, the militarization of U.S. and NATO policy proceeded at a much more rapid pace. Imperialist circles are relying even more than before on military strength as the main instrument for the pursuit of their foreign policy line with regard to the countries of the socialist community, the national liberation movement and the developing states. The matter has now gone so far that high-placed U.S. officials are openly making statements about the acceptability of nuclear war and possibility of winning such a war, alleging that "some things are more important than peace."

Imperialism's more active "power politics" have already led to the perceptible deterioration of the international situation and the growth of military danger. The present line of the NATO bloc, and especially that of its main force, the United States, could have a dangerous effect on the cause of world peace, L. I. Brezhnev stressed when he met with members of the Socialist International's Advisory Council on Disarmament in Moscow on 3 February 1982. The state of world affairs has never been this serious since World War II, and the responsibility for the creation of this danger is wholly and completely that of the imperialist states, especially the United States, which decided to accelerate and expand the arms race to the maximum and escalate political and military tension in the world in 1979-1981.

I

Viewing military strength as the main means of attaining their global foreign policy goals, the Reagan Administration and the aggressive circles of American imperialism backing it up have decided to gain military superiority [prevoskhodstva] over the USSR at any cost. In essence, the desire for this kind of superiority has colored the foreign policy, military strategy and military organizational development of the United States to some degree ever since the first postwar years. The present attempt to take action on this desire, however, is distinguished by the present military-strategic balance between the USSR and United States and between the Warsaw Pact and NATO. In recent years the existence of this balance has been acknowledged several times by leading Western statesmen, politicians, prominent

military leaders and specialists, including Americans. It has often been noted--and not only by the Soviets--that the existing balance of forces is objectively serving to keep the peace in relations between the states of the two systems and, consequently, is largely responsible for the overall improvement in international relations and has afforded considerable opportunities for advancement in the limitation of the arms race and the accomplishment of actual disarmament. The hope of disrupting this balance and changing it in the United States' and NATO's favor, regardless of how impracticable it might actually be, poses a threat to the people of all countries and regions, including the populations of the imperialist states. This will return the world to the dangerous practice of "brinksmanship" and a situation in which accumulated weapons will reach qualitatively and quantitatively new levels and changes in the development of military technology will be capable of undermining international stability.

To justify their militaristic aims, U.S. political and military leaders employ the obviously false allegation about the "lagging behind [otstavani]" of the United States and NATO in the military sphere and are seeking all types of nonexistent "vulnerable spots" in their military strength. This far from new ruse has been used repeatedly in the past to "justify" each successive round of the arms race begun by the United States. This was the case in the 1950's, when the "bomber gap" was used as a pretext for intensive work on a broad program for the construction of U.S. strategic bombers, and in the 1960's, when the mass deployment of land-based ICBM's was covered up by talk about the "U.S. missile gap," and again in the 1970's, when attempts were made to employ "Soviet tank superiority" as justification for the production and deployment of neutron weapons.

This is probably the first time, however, that Washington has announced that the United States and NATO are "lagging behind" in all types of weapons, from strategic to conventional. This is the first time that the geographic boundaries of this pseudo-lag have gone so far beyond U.S. national boundaries and even NATO's official sphere of action. In other words, never before has imperialism's purported "military weakness" been portrayed as being so catastrophic as today. Finally, U.S. imperialism has never before proposed a "military muscle-building" program as sweeping and lengthy as the one proposed and carried out by the Reagan Administration.

The publication of a widely advertised Pentagon pamphlet entitled "Soviet Military Power" in fall 1981 represents one of the propaganda volleys that were supposed to weaken the opposition to the White House's militaristic plans in the United States and the rest of the world. This pamphlet, which consists of tendentiously chosen, and often deliberately distorted, facts about the Soviet Armed Forces, does not contain even the rudimentary information needed for the most general comparison of the military potential of the USSR and United States or of the Warsaw Pact and NATO. This kind of comparison, however, is essential for a correct understanding of the general strategic situation in the world. The very approach chosen by the American Department of Defense and the methods used in the compilation of this work provide irrefutable evidence of the compilers' desire to mislead the public and paint a false picture of the actual state of affairs.

Here are just a few eloquent examples.

The American propagandists include the following as part of Soviet strategic potential: 1,398 ICBM launchers, 950 SLBM launchers and 156 heavy bombers capable of

carrying a total of around 7,000 nuclear munitions. When they cited these figures, however, the authors of the Pentagon booklet said absolutely nothing about the strategic offensive forces of the United States. They include 1,053 ICBM launchers, 648 SLBM launchers and 570 heavy and 65 medium bombers capable of taking up around 10,000 nuclear munitions in a single flight (or take-off). With their vivid description of Soviet strategic power, the compilers of the publication implied to the reader that the Soviet Union had already disrupted the balance in this area and that this had happened just recently, perhaps just in the last few years. The figures they cite, however, were no secret even when the SALT II treaty was being drafted and signed and they were recorded in a memorandum attached to the treaty to establish initial data on the quantities of strategic offensive weapons on both sides. Noting that the USSR now has a few more strategic weapon carriers than the United States, the authors of the Pentagon publication do not mention that the SALT II treaty envisaged the same number for the United States as for the USSR, with the subsequent reduction of this number from 2,400 to 2,250 on each side, and that it was precisely the United States that prevented the ratification of the treaty and, therefore, its enforcement.¹

The compilers of the U.S. propaganda publication also failed to mention another important fact--that the development and deployment of Soviet types and systems of weapons throughout the postwar period, especially in the strategic sphere, invariably represented a response to the development of such systems by the United States of America. During all these years the initiative in the creation of new weapon systems, whether nuclear weapons or intercontinental strategic bombers, nuclear submarines or multiple independently targetable re-entry vehicles (MIRV's), and other types of weapons, was held exclusively by the United States. The Soviet Union has never been a pioneer in the arms race and it does not plan to be one in the future. It has never been responsible for new rounds in this race. All that the USSR has done in the area of defense represents only a necessary response to imperialist military preparations directed against the socialist community. This immutable historical fact presents even more evidence of the truly peaceful nature of the policy of real socialism and its lack of any kind of "taste" for weapons, which some members of the present U.S. administration are portraying as something just short of "traditional."

If liberties like these are taken even when the purely factual side of the matter is being presented, there is really nothing surprising about the unscrupulous ruses used by the compilers of the Pentagon booklet in the discussion of all of the factors affecting the security of the USSR and United States. The authors imply that they know nothing about any peculiarities in the existing Soviet-American military and strategic balance. But these peculiarities do exist.

One is that the structure, composition and quantitative and qualitative levels of individual elements of the military strength of one side are not, and cannot be, a "mirror image" of the state of the other side's military strength. For one thing, the structure and composition of the armed forces and the general military organizational development of each country depend largely on the nature of its political goals, military doctrine and military strategy--in other words, on factors of a subjective nature as well as on objective circumstances: the geographic location of the state, the distinctive features of its economic development and several others. In particular, the American authors have ignored the fact that the

United States is keeping thousands of forward based [peredovogo bazirovaniya] aircraft armed with nuclear weapons close to the territory of the Soviet Union--in Europe, the Far East and the Indian Ocean. The publication says nothing about the fact that any calculations of the overall balance of Soviet and U.S. forces must include the forces of other nuclear NATO countries--Great Britain and France, which have far from anti-American aims--and the danger posed by the nuclear forces of China, which is now much more serious for the USSR than for the United States.

Another peculiarity of the existing parity [pariteta] is that it represents a state of uniquely dynamic equilibrium, in which the quantitative and qualitative levels of all weapons, including strategic arms, are constantly developing and changing. Under these conditions, each side can assign priority to the development of different types of weapons.

The overall structure of the Soviet and U.S. armed forces and their provision with specific types of weapons were naturally affected by these factors and peculiarities. The propagandists from the Pentagon, however, are ignoring these obvious facts. They have chosen to arbitrarily harp on certain types of armed forces and arms, keep quiet about information that sheds a bad light on the Pentagon and ignore the most elementary truths about the military organizational development of any country, including the United States. These are the methods they employ when they assess specific elements of Soviet military strength. For example, they have tried to convince the world public that the development of the Soviet Navy is a cause for fear and have made references to this effect regarding the new aircraft carriers "Kiev" and "Minsk" and the missile cruiser "Kirov." But they have said nothing about the fact that the United States has 20, and not 2, aircraft carriers, and it has 9, and not 1, missile cruisers. The American assessments of Soviet ground forces and our country's defense industry are just as tendentious. The Pentagon publication is filled with the most flagrant lies about the nature of Soviet foreign policy and military doctrine but does not contain even the briefest mention of the reasons why the United States has broken off an entire series of talks on various aspects of arms race limitation in recent years.

It is quite obvious that the Pentagon publication's failure to cite any data about U.S. and NATO armed forces and its refusal to take all factors into account and honestly compare the military strength of the two military-political organizations and their leading powers are certainly not the result of absentmindedness, but a completely deliberate attempt to conceal the truth. Its authors' deliberate disregard for the meaning of the very term "balance of forces [sootnosheniye sil]" and avoidance of any kind of comparison are intended to portray the Soviet Union as a "potential aggressor" and suggest to the public that there is no military and strategic balance in the world so that they can establish some type of foundation for their own plans to achieve military superiority. The very awkwardness of these propaganda exercises, however, exposes the true intentions of those who want to disrupt the existing approximate balance at any cost and ignore the Soviet Union's and socialist community's right to equal and equivalent security.

II

In Europe, where the strongest groupings of armed forces are in a position of direct confrontation, there is, just as there is in the rest of the world, an

approximate military balance between the USSR and the United States and between the Warsaw Pact and NATO. This irrefutable fact has been repeatedly stressed by the most authoritative Soviet leaders. It has also been acknowledged, as previously noted, by U.S. and NATO military and political leaders. At present the two sides are in a state of approximate equality [primernoye ravenstvo]--in terms of strategic nuclear forces, medium-range nuclear weapons and conventional arms. Within the framework of this military balance, the West has a certain advantage [preimushchestvo] in some types of weapons, and we have it in others. This is a fact and it is corroborated with concrete comparative data in a study prepared by qualified Soviet agencies and published by the USSR Ministry of Defense's Voenizdat. It contains an objective analysis of the correlation of East-West military forces, elucidates the present state and developmental prospects of U.S. and Soviet armed forces and military-economic potential and reveals the actual views of the two sides on detente, the preservation and consolidation of peace and the actual, and not specious, limitation of the arms race.

It is a well-known fact that the approximate balance [primernoye ravnovesiye] in the area of Soviet and U.S. strategic nuclear arms was repeatedly and thoroughly verified when the SALT II treaty was drafted by the most qualified experts on both sides. We can assume that the American President's signature of the treaty in summer 1979 acknowledged the existence of this balance. Soon after the signing ceremony, however, J. Carter undermined the bases of the SALT II treaty and his successor, President Reagan, began to allege that there was no state of equilibrium and that the USSR was supposedly far ahead of the United States in the area of strategic weapons. Of course, neither the previous nor the present occupant of the White House would or could cite any new facts. Furthermore, the obviously imaginary nature of the statements about Soviet superiority in this sphere had to be admitted by none other than U.S. Secretary of State Haig (previously the supreme allied commander of the NATO armed forces in Europe), who announced on 5 June 1981, when he met with some American newspaper editors in Washington, that "there is still an approximate parity between the strategic nuclear forces of our two countries."

In reference to this matter and in connection with the question of medium-range nuclear weapons, the authors of the book "Otkuda iskhodit urgroza miru" [From Whence the Threat to Peace] cogently prove, with figures in hand, that if these weapons include the main missiles and airborne nuclear weapons of the NATO countries, capable of reaching targets on Soviet territory from the territory of the Western European countries and the waters around Europe (that is, with a range of 1,000 or more kilometers), and the corresponding Soviet weapons with a similar range, deployed in the European half of the USSR, there is an approximate balance at the present time between NATO and the USSR in Europe. Furthermore, for several years the number of medium-range nuclear weapons possessed by the USSR and NATO will remain approximately the same--around 1,000 on each side.

With a disregard for obvious facts, Western propaganda is now trying to allege that the USSR is striving to achieve superiority in medium-range nuclear weapons with the SS-20 missile. It is a well-known fact, however, that when the USSR decided to acquire one new missile, it withdrew one or even two old ones--the outdated SS-4 and SS-5 missiles--and scrapped them along with their launchers. It is true that the SS-20, in contrast to the old missiles, can carry three warheads, but they have less total force than one of the old ones. Consequently, when the outdated missiles were replaced, the total number of carriers decreased and the total power of Soviet

medium-range nuclear potential also decreased. Now the two sides have approximately equal nuclear potential in Europe, and this was just recently discussed by FRG Chancellor H. Schmidt, U.S. Secretary of State A. Haig and other Western leaders. Although they have recently chosen to express other opinions, the actual balance has not been affected by this.

It is more difficult to compare the general-purpose armed forces of NATO and the Warsaw Pact. This is due both to the large number of various systems of weapons on each side and to the fact that the Warsaw Pact countries might be superior in some areas while the NATO countries are superior in others. Even in the area of conventional arms, however, there is approximate equality. Of course, this does not mean that the number of divisions and weapons is absolute equal, but partial disparities do not undermine the overall balance [obshchego ravnovesiya]. On the whole, the combat capabilities of the NATO groups of armed forces are approximately equal to the capabilities of the Warsaw Pact states' military groupings. This also applies to the relative capabilities of NATO and Warsaw Pact naval forces.

There is a balance on the global and European levels. It exists, and not on paper, but in reality. It is important to stress that the USSR believes that approximate equality is sufficient for the needs of defense. It is not striving to disrupt the existing balance and achieve military superiority over the other side. Furthermore, according to the Soviet Union, the maintenance of a military-strategic balance will guarantee, under the proper conditions, the equal and equivalent security of the two sides and will objectively serve to keep the peace on our planet.

The diametrical opposite of this is the U.S. policy line. Its insistence on "additional arming [dovooruzheniye]" on the pretext that parity supposedly needs some kind of alignment is actually an attempt to change the world balance of power in the United States' own favor and to achieve military superiority.

For example, E. Meese, the American President's chief adviser, has frankly admitted that the administration's announced nuclear program for the 1980's should "restore the strategic superiority of the United States over the USSR within 10 years." Colossal amounts of funds and resources, unwarranted by any kind of defense needs, are being allocated for this purpose, which has been officially assigned chief priority by the Reagan Administration.

In this connection, it should be noted that measures taken as early as the 1970's to modernize existing U.S. strategic potential doubled the number of nuclear munitions American strategic offensive forces could deliver in a single flight (or take-off), although the number of carriers did not increase. This was accompanied by a significant rise in some tactical technical data and increased combat flexibility. The program announced for the next decade envisages a comprehensive buildup of strategic offensive weapons and is described even in the United States as the most massive program of the last 20 years. It takes in all elements of strategic forces, including the new MX ICBM's, strategic bombers, ballistic missile nuclear submarines (SSBN's) and various types of cruise missiles.

The refitting of 300 Minuteman III ICBM's with new, more accurate warheads, which was begun in 1979, is now being completed. Twelve SSBN "Poseidons" have been re-equipped with Trident I missiles. Ronald Reagan's "strategic program"

envisages the installation of cruise missiles not only on 172 heavy B-52G bombers (the earlier plan), but also 96 B-52H bombers. A decision has been made to resume the development and production (on a qualitatively new basis) of the B-1B plane, which will be ready for use by strategic aviation units in 1986 and will also be equipped with strategic cruise missiles. Plans also call for the continuation of the work to design and build the new "Stealth" strategic bomber with the aim of putting 150 such planes in action in the 1980's. A special place in these plans has been assigned to the MX ICBM, which was designed as a weapon for the so-called "first preemptive [razoruzhayushchego] strike" and should be ready for use in 1986.

The Pentagon has great hopes for the SSBN "Trident," which represents one of the main elements of the comprehensive program for the buildup of American military strength. The first ship of this series, the "Ohio," is twice as large as existing SSBN's, has one and a half times as many missile launchers and the total power of its warheads is two and a half times as great. By 1990 effective combat strength is to be augmented by 13 SSBN's like the "Ohio" and their construction is to be continued. From 1989 on, the SSBN's should be armed with the new Trident II submarine launched ballistic missile (SLBM), comparable to the MX missile in terms of combat capability--that is, also capable of delivering the "first strike." Besides this, several hundred "Tomahawk" missiles with a nuclear warhead will be deployed on nuclear submarines like the "Los Angeles" beginning in 1984. As a result of this "strategic program," the Pentagon hopes to increase the nuclear potential of its strategic forces in terms of the number of nuclear charges per launching by another 50 percent in the next 10 years.

The U.S. and NATO decision to deploy another 572 American medium-range missiles in Western Europe seems particularly dangerous. If this decision should be carried out in full, the NATO countries will have one and a half times the potential of the Warsaw Pact states in terms of medium-range carriers, and NATO's superiority in nuclear charge potential will be even greater. The existing balance of nuclear weapons on both sides in Europe will be considerably shifted in NATO's favor. Besides this, the balance of Soviet and U.S. strategic forces will also shift, because the new American missiles are strategic weapons as far as the Soviet Union is concerned. When H. Brown was serving as U.S. secretary of defense, he admitted that the deployment of the "Euromissiles" would give the United States clear and indisputable superiority in the strategic sphere.

As we know, the mass production of neutron weapons, intended for use outside the United States, especially in Europe, began in 1981 in accordance with a decision by President Reagan. The deployment of this weapon on the European continent or in any other part of the world will considerably lower the so-called "nuclear threshold" and will increase the danger of nuclear war. Besides this, the neutron weapon is offensive, and not simply defensive, as the Pentagon has tried to prove.

In the last 20 years the organizational development of U.S. ground forces has emphasized the continuous buildup of offensive capabilities, strike and fire power and maneuverability on the battlefield. Troops have been trained and equipped for offensive operations involving nuclear and chemical weapons. In principle, these are also the aims of the 1980's, but with the addition of the even quicker augmentation of the qualitative parameters of general-purpose forces, the reinforcement of their material base and a new massive reorganization of the structure of ground

formations and units in connection with their provision with the latest combat equipment within the coming decade. Plans for this period also envisage the further quantitative growth of tactical fighter aviation, the buildup of naval capabilities, the development and accumulation of new weapons for the mass destruction of people and nature and the improvement of troop command and control systems.

Peace is being threatened not only by U.S. imperialism's new militaristic plans and intrigues aimed at the achievement of military superiority in the future, but also by the existing armed forces and weapons of the United States and NATO and by their daily use in imperialism's policy.

III

The present U.S. leadership has inherited a colossal and well-running military machine from its predecessors. Even it, however, seems inadequate to militaristic circles. In particular, U.S. Secretary of Defense C. Weinberger spoke frankly to the Congress about the need to "revive American military strength" and said that the United States should be prepared to enter a war even today.

In line with these aims, the forces and resources of four of the five U.S. united regional commands are already deployed in peacetime outside the country, and two of the strongest groups are deployed directly west and east of the USSR's borders. Each grouping includes strategic nuclear facilities and various nuclear devices for the theater of operations and is equipped with the most modern weapons and strategic formations and units of ground, air and naval forces kept at war strength.

For the management of armed groupings deployed throughout the world, a global system of control, effective even in peacetime, has been established in the United States, including wartime operational-strategic command organs. It has been created for the reliable and continuous command and control of armed forces in a lengthy nuclear war and in military actions of smaller scales. The present administration plans to spend up to 25 billion dollars in the 1980's on the further improvement of this system.

The largest grouping of general-purpose forces deployed outside the United States is located in Western Europe. It has 336,200 personnel, the most modern offensive weapons and military equipment, and massive fire power and, in conjunction with FRG troops, constitutes the main striking power of the united NATO armed forces aimed against the USSR and other Warsaw Pact countries. This grouping includes around 30 percent of the regular U.S. land forces, three-fourths of the United States' operational-tactical missile launchers, significant quantities of tanks and artillery, more than 5,000 antitank guided missile launchers and over 1,000 helicopters. The U.S. Air Force has around 850 planes in Europe, including 660 combat planes, two-thirds of which can deliver nuclear weapons. It is a well-known fact that more than 7,000 nuclear warheads are located in Western Europe. Besides this, the supreme commander of the U.S. armed forces in Europe has been allocated several hundred nuclear warheads for strategic SSBN missiles (the Poseidon C-3).

For combat within the NATO bloc's zone of responsibility, especially in Europe, the United States maintains the Sixth and Second Fleets in the Mediterranean Sea and in the Atlantic. They have a total of 180 warships, including 7 multipurpose aircraft

carriers, and more than 800 combat planes, at least 240 of which are carrier-based attack aircraft equipped with nuclear weapons capable of reaching Soviet territory.

The second largest general-purpose grouping is deployed in the Pacific. It has 465,000 personnel, 140 warships of various types and more than 1,100 combat planes. Much of this grouping is in the West Pacific, including South Korea and Japan--that is, in direct proximity to the Soviet Far East. A special role has been assigned to naval forces here, especially the units of the Seventh Fleet, consisting of 27 warships, including an aircraft carrier, submarines and guard ships, and more than 260 combat planes. The naval grouping in the West Pacific is to be reinforced with personnel and resources from the Third Fleet, including three aircraft carriers, 30 nuclear submarines, 80 combat ships and more than 550 combat planes.

A large U.S. naval grouping has been deployed in the Indian Ocean. Its basis consists of two aircraft carrier groups (around 20 combat ships) from the Sixth and Seventh Fleets. Up to 180 combat planes, including 80 attack aircraft carrying nuclear weapons, are based on the carriers. Plans for the reinforcement of this grouping envisage mainly the transfer of interventionist rapid deployment forces to the Near and Middle East. For the maintenance of these forces, seven permanent naval depots have been established on the island of Diego Garcia with heavy armaments and reserve supplies for the expeditionary Marine brigade.

The group of U.S. armed forces in Central and South America was created to keep the Panama Canal under U.S. control, secure the American military presence and combat the national liberation movement in this region. As the commander of the American Second Fleet recently announced, the Pentagon intends to reinforce its military presence in the Caribbean by periodically sending task forces led by two aircraft carriers to this region. He did not exclude the possibility of the creation of a permanent American force in the region.

The police functions of this group of American armed forces are most obvious and have been repeatedly confirmed by U.S. actions in this part of the world in the past. It should be stressed, however, that even the groupings in other strategic zones--the European, Pacific and Atlantic zones--are also aimed not only against the USSR and other socialist countries (including China, incidentally) but, if necessary, might also be used, and were used several times in the past, to stifle national liberation movements in various regions and prevent or suppress mass demonstrations by the laboring public in allied countries (this has been reported, for example, several times in the Western European press) and for other actions against the public. Furthermore, of the 215 cases in which American military strength was employed outside the United States during the period between the end of World War II and the end of 1975, the lion's share were situations of this very type, involving unconcealed police actions and unprovoked aggression against the people of other countries, and were not at all intended to counteract the mythical "Soviet threat."²

The distribution of American armed forces throughout the world is enough proof of the targets of the American military machine. Its main function is the prevention of progressive sociopolitical changes in the world and the guarantee of U.S. military superiority, not only in relation to the socialist countries and the national liberation struggle of peoples, but also in relation to the other imperialist powers--the United States' allies. This is also attested to by the structure of American armed forces, the announced plans for future military organizational development and the nature of U.S. military exercises.

For example, special importance has been attached to the development of U.S. naval forces, which were created and perfected primarily for the purpose of aggressive actions and overseas conquests. The "Navy-Marine" combination has always been an effective weapon for the imposition of American wishes on other states and peoples and a threat to peace. In recent years the U.S. Navy has received a larger portion of military allocations than other branches of the armed forces. During the 1960's and 1970's alone, the United States built seven of the largest aircraft carriers in the world, including three nuclear carriers, with a displacement of up to 80,000-90,000 tons and the capacity to carry up to 90 planes each. It is also significant that while the United States was engaged in this construction, the Soviet Union was developing nuclear icebreakers for the peaceful exploration of the Soviet Arctic zone. The United States plans to spend twice as much on the construction of new warships in 1983 as it will spend this year.

For direct U.S. military intervention outside NATO's zone of "responsibility," especially in the Near and Middle East, rapid deployment forces (RDF) have been created. In all, they will number 200,000 regular troops and 100,000 reserve personnel. To make up the RDF, regular Army and Navy forces alone have provided four divisions, several individual brigades, special-purpose units and ground force support materiel units, five tactical aviation groups (around 350 combat planes), 28 strategic bombers, air command points, tanker aircraft, reconnaissance planes, Air Force AWACS planes, two or three carrier strike groups, three Marine expeditionary brigades and a naval air wing.

The aggressive plans of the United States are also attested to by the structure and composition of the means for the strategic transfer of troops from the continental United States to other parts of the world which have been declared spheres of U.S. "vital interests" by the American leadership. The aircraft of the U.S. Air Force military transport aviation command include around 1,000 planes and helicopters of various types, around 600 of which are heavy and medium military transport helicopters. More than 400 reserve planes of the civil airlines (including 340 of the latest cargo and passenger aircraft) will also be used for troop transfers, as well as 350 military transport planes of the Air Force Reserve. The sea transport command of the U.S. Navy can use, in addition to its existing facilities, up to 750 ships from the national defense reserve fleet and the merchant fleet. New plans are being carried out for a further increase in the number of Navy and Air Force military transport vehicles and the augmentation of their carrying capacity. To heighten the mobility of the Marines in the RDF, 12 more floating depots are to be built by 1987 for the storage of heavy armaments and supplies. For the same purpose, the construction of special cargo lighters, capable of delivering combat equipment and other cargo to coastal areas with no facilities, will be continued.

When Ronald Reagan moved into the White House, significant changes were made in naval policy and personnel training. Within a year, 200-220 U.S. Navy and NATO exercises with varying dimensions and purposes were conducted in oceans and seas, including 80 joint exercises.³ Combat training, which is camouflaged with the traditional "defensive" terminology, is of an offensive and aggressive nature and is openly directed against the USSR and other states of the socialist community. The "Global Shield" exercises, unprecedented in terms of scales and the composition of the forces and facilities involved, have been held regularly in recent years to work out plans for strategic nuclear war against the USSR. Alternative methods of waging general and "limited" wars are openly "rehearsed" during exercises of all

types, including some involving nuclear weapons, large-scale mobilization deployments and strategic troop transfers to overseas theaters are planned and performed and operations involving nuclear, chemical and conventional weapons are conducted jointly with the United States' allies.

The United States has established a developed network of military bases and facilities--more than 1,500 in 32 states--in all strategically important regions of the world. In addition to being aimed against the socialist countries, the network is also used by the United States to influence the governments of the states where these bases are located, keep them within the channel of American policy, threaten progressive regimes with the use of force, assist reactionary regimes in various parts of the world and suppress national liberation movements by force of arms.

The new types and systems of weapons developed and manufactured in the United States are also designed with a view to their deployment and use on broader scales than those which were first acknowledged publicly. In particular, the possibility of using specific types of cruise missiles in "local" conflicts and wars (that is, those outside NATO's sphere of responsibility) is already being considered in the United States.⁴

While the United States is building up its own military potential, it is also operating as the largest supplier of weapons and military equipment and is giving pro-American regimes extensive military assistance. In the last 10 years the volume of U.S. military exports more than quadrupled and totaled 17.5 billion dollars in 1980. The United States now accounts for 45 percent of all world shipments of weapons and military equipment, and the other NATO countries account for more than 20 percent. Between 1971 and 1980 the United States sent a total of 123.5 billion dollars' worth of weapons and military equipment to foreign countries. The main recipients were Saudi Arabia (35 billion dollars), Iran (14 billion), Israel (11 billion), Great Britain, the FRG and South Korea (5 billion each) and Egypt, the Netherlands, Taiwan and Japan (3 billion each). On 12 November 1981 the U.S. Secretary of State announced the administration's intention to expand military aid and engage in more active strategic cooperation only with those states which have assisted the United States in the attainment of its foreign policy goals.

Concrete evidence of the further growth of American militarism can be found in the Reagan Administration's plans to augment the growth rates and volumes of military spending and thoroughly reorganize the production base of the U.S. defense industry. In accordance with the 5-year program worked out in the United States for 1982-1986, military allocations for this period will total 1.5 trillion dollars. Even today, however, the American press is reporting that this colossal sum might be increased by another 750 billion dollars. The annual rate of increase in military spending in real terms has been set at 8.6 percent during this period, while GNP growth rates, according to American estimates, are not likely to exceed 3.5 percent a year. As a result, military expenditures will account for 6.6 percent of the GNP in 1985 and around 10 percent in 1990 (5.2 percent in 1980). The redistribution of resources in favor of military consumption will considerably augment the proportion accounted for by military spending in the U.S. federal budget: from 24.3 percent in 1980 to 36 percent in 1985.

Although the United States already has a strong military industry, it hopes to augment its scales and potential to such a degree that it could ensure the mass

production of weapons with the allocation of up to 50 percent of the GNP for military needs. In this context, it is significant that the United States annually spent 36 percent of its GNP on military needs during World War II, 15 percent during the Korean War and 9 percent during the war in Indochina. In other words, the present aims of American ruling circles for the preparation of the United States for war are unprecedented in 20th-century history.

The Pentagon's strategic plans focus on the delivery of the first, preemptive strike. In the full knowledge that the nuclear weapons possessed by the USSR and the United States are quite sufficient for compound mutual destruction, and also in the knowledge that the act of destruction is always a single act by its very nature (it is impossible to destroy someone or something more than once), the American militarists are striving to guarantee a U.S. victory in the nuclear war by delivering precisely a single mass strike against the Soviet Union. This strike has been designed to minimize the possibility of a retaliatory strike against U.S. territory.

The anti-Soviet nature of Washington's militaristic policy was directly attested to by the adoption of the new military strategy which U.S. Secretary of Defense C. Weinberger described as a strategy of "direct confrontation" between the United States and the Soviet Union on the global and regional levels. The emphasis here, just as in the previous strategy of "realistic intimidation," is on preparations for strategic nuclear war and the varied use of strategic forces in this kind of war--from so-called "limited" nuclear strikes to the massive use of strategic forces against all targets in the Soviet Union.

In the American militarists' present line of reasoning, the concept of the "first preemptive strike," the idea of "limited nuclear war" and the belief in the possibility of victory are closely interrelated. They are united by the hope that as the United States approaches "first strike" potential, American imperialism's possibility of starting and fighting "limited nuclear wars" will be widened, without any particular risk of their evolution into a worldwide nuclear missile war. This is now the alpha and omega of the U.S. Government's military doctrine and the main principle of its military strategy and military organizational development. This is the main reason for the stubborn refusal of the United States and its NATO allies to accept the proposals of the USSR and other Warsaw Pact countries regarding the conclusion of an agreement on no first use of nuclear or conventional weapons, as well as many other proposals intended to eliminate the danger of nuclear war.

The military strategy of the United States, which is reflected in a variety of plans for aggressive warfare to advance the global ambitions of American imperialism, the military machine created for this purpose and the new broad-scale preparations of the material base of war, including warfare involving the possibility of the unlimited use of nuclear weapons, pose an unprecedented threat to the peace, freedom and security of all peoples, including the peoples of the capitalist states, and are pushing mankind to the verge of catastrophe.

* * *

American imperialism and its most aggressive and militaristic circles simply cannot accept the fact that a military-strategic balance has taken shape in the world and

does exist. This does not suit them because the conditions of this kind of balance considerably limit imperialism's opportunities to resort to military strength with impunity as a means of safeguarding its own aggressive interests and as a way of counteracting the inevitable socioeconomic renovation of our planet. "The present military-strategic balance between the socialist world and the capitalist world," the decree of the June (1980) CPSU Central Committee Plenum stressed, "is an achievement of fundamental, historic significance. It will deter imperialism's aggressive aims, and this will be in the vital interest of all people. All plans to shift this balance are destined to fail."

The Soviet Union, just as all other advocates of peace, is completely satisfied with the existing balance because it objectively serves to prevent the danger of war and presents opportunities for practical steps toward the limitation of the arms race and toward disarmament. Proceeding from the interests of its own security and international security, the Soviet Union will continue to make the proper response to any attempts to disrupt this balance. Our country has never wanted military superiority, but it will not allow anyone else to achieve it either. The Soviet Union has enough experience and the necessary potential to prevent this. This is the main reason for the ultimate futility of the imperialist strategists' hope of gaining the military advantage.

Those who are inclined to forget the lessons of the recent past need a few reminders. For example, they should be reminded that the United States' attempt to achieve military superiority over our country during the years of its temporary atomic monopoly led to the appearance of Soviet nuclear weapons, and the next American attempt to gain the upper hand over the USSR, this time by starting a race for nuclear missiles, resulted in a situation in which the United States has lost its relative geographic invulnerability forever and has had to face the fact that a military-strategic balance exists. Then, just as now, the Soviet Union's actions in the military sphere were a necessary response, did not go beyond the needs of defense and were therefore completely consistent with the purely defensive aims of its military doctrine.

The Soviet Union has never wanted the military-strategic balance to be maintained by means of an arms race. It has always wanted a lower level of military confrontation, the quantitative and qualitative limitation of weapons, the cessation of the arms race and the accomplishment of disarmament, and total and universal disarmament at that. The USSR believes that any talks and agreements on arms limitation and disarmament must be based only on the principle of equality and equivalent security and must not endanger the security of either side. The Soviet Union has never taken any steps that might be contrary to this fundamental principle and disrupt the existing strategic balance. This indisputable fact cannot be denied, and is therefore being concealed in every way possible, by those who are now ranting about the "Soviet military threat."

The USSR's approach to the problem of reducing the danger of war is consistent with the innermost wishes of all people in the world. It does not want confrontation between states involving the use of military force, but it does want the security of all states to be guaranteed. The USSR's foreign policy aims of friendly relations and detente are not temporary, but reflect the Soviet Union's constant and unshakeable desire for peace. This was reaffirmed by the new Soviet initiatives

regarding nuclear weapons in Europe, set forth by L. I. Brezhnev, the head of the Soviet State, at the end of 1981 and the beginning of 1982.

The unrestrained intimidation of people with the imaginary "Soviet military threat" was once a means of camouflaging U.S. imperialism's aggressive aims, but it is now turning into an instrument for the exposure of the true nature of these aims to the world public. The people of the world are responding to the militaristic policy of the United States and NATO with an increasing loud and persistent "No!"

FOOTNOTES

1. The figures and facts presented here and further on in the article are taken from "Otkuda iskhodit ugroza miru," Moscow, 1982, 79 pages.
2. See B. Blechman and S. Kaplan, "Force Without War. U.S. Armed Forces as a Political Instrument," Wash., 1978.
3. "Problemy voyennoy razryadki" [The Problems of Military Detente], Moscow, 1981, p 282.
4. See, for example, "Cruise Missiles. Technology, Strategy, Politics," R. Betts (ed.), Wash., 1981, pp 213-230.

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FOREIGN AID, TNC'S TWIN FACES OF ECONOMIC NEOCOLONIALISM

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 3, Mar 82
(signed to press 19 Feb 82) pp 16-33

[Article by Academician Ye. Primakov: "The Place of the Newly Independent Countries in the World Economy (Some Problems)"]

[Text] One of the 26th CPSU Congress' main conclusions about the present status of the newly independent countries is that they are playing an increasingly active role in international affairs. This conclusion extends to the sphere of world economics as well. It is no secret that the imperialists are fiercely resisting the increasing independence of the liberated countries. "By thousands of ways and means they are trying to attach these countries to themselves so that they can make use of their natural wealth more freely and employ their territory in their own strategic intrigues," the accountability report of the CPSU Central Committee states.

What effect is this clash having on the position of the liberated countries in the world economy? What are the new features of the relations between the center and periphery of the world capitalist economy?

Objections to Extreme Assessments

Imperialism suffered considerable losses when the colonial system collapsed, but most of them were political and military-political. Imperialism's economic losses seemed much less significant, particularly in the beginning. It is true that some people believed that the division of the world market as a result of the formation of the world socialist system and the liberation of the colonial and semicolonial countries would give the developed capitalist states less access to world resources and would lead to the more restricted development of their production. These predictions were false, however. In spite of conflicts, crises and serious losses, the developed capitalist states were able to continue increasing their production, although the rate of growth was surpassed by the growth rates of the socialist community countries. The developed states were able to do this because of the beginning technological revolution, which had a tremendous effect on the development of productive forces and intensified the role of state-monopoly regulation, integration processes and the quicker growth of economic exchange.

Table 1

Developing Countries' Share of World Capitalist
Production (P) and Export (E) of Major Raw Materials (%)

<u>Raw Materials</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1975</u>	<u>1979</u>
Petroleum					
P	42.3	56.1	70.1	74.4	65.8
E	96.4	97.8	96.8	96.2	92.6
Natural gas					
P	-	7.1 ¹	8.9	11.9	14.9
E	-	21.9 ¹	17.8	25.8	26.3
Iron ore					
P	8.1	24.6	40.4	40.1	33.5
E	27.0	45.3	48.9	50.3	46.7
Copper ore					
P	45.5	51.9	46.6	51.7	54.5
Copper ore and concentrates					
E	-	55.1 ¹	52.3	59.0	56.6
Ferrous copper					
P	39.2	45.8	41.1	38.7	40.9
E	-	88.3 ¹	82.1	77.1	85.6
Tin concentrates					
P	96.4	95.1	92.2	90.1	90.6
E	99.0	98.6	89.8	83.5	71.7
Tin (Metal)					
P	43.6	57.3	72.8	78.2	
E	65.1	72.6	81.6	88.6	84.4
Bauxites					
P	64.9	74.9	65.2	60.2	53.1
Aluminum oxide					
P	-	20.2 ²	24.5	23.4	-

1. 1965

2. 1966

Calculated according to: "Statistical Yearbook," New York; "Monthly Bulletin of Statistics," New York; "International Petroleum Annual," London; "World Energy Supplies," New York; "World Natural Gas," London; "Oil Statistics," OECD, Paris; "Statistical Summary of the Mineral Industry," London; "Metal Statistics," Frankfurt and Main; "World Metal Statistics," London; "ITC, Statistical Bulletin," Enschede (Netherlands) for the corresponding years.

These new conditions gave rise to a new and opposite viewpoint--the opinion that the place and role of the former colonial periphery in the world capitalist economy were declining. The scientists who held this view based their ideas not only on the new conditions of production development in the capitalist center, but also on the particular consequences of the technological revolution which were affecting the periphery directly--the growth of industries producing substitutes for natural

raw materials, the quicker growth of science-intensive production and the tendency toward reduced proportional expenditures of raw materials per unit of product. These were the accurate premises that lay at the basis of the conclusion that the place and role of the former colonies and dependent countries in world economics were growing less important.

This view was also far from the truth, however.

The technological revolution, in all of its diverse forms, did not reduce the demand for natural raw materials, despite the fact that the production of substitutes was growing quite quickly. This can be illustrated by the example of fuel and energy resources as well as other types of mineral resources. The demand for the natural raw materials supplied by the liberated countries also did not decrease as a result of the relatively rapid growth of the developed capitalist countries' own raw material production base. This process has been accompanied by another process--the constant growth of raw material consumption, which has necessitated a constant increase in imports. All of these tendencies are reflected in the data in Table 1, which cover the 1950's, 1960's and 1970's.

It is quite indicative that all of this took place at the same time as important changes in the correlation of worldwide forces, in the political status of the "peripheral" countries and in the world capitalist economic system, which promoted more, and not less, participation by the developing states in world economics. In this connection, the following changes are probably the most significant:

The birth and growth of the world socialist system, which created a strong counter-balance to imperialism and reduced its strength and maneuverability;

The achievement and reinforcement of the political independence of the "peripheral" countries, which gave them sovereign rights to their own resources, total or considerable control over the structure of foreign capital investments and the scales of raw material extraction and an opportunity to participate in the pricing of raw material exports;

The structural crises in the capitalist system--energy, raw material, ecology and currency--which have motivated monopolistic capital in the developed capitalist countries to establish power-intensive, material-intensive and "dirty" production units¹ close to the sources of raw materials and energy or simply abroad and increase their commercial exports for the recycling of the developing countries' "raw material revenues" in the developed capitalist world economy;

The growing struggle of the working class, particularly in the center of the world capitalist economy, which is raising the cost of manpower and strengthening the motivation to move labor-intensive production units to the developing countries, where the cost and value of manpower are much lower;²

The expansion of domestic markets in the developing countries as a result of the development of commodity and money relations and, in particular, in connection with their industrialization, which is of major significance for commodity exports from the developed capitalist countries.

It must be said that the division of labor in the world capitalist economy which was characteristic of the colonial period has ceased to benefit even the capitalist center: The low developmental level of the periphery, the restricted size of its internal market and the shortage of skilled manpower impeded the expansion of industrial monopolies in Asia, Africa and Latin America. Consequently, to a certain degree, colonial division of labor is even being undermined by the actions of the former colonizers, who are striving to adapt to the new situation.

It was precisely under these conditions that the practice of neocolonialism was born.

The Essence of Neocolonialism

When we try to analyze the relations that took shape between the center and periphery of the world capitalist economy after the collapse of the colonial system, it would probably be best to first discuss the changing features of the two sides involved in these relations.

The periphery, which consists of the liberated countries, can no longer be the target of imperialist exploitation by "traditional" colonial means and methods. The continuation of imperialist exploitation required the monopolistic bourgeoisie in the leading capitalist countries to search for new economic and political methods because certain old methods, such as extra-economic coercion, had lost their effect--on liberated countries which had chosen the path of capitalist development as well as states with a socialist orientation.

Certain changes also took place in the nature of the capitalist center. When the world socialist system was born, the imperialist states lost all of their opportunities for the relatively easy and unimpeded suppression of resistance in the "peripheral" countries by armed force. The establishment and reinforcement of the world socialist system also caused the imperialist state to lose their monopoly status as the periphery's only source of loans, credit, equipment, scientific and technological discoveries and qualified expert assistance. The appearance of an alternative source, represented by the socialist countries, which established fundamentally different relationships with the developing states, weakened imperialism's position dramatically. Imperialism has tried to overcome this tendency with the aid of new methods and ways of imposing its will on the periphery and exploiting it mercilessly.

All of this gave rise to neocolonial practices and policy in relations with the developing countries. Neocolonialism's strategic goal was the retention of the liberated states in the capitalist orbit, the attachment of the periphery to the capitalist center with new bonds and the continuation of its exploitation with the aid of methods corresponding to the changed objective and subjective conditions.

The basic methods of attaining this strategic goal are economic in nature. This certainly does not preclude the use of political and military-political instruments, but they are generally used in addition to economic methods of exploiting the liberated countries.

There are two basic forms of neocolonial activity: the offer of so-called aid to the developing countries on the governmental level,³ and the expansionist practices of transnational corporations on the level of private capital. Corporate expansion gained the upper hand as neocolonialism developed. We will begin our analysis with governmental aid, however, because it was present at the birth of neocolonialism but was later subordinated more and more to the interests of the private monopolistic exploitation of the developing countries--in the broad and narrow interpretations of these interests.

The "phenomenon" of economic and technological aid to the developing states from the developed capitalist countries came into being after World War II as a direct result of the changing balance of world power. This aid represented an attempt by the United States and the Western European countries to influence processes in the liberated countries in their own interest and to blunt the anti-imperialist edge of these processes. As the world situation changed, particularly in Asia, Africa and Latin America, the purpose of the aid granted by the imperialist states, primarily the United States, changed, as well as the forms of this aid, the conditions of its provision and its scales.

One of these changes has probably been stressed more than the others in Western bourgeois literature--the relaxation of the financial conditions of aid. It is true that the rate of interest on loans falling into the aid category was 2.7 percent at the end of the 1970's (1978) and 3.5 percent at the end of the 1960's (1969), which, in turn, was only half as high as the 1950's rate. The repayment period increased from 24.3 years to 32 years during the 1970's and the preferential period increased from 6.7 to 10.8 years. Subsidies began to account for a larger proportion of aid.⁴ (It should be noted that the interest rate on commercial loans displayed a clear upward tendency at the start of the 1980's.)

This change, however, was not at all the result of philanthropic motives. On the one hand, it became apparent at a time when the relations between the capitalist center and periphery began to be affected more and more--both directly and indirectly--by the developing ties between part of the periphery and the socialist world. On the other hand, when the situation began to change to imperialism's detriment, aid became an increasingly important instrument for the protection of the general economic, military and political interest of the capitalist center in the system of its interrelations with the periphery.

The significant results of the liberated countries' cooperation with the states of the socialist community are mentioned quite often and, of course, quite justifiably. At the beginning of the 1980's, enterprises for the production of 20 million tons of steel, the extraction of 65 million tons of oil, the refining of 17.6 million tons of oil and the production of 3.3 million tons of cement, electric power stations with a total capacity of 13 million kilowatts and more than 4,000 kilometers of railroads and highways had been built or were being built in the liberated countries just with Soviet assistance. In addition, the USSR aided in the development of around 700,000 hectares of new land. Within the framework of cooperation with the Soviet Union, 70,000-80,000 citizens of the liberated countries annually receive vocational and production training and a secondary specialized or higher education. There is no question that all of this is strengthening the national economy in the developing countries and is making them more independent and less submissive to the commands of the capitalist center.

Furthermore, all of the diverse relations between the developing countries and the socialist world are obviously having just as much of an indirect effect, often forcing the developed capitalist states to change their relationship with the developing countries, relax the terms of aid and sometimes even give up the manipulation of aid in order to force these countries to submit to their demands.

When the U.S. Government first began to offer financial and technical aid to the developing countries, it generally stopped this aid if a country displayed a reluctance to submit to American commands or simply promote U.S. policy. One example of this was the failure of the American-Egyptian talks in 1955 and the beginning of 1956 on credit for the construction of the Upper Aswan Dam. President G. A. Nasser's refusal to agree to U.S. demands, which signified the actual institution of control over the finances, budget and economy of Egypt, led to the cancellation of offers by the International Bank for Reconstruction and Development and the American and English governments of 200 million, 55 million and 15 million dollars respectively in the form of loans for the construction of the dam on the Nile.⁵

When the U.S. leadership saw that the developing countries could seek aid in the socialist world and realized that this would inevitably make them less dependent on the capitalist powers, it had to change many of its tactics.

A look back at the aid the developed capitalist countries have given to the developing states reveals several trends.

1. Aid has always played a major role in protecting the political, military and economic interests of individual capitalist powers and the imperialist world as a whole. The slight improvement in the financial conditions of aid was accompanied by the reinforcement of its function as a means of political pressure and an instrument for the protection of imperialist interests.

One of the main functions of aid to the developing countries is the stabilization of pro-imperialist regimes, particularly when the results of the policy of the United States and its allies have to be consolidated in countries where counter-revolutionary coups have been accomplished. Chile, Egypt and Somalia became recipients of U.S. aid after counterrevolutionary changes took place in these countries with the participation or under the influence of the United States.

Increasing importance has been attached to military-political interests, which are secured by means of offers of aid. This can be traced with particular clarity in the practices of the United States. The considerable growth of military aid has been accompanied by the adaptation of economic or "development aid" for the attainment of military-political aims. This has been accomplished with the aid of the "selective" approach, involving concentration on the particular regime whose stability is dictated by the military-strategic and political goals of the White House and Pentagon, and by means of offers of economic aid in exchange for bases, naval facilities and territory for the storage of weapons intended for future use by U.S. ground, air and naval forces. The conditional nature of U.S. economic aid was revealed in the case of Somalia and Oman, which became recipient countries at the beginning of the 1980's after they agreed to allow their territory to be

used for American military bases. Another example is Pakistan, which began to receive renewed U.S. military and economic aid in large quantities in May 1981. This was directly connected with the role played by the Zia-ul-Haq regime in the organization and support of counterrevolutionary Afghan elements. The United States also paid Sadat with aid for his decision to depart from the pan-Arab position and accept the capitulating conditions of the Camp David talks, as well as his offer of Egyptian territory for U.S. military use.

At the beginning of the 1950's aid was used directly for the purpose of entangling developing states in imperialist alliances--the Baghdad pact (CENTO) and SEATO. Later, in connection with the seriously discredited policy of the United States and its partners and the mounting anti-imperialist struggle, the connection between aid and the imperialist West's attempts to protect its own military and political interests was disguised to some degree. At the end of the 1970's and the beginning of the 1980's these attempts were stripped of their disguise and were displayed overtly. A report prepared by the Reagan Administration's Director of the Office of Management and Budget, for example, frankly stated that "aid for security purposes (this term is used to signify U.S. military-strategic interests in general--Ye. P.) has priority over aid for the purposes of development" and that all aid in general should serve U.S. aims.⁶

The economic interests of the developed capitalist states, which, in the final analysis, are interpreted by them as the preservation of the neocolonial division of labor between the center and periphery of the world capitalist economy, are another reason for the granting of aid. Tactical modifications have taken place in this area as well to promote, according to the apologists for the aid, the more effective attainment of objectives. By the beginning of the 1970's the concept of "development aid" was supplemented with the concept of "equal partnership" or "development cooperation," which was supposed to underscore the greater "responsibility" of recipient countries and their willingness to adhere to the development strategy dictated by the center. The new concept viewed the efforts of the recipient countries as the main trigger of their progress, but it emphasized that these efforts had to be closely coordinated with the ability of the given country to act on recommendations. All of this was reflected in its most concentrated form in the report of the Pearson Commission,⁷ although some differences of opinion with regard to aid were expressed by the ideologists of Western ruling circles in this report and, in particular, in the responses to the report.

The concept of aid underwent a new change in the mid-1970's. There was more emphasis on commercial loans for the relatively developed liberated countries. As far as most of the liberated countries were concerned, aid was designed more for the satisfaction of "basic human needs"--that is, for the stimulation of the production of goods and services needed primarily by the underprivileged population strata in the developing countries, and the alleviation of employment problems. Whereas the move toward "equal partnership" was supposed to establish specific plans for development in the capitalist periphery, the new modification of the concept of aid in the mid-1970's was, judging by all indications, essentially intended to neutralize the particular social and political conditions in the developing countries that were obviously unfavorable for this kind of "partnership" and decelerate the accumulation of explosive situations.

Table 2

'Development Aid' of DAC Countries (% of GNP)

<u>Countries</u>	<u>1960</u>	<u>1970</u>	<u>1975</u>	<u>1980</u>
Australia	0.37	0.59	0.59	0.51
Austria	-	0.07	0.21	0.23
Belgium	0.88	0.46	0.59	0.59
Great Britain	0.56	0.41	0.39	0.52
Denmark	0.09	0.38	0.58	0.67
Italy	0.22	0.16	0.11	0.09
Canada	0.19	0.41	0.52	0.46
Netherlands	0.31	0.61	0.75	0.94
New Zealand	-	0.23	0.52	0.30
Norway	0.11	0.32	0.66	0.95
United States	0.53	0.32	0.27	0.18
Finland	-	0.06	0.18	0.22
France	1.35	0.66	0.62	0.59
FRG	0.31	0.32	0.40	0.44
Switzerland	0.04	0.15	0.19	0.22
Sweden	0.05	0.38	0.82	0.95
Japan	0.24	0.23	0.23	0.27

Source: "World Development Report," World Bank, Washington, 1980, p 140.

Under these conditions, food aid acquired special importance. In spite of the definite success of the "green revolution" in a number of countries, the food problem continued to grow more acute in the developing world as a whole.⁸ For example, although the basic program of the Second Decade of Development, covering the 1970's, envisaged an agricultural growth rate of 4 percent in the developing countries, the actual rate was 2.6-2.8 percent.⁹

In this situation the United States, as the main supplier of food in the world market, began to resort to overt food blackmail of the developing countries for political purposes. In addition to this, American shipments of food to the developing countries began to be used more often to guarantee reciprocal shipments of raw materials from the periphery on terms benefiting the capitalist center.

Government aid was supposed to promote the export of private capital to the liberated countries by establishing the proper "investment climate" there. In this connection, people in the United States came up with ideas that found support in some other capitalist countries--the ideas of working out a system of measures on the international level to safeguard foreign private capital investments in the developing countries against nationalization, insuring capital investments and granting privileges to foreign monopolies.

Aid continued to function as leverage to make the markets of recipient countries accessible to the goods of donor countries. Most of the loans and subsidies offered by many development capitalist states represented this kind of "contingent aid." For example, "contingent aid" intended for payment for West German exports

accounted for 77.4 percent of all the loans extended by the FRG to the developing countries between 1962 and 1976.¹⁰ Furthermore, some of the donor countries artificially raised the prices of the goods whose purchase was "linked" with this aid. According to the estimates of American economist G. Franco, the prices of American goods exported within the framework of aid programs were 15-20 percent higher than world prices.¹¹

2. There was some diversification of sources of aid. There was a relative decrease in the amount of aid granted by the United States--from 58.3 percent of the total aid granted by the countries making up the Development Assistance Committee--DAC--(the United States, Canada, the Western European countries, Japan, Australia and New Zealand) in 1960 to 28.3 percent in 1980.¹²

It is significant that these changes were accompanied by a reduction in the proportion accounted for by aid in the U.S. GNP, while this proportional amount grew or, in any case, did not display any tendency toward a constant decline in most of the other DAC countries (see Table 2).

Loans, subsidies and credit extended by international financial organizations established and controlled by the developed capitalist countries began to play an increasingly important role--in terms of significance and in terms of scales--in the second half of the 1970's. This "collective" aid is associated less with imperialism externally, but it actually serves the same purposes as the aid granted by developed capitalist states on a bilateral basis.

The "collective" form of aid to developing countries is particularly significant in the resolution of the problem of foreign debts which give rise to sharp conflicts between debtors and creditors. At the beginning of the 1980's the debt of the developing countries reached the astronomical figure of around 500 billion dollars.¹³ Imperialist politicians have tried to use it as a constant means of exerting pressure on debtors. Even the report of the Pearson Commission was already pointing out that "questions of indebtedness should be investigated in consortiums and consultative groups, where the emphasis in discussions must be shifted to development problems and policy."¹⁴ In other words, if a consortium or consultative group (often established and directed by the IBRD) guarantees debtor countries some revision of their obligations, the developed capitalist states will impose their own conditions on these countries, relying on collective neocolonialism for support.

This mechanism is already sufficiently perfected. For example, private commercial banks which want additional guarantees for their credits in developing countries make direct agreements on these matters with the international organizations of the capitalist world which grant aid to these countries. In 1979, for example, 1 billion of the 11 billion dollars granted to the developing countries by the IBRD was connected with the credits of private commercial banks by the so-called "crossdefault" stipulation.¹⁵ This means that if debtors do not honor their obligations to private creditors, the IBRD cuts off their aid or demands immediate repayment. In this way, private banks receive additional guarantees. This practice will apparently be developed further. This is attested to, in particular, by the fact that A. W. Clausen, who succeeded R. MacNamara as president of the IBRD in 1981 and was the initiator of the joint financing of developing countries by private banks and international aid organizations, believes that this kind of financing will be one of the main aspects of this bank's future activity.¹⁶

Table 3

'Development Aid' Entering Newly Independent Countries (%)

<u>Source</u>	<u>1970-1972</u>	<u>1973-1975</u>	<u>1976-1978</u>
DAC (bilateral)	78.5	58.4	55.7
International agencies, including	16.1	20.2	25.2
OPEC-funded	-	0.6	4.5
OPEC (bilateral)	5.4	21.3	18.6
Other donors (bilateral)	-	0.1	0.5
Total	100.0	100.0	100.0

Calculated according to: "Development Cooperation 1979 Review," OECD, Paris, November 1979, p 199.

One of the most important indicators of the diversification of sources of aid, and a qualitative indicator at that, was the sharp rise in the proportion accounted for by loans and subsidies from the developing oil-producing countries in the second half of the 1970's. This took place on the bilateral basis and as a result of the OPEC countries' increased share of the aid granted through international organizations. It is significant that all of this occurred at a time when the relative aid granted by the developed capitalist countries was decreasing (see Table 3).

At the beginning of the 1980's, almost one-quarter of all the resources granted to the developing countries through assistance channels were already coming directly from developing countries. If we also consider the fact that much of the aid from the developed capitalist states is derived from the profits resulting from the exploitation of the same developing countries, it becomes even more apparent that there are no grounds whatsoever for the statements about the "inestimable contribution" of the center of the world capitalist economy to the development of the periphery.

As we have already pointed out, the activity of transnational corporations has gradually become the main form of neocolonialism.

In the 1970's the international monopolies became the principal and most promising investor of foreign entrepreneurial capital in the economies of the liberated states. There was a sharp increase in the number of transnational corporate branches and divisions in the Asian, African and Latin American countries. At the same time, the transnational corporations began to play the leading role in the provision of the capitalist center with necessary commodities produced in peripheral countries. All of this naturally had a direct and increasingly significant effect on the developing countries.

In the first place, the activities of transnational corporations throughout the world capitalist economy certainly do not help to equalize the developmental levels of the center and the periphery and they are even widening the significant gap

between them. The rates of production growth at enterprises belonging to international monopolies are much higher than the general rates of industrial growth in the capitalist world. At the same time, however, there has been a steady tendency toward the choice of the developed capitalist countries as the sphere of transnational corporate activity, although there has also been an absolute increase in the capital investments of these corporations in the developing countries. In fact, there is evidence of the gradual stabilization of the proportional capital investments of transnational corporations in the developing countries in relation to their total investments (see Table 4).

The peculiarities of the transnational corporate interest in capital investments in the developing countries are obviously based on their relatively limited domestic market, shortage of skilled manpower, underdeveloped economic infrastructure and "less stable" sociopolitical climate. All of this applies to the developing countries in contrast to the developed states as a group (from the standpoint of transnational corporate activity). It does not always apply to individual developing countries. Some of these countries are no less important than the developed capitalist states to international monopolies, and they are sometimes even more important.

The transnational corporations take an extremely selective approach to the choice of objects for direct or portfolio investments in the developing world. Preference is given to countries whose economic, political or geographic features heighten the interest of transnational corporations.

Consequently, whereas the activities of transnational corporations in general are widening the gap between the developmental levels of the center and periphery of the world capitalist economy, they are also aiding in the differentiation of the periphery.

The development of the liberated states is also being hampered by the situation in which the transnational corporations, which derive much more profit from capital investments here than from equivalent investments in the developed capitalist countries, are investing less resources in the "peripheral" countries than they are exporting to the capitalist center (see Table 5).

As the table indicates, only 23 percent of the 37.5 billion dollars exported by the United States between 1970-1978 was invested in the developing countries, while they accounted for more than 47 percent of the profits transferred to the United States during the same period by American transnational corporations. The absolute difference between corporate profits transferred to the United States and new exports of capital from the United States totaled 31 billion dollars during that same period. This sum represents a net deduction from the funds needed for the development of the liberated countries. The table testifies that American transnational corporations took more than 4.5 dollars out of the developing countries for each dollar they invested there in the 1970's. The difference between the exported and reinvested corporate profits for the two groups of countries is indicative--and this underscores the degree to which corporate activity is helping to widen the gap between the developed and developing countries. Whereas the correlation for the developed countries was 48:52 (with the exported portion smaller than the invested portion), for the developing countries it was 73:27 (with the exported portion 2.7 times as great as the invested portion).

Table 4

Distribution of Direct TNC Capital Investments Between
Developed Capitalist and Developing Countries

<u>Countries</u>	<u>1967</u>	<u>1971</u>	<u>1975</u>	<u>1979</u> <u>(Estimate)</u>
Total (in billions of dollars)	105	158	259	400
Breakdown (%)				
Developed capitalist countries	69	72	74	75
Developing countries	31	28	26	25

Source: "The Transnational Corporation in World Development. A Re-Examination," New York, 1978, pp 236-237; SURVEY OF CURRENT BUSINESS, Washington, August 1980, p 24.

This could lead to the general conclusion that the imperialist states are largely financing their economic development through the mechanism of transnational corporate activity and are thereby also acquiring funds for new profitable capital investments in the developing world (the American monopolies can serve as a universal example because they represent the overwhelming majority of transnational corporations in the world).

In the second place, the economic expansion of these corporations in the developing countries is helping to maintain the periphery's dependence on the center of the world capitalist economy, including new forms and levels of dependence. The very structure of foreign investments depends totally on the interests of corporations and the need to guarantee the reproductive process, in relation to which the enterprises and entire production complexes of the transnational corporations in the developing states perform a strictly subordinate function. These enterprises are generally established by foreign monopolies only on the "bottom floors," while the "top floors" are located within the imperialist center. This is how neocolonial division of labor comes into being: The capitalist periphery ceases to be only an agricultural resource appendage of the center; at the same time, the dependence of the periphery reaches a new level, this time as a result of the specific nature and specific forms of its industrial development. The place assigned to the liberated countries by neocolonialism in the world capitalist economy, sometimes with the aid of transnational corporations, is not changed appreciably by the fact that their dependence, exploitation and economic underdevelopment are now often reproduced on a modern technical basis.

In the third place, the transnational corporate activities are keeping the developing countries from exercising their sovereignty over national wealth. The corporations have established control over the foreign trade in goods whose production is of vital importance to many developing countries: over 70-75 percent of the bananas, rice, rubber and crude oil, 80 percent of the tin, 85-90 percent of the cocoa, tobacco, coffee, tea, wheat, cotton, jute and wood and 95 percent of the iron ore and bauxites. As a result, the developing producer countries generally receive an unjustifiably small portion of the final price: 53 percent of the price of tea and corresponding figures of 48 percent for palm oil, 32 percent for jute, 20 percent for bananas, 15 percent for cocoa, 14 percent for coffee, 10 percent for iron ore, etc.¹⁷

Table 5

Net Capital Exports and Profit Transfers and Re-Investments by
American TNC's in 1970-1978, Broken Down by Groups of Countries
(In Billions of Dollars)

<u>Groups</u>	<u>New Capital Exports</u>	<u>Total</u>	<u>Profits</u>		<u>Re- invested Locally</u>	<u>Group's Share of TNC Operations</u>
			<u>Transfer to United States</u>	<u>Sub- % of Total Total</u>		
Total	37.5	144.8	83.5	57.7	61.3	100
Developed capitalist countries	27.6	85.8	41.1	48.0	44.7	71
Developing countries	8.7	54.5	39.7	73.0	14.8	25
Unspecified countries	1.2	4.5	2.7	60.0	1.8	4

Calculated according to: SURVEY OF CURRENT BUSINESS, Washington, August 1980, pp 24-25.

The fact that much of the trade passes through transnational corporate channels and turns into intraorganizational shipments (30-40 percent of world trade at the end of the 1970's) allows corporations to conceal profits and thereby artificially reduce the taxes they owe to local governments, surmount customs obstacles and retain control over technology transfers.

Therefore, it should be stressed that the transnational corporations are engaging more energetically in neocolonial practices and have become the main mechanism of their accomplishment. At the same time, our discussion would be incomplete if we did not mention that the neocolonial line had specific limits in the second half of the 20th century. This was vividly illustrated, for example, by several failures of neocolonial policy in relations with the oil-exporting countries.

The Flow in Neocolonialism, or the Lessons of the Energy Crisis

The most pronounced changes in the relations between the center and periphery of the world capitalist economy were probably those which came to light as a result of the energy crisis in the capitalist world, which took on a severe, prolonged and structural nature. It has already been 8 years since the crisis acquired intensity. Enough time has gone by to provide ample grounds for stressing the increasing dependence of the capitalist center on shipments of oil and gas from the periphery, the center's loss of its monopoly position in the pricing of primary energy resources produced on the periphery and its loss of any chance to regulate the quantity of energy resources extracted there. All of these results of the energy crisis, which are also the reasons for its continuation, could have a permanent distabilizing effect on the economies of the developed capitalist countries.

It would be wrong to assume that the developed capitalist countries are completely incapable of solving the problems created by the energy crisis and other crises. These countries have taken various steps to neutralize the negative consequences

and difficulties connected with the development of the energy crisis. In some developed capitalist states, the United States for example, laws have been passed to stimulate the production of their own energy resources and the conservation of energy; considerable effort has been made to employ the achievements of scientific and technical progress for the more intensive production of alternative energy sources and the discovery of fundamentally new ones. But although there is no question that some of these measures have been effective, they do not cancel out the irrefutable fact that the liberated countries, particularly in groups, now have much more influence than before in the world capitalist economy.

As far as the oil-producing developing countries are concerned, there is every reason to believe that their significance in the world capitalist economy will not decline in the foreseeable future (for example, before the end of the century). Although the actual increase in energy consumption is lower than the overwhelming majority of pre-crisis predictions, it is still relatively high. In general, this is due to the growth of the gross domestic product and to the fact that the energy-input coefficient (quantity of energy per unit of gross domestic product) is still too high and will most probably remain so until the end of the century. It is true that the intensive efforts to conserve energy have lowered this indicator somewhat, but energy consumption is still excessive in most homes, production units and transportation.

Besides this, there is the lack of change in the balance of energy consumption, in which oil continues to play the leading role even after the beginning of the energy crisis. At the beginning of the 1980's, oil and gas accounted for around 74 percent (52 percent and 22 percent respectively) of the energy consumption balance in the developed capitalist countries.

Obviously, in spite of the energy crisis and contrary to the forecasts made at the very beginning of the crisis, no serious diversification of the energy consumption balance has taken place in the developed capitalist countries and there is no indication that it will take place in the near future. For a number of reasons, economic, political and ecological, the actual development of nuclear power engineering has not kept up with forecasts. Of course, these general statements about the developed capitalist countries do not exclude the possibility of significant differences in the energy situation in the United States, Japan and Western Europe.

Another factor is also quite significant: In spite of the increased oil production within the capitalist states and on their continental shelf, the developing countries are still the main source of oil in the capitalist world. They are also still the most promising area for possible discoveries of new large oil deposits.

All of this indicates the severity of the flow revealed in neocolonialism by the energy crisis. However, the crisis and its consequences have also been educative in another way: The capitalist center has not abandoned its attempts to neutralize the negative results of its new relations with part of the periphery and it is striving to do this with the aid of new means and methods.¹⁸

Table 6

'Trade Conditions' of Developing Countries
(1970 = 100)

<u>Countries</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Developed capitalist countries	99	87	90	89	89	91
All developing countries	105	172	164	170	170	151
Breakdown						
Oil-exporting	123	335	341	362	361	324
Others	96	93	87	88	91	86

Source: "Handbook of International Trade and Development Statistics, 1979," New York, 1979, p 62.

Above all, it should be noted that most of the profits from the oil production taken over by the OPEC countries from foreign monopolistic capital have returned to the previous owners of the oil resources of these countries through foreign trade channels. The 10-fold increase in the price of oil between 1973 and 1981 was not obtained in full by the OPEC countries in the form of an equivalent cash flow from the oil-consuming countries. The prices of finished products were raised in the developed capitalist states, and between 1975 and 1978 they rose more than the price of oil. Due to the fact that the oil-exporting countries are major consumers of these finished products, their higher prices represented a direct deduction from the profits earned as a result of the rising price of oil.

This was reflected in the deterioration of "trade conditions" for the developing countries after a brief period of improvement, while the developed capitalist countries have experienced the opposite tendency. This is attested to by the data in Table 6. The table also proves that even when "trade conditions" improved for the developing countries as a group, these conditions continued to deteriorate for most of them.

Another side of the matter must also be considered. Some bourgeois scholars in the West believe that the swiftly rising prices of finished products in the developed capitalist countries were the result of the sharp rise in oil and gas prices. This "logic" suggests that OPEC is mainly to blame for the galloping inflation in the world capitalist economy. But this "logic" turns everything upside-down. It is true that the rising prices of oil and other energy resources contributed to inflation, but certainly not to the degree suggested by some bourgeois economists. Furthermore, this price rise was largely dictated by the inflationary rise in the prices of goods and services purchased by the oil-exporting developing countries.

The OPEC countries' real income from the oil price rise was also considerably reduced by the devaluation of the U.S. dollar in 1976-1980 because this price is connected with the dollar. This devaluation was largely the result of deliberate financial manipulation and led to a situation in which the oil-producing countries acquired much less for the dollars they earned from the sale of their oil than they would have under "normal" conditions.

Much of the oil-producing countries' income from the sale of oil was confiscated in the form of profits by transnational corporations and other foreign or joint companies, which sharply increased their contracting activity in the OPEC zone.

Finally, the developed capitalist countries (and the main force in this case, just as in many others, is the United States) have used their connections and common class interests with ruling circles in some oil-producing countries to stop the rise of oil prices, and in some cases have artificially kept the price down when the prices of other goods and services have undergone inflationary spiraling. The developed capitalist states have sometimes been aided in this by ruling circles in Saudi Arabia, a country which produces around 40 percent of the oil exported by the OPEC countries. The Saudi leaders kept the price of oil down not only by exerting political influence on other OPEC members, but also with the aid of economic measures, unjustifiably increasing production at times when the world oil market was already saturated, as was the case, for example, in 1981.

Another important factor in this process is the maneuvers of imperialist states, which are supposed to intimidate the OPEC countries, pressure them, split up this organization and preclude the possibility of collective opposition by the developing oil-producing countries against the developed capitalist oil-consuming states.

Now that the capitalist center has intensified its struggle against the economic emancipation of even part of the periphery of the world capitalist economy, the fundamental reform of world economic ties and the establishment of a new international economic border are particularly significant issues.

The Struggle to Democratize International Economic Relations

The objective need for the fundamental reorganization of the system of world economic ties is clearly reflected in the struggle against the imperialist practice of exploiting the developing countries and in the discriminating policy of several developed capitalist states in relations with socialist countries. Of course, if imperialism continues to exist, discrimination cannot be completely excluded from international economic relations, just as imperialist attempts to revive these discriminatory practices cannot be stopped. Nevertheless, the aim of democratizing world economic relations is not a utopian dream, but a real program, backed up by the changing balance of world power.

From the first moment of its existence, the Soviet State has waged a consistent struggle to eliminate all forms of discrimination from international relations, including discrimination in economic relations between states. This has been a long and hard struggle, but it has had some significant positive results:

In many cases, imperialism has had to retreat and to give up its attempts to dictate economic terms to the Soviet Union and the other socialist states, and even to the liberated countries in some cases;

The idea of equal and democratic economic relations in the world economy has been widely publicized, has become extremely popular, even in the developing countries, and has seriously undermined the concept of the old imperialist colonial "order";

The movement for the democratization of international economic relations has grown immeasurably and now includes young sovereign states as well as large segments of the public in the developed capitalist countries; the new participants have naturally made this movement more complex and have added new elements to the struggle which do not always lend themselves to an unequivocal interpretation.

What position have the developed countries taken, or, in other words, what kind of program have they proposed for the new international economic order (NIEO)?

We will not attempt to present the entire history of this program. Much has been written, in the Soviet Union and elsewhere, about the "platform of the 77,"¹⁹ the sixth and seventh special sessions of the UN General Assembly, the UNIDO and UNCTAD conferences and other international forums where the NIEO was discussed. We will simply mention what we regard as some of the extremely important provisions of the developing countries' platform:

- 1) In the area of raw materials--the regulation of the markets for the most important raw materials. The purpose of this regulation is to stabilize prices, counteract the deterioration of trade conditions for the developing countries, stimulate the processing of raw materials in these countries and encourage these countries to participate in the sale of their materials. Prices will be stabilized by means of contributions by importers and exporters to a raw material fund, which will finance the accumulation of large buffer stocks;
- 2) In the area of trade in finished items--broader access to the markets of the developed capitalist countries and, for this purpose, the elimination of all types of restrictions and barriers--tariff and non-tariff--instituted in the capitalist center;
- 3) In the area of currency and finances--the augmentation of the "development aid" granted by developed countries to 0.7 percent of their GNP, as well as the proportion accounted for by subsidies in total aid, the cancellation of the debts of the least developed countries or the cancellation of the interest on these debts, the improvement of old financing mechanisms and programs and the institution of new ones;
- 4) In the area of industrial development--a long-range policy for the establishment of production capacities in the developing countries, instituted not with a view to the lower production costs in these countries, but with a view to their needs, and the augmentation of the developing countries' share of world industrial production to 25 percent by the year 2000. This will be promoted by changes in existing judicial and other standards which regulate the transmission of scientific, technical and technological knowledge from the developed to the developing countries, the adoption of a transnational corporate "code of behavior" with regard to technology transfers and the reform of the international patent system.

When these demands began to be voiced, the imperialist states first tried to ignore them completely and then interpreted them as symptoms of differences in the interests of the developed (regardless of their socioeconomic nature) and underdeveloped countries. In this way, they tried to dull the edge of the struggle

being waged by the former colonies and semicolonies for the democratization of international economic relations and divest it of its anti-imperialist content. The line of confrontation was not the one which divides the world according to class features, but the geographic boundary between the "developed North" and "underdeveloped south." This implies "universal responsibility" for the underdevelopment of the Asian, African and Latin American countries and, what is more, this view has won some support even in the developing countries.

Nevertheless, this position is invalid, not only because it absolutely fails to reflect reality, but also because it does not pave the way for the genuine and comprehensive democratization of international economic relations.

Above all, it is important to approach the matter from an understanding of the existing world economy, which consists of two economic systems--capitalist and socialist. There is absolutely no question that these two opposite economic systems do not and cannot exist in a state of autarchy. The connection between them not only exists but is even growing. Each system, however, was shaped by a unique set of circumstances and is developing according to its own laws.

The world capitalist economy owes its birth to capitalism's evolution into a worldwide system of oppression and exploitation. It was born when the world was divided into a handful of imperialist states and a huge group of colonies and dependent countries. Most of the developed capitalist states were mother countries and accomplished the growth of their own productive forces largely by pumping resources out of their colonies. The neocolonial exploitation of the periphery of the world capitalist economy by its center was a continuation and modification of the colonial exploitation of the colonies and semicolonies by the mother countries.

The world socialist system, on the other hand, took shape as a result of revolutionary changes in a number of countries which canceled the dependent status of some of these countries. The economic basis of the world socialist community consists of integration processes which are bringing the national economies of most socialist countries closer together, promoting maximum interaction and cooperation and equalizing the levels of economic development in all socialist states. One of the important factors in this equalization is the assistance rendered by the first country in which socialism triumphed, the Soviet Union, and other more highly developed socialist states to the less developed socialist countries.

Therefore, it was "genetically" impossible for the socialist world to be responsible for the underdevelopment of the former colonies and semicolonies. Naturally, it also bears no responsibility for the continuing neocolonial practices of the developed capitalist states.

The reorganization of international economic relations cannot be truly universal or effective if it does not encompass all economic ties in the world economy. This means that the reorganization cannot be confined only to relations within the world capitalist economy--relations between the center and the periphery--no matter how important this may be. There is also another problem which cannot be ignored. This is the discrimination practiced by the United States and several other developed capitalist countries against the Soviet Union and many other socialist states. Embargoes on shipments of various goods specified in

previously signed agreements, bans on the export of the entire group of "black-listed" items, refusals to extend credit and other forms of discrimination not only have a long history, but became even more pronounced at the turn of the decade. The renunciation of these practices will also help to democratize relations in the world capitalist economy and will heighten the economic potential of the developing countries.

Consequently, the struggle for the genuine democratization of international economic relations presupposes maximum international economic cooperation in the interests of all states, regardless of their level of economic development or their affiliation with any particular socioeconomic system.

It is also significant that the democratization of world economic ties presupposes the simultaneous reorganization of the entire system of these ties and the socioeconomic structure of the majority of developing countries. The genuine reorganization of economic relations in the world presupposes something more than the redistribution of world resources in favor of the developing states. It will also call for structural reforms in the world capitalist economy, both in the distribution of productive forces and in the forms of their organization. It will be particularly important to establish effective control over the activities of transnational corporations in the developing countries and to actively assist these countries in the establishment of production, scientific and technical potential.

Finally, it is also impossible to condone the attempts to remove the political content from the struggle for the democratization of world economic relations and sever its close connection with the issues of international peace and security, disarmament and detente, especially now that imperialism is making new efforts to complicate the international situation, separate the national liberation movement from its natural ally--the socialist community--and impede the struggle of the developing countries for economic independence and social progress.

FOOTNOTES

1. The transfer of "dirty" production units is changing the geography of imports. For example, whereas 99 percent of the asbestos fabric imported by the United States prior to 1970 came from developed capitalist countries--the European states, Canada and Japan--Mexico, Taiwan and Brazil became the main suppliers after emission controls were instituted in asbestos production (see ECOLOGIST, No 3, 1979, p 81).
2. The difference between the wages of workers with the same skills in the center and the periphery is clearly demonstrated, for example, in a comparison of the hourly wages at Ford enterprises in different countries at the beginning of 1981 (in percentages):

Countries	Janitor	Assembly line worker	Fitter
United States	100	100	100
Mexico	30.7 - 32.0	37.6 - 42.5	39.9 - 42.4
Argentina	21.9	25.6 - 32.5	30.7 - 37.6
Brazil	5.3	8.9 - 9.0	15.3

(See FINANCIAL TIMES, 21 January 1981).

3. Most specialists in the developed capitalist countries and in the developing states include preferential loans with the subsidized portion accounting for at least 25 percent of the total and fewer subsidies in the aid category.
4. Calculated according to: "Development Cooperation: Efforts and Politics of the Members of the Development Assistance Committee. 1979 Review," Report by J. P. Lewis, OECD, Paris, 1979, pp 78, 80.
5. R. St. John, "The Boss," London, 1960, p 243.
6. WASHINGTON POST, 31 January 1981.
7. "Partners in Development. Report of the Commission on International Development," Chairman L. B. Pearson, New York, 1969.
8. This is demonstrated in works by V. G. Rastyannikov (see, for example, "Zarubezhnyy Vostok i sovremennost'" [The Foreign East and the Present Day], vol 2, Moscow, 1981, ch III).
9. See Ye. Bragina, "International Development Strategy for the 1980's" (MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA, No 6, 1981, p 119).
10. H. Grundmann, "The Effects of Development Aid on Exports" (INTERECONOMICS, No 9/10, 1978, p 242).
11. See G. R. Franco, "Economic and Political Aspects of U.S. Multilateral Aid" ("The Politics of Aid, Trade and Investment," Ed. by S. Raichur and C. Liske, New York, 1976, pp 133, 156).
12. Calculated according to: "World Development Report," World Bank, Washington, 1980, pp 98-99.
13. The total debt includes sums which have already been received and obligations connected with loan agreements.
14. "Partners in Development. Report of the Commission on International Development," p 157.
15. FINANCIAL TIMES, 25 July 1980.
16. NEWSWEEK, 24 November 1980, p 64.
17. G. Martner, "Producers-Exporters Associations of Developing Countries," Geneva, 1979, pp 7-15.
18. This is promoted by an important fact pointed out by A. Ye. Primakov: "The OPEC countries' success in economic decolonialization due to the increasing severity of the global energy problem actually coincided with the relative reinforcement of the position occupied by transnational oil corporations in the corporate hierarchy. As a result, the oil producers now have to deal

with a much stronger grouping of monopolistic capital" (A. Ye. Primakov, "The Transnational Oil Corporations and the Oil-Producing Countries: Their Changing Relations" (SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 11, 1981, pp 21-22).

19. See, for example, E. Ye. Obminskiy, "Gruppa 77. Mnogostoronnyaya ekonomicheskaya diplomatiya razvivayushchikhsya stran" [The Group of 77. The Multilateral Economic Diplomacy of the Developing Countries], Moscow, 1981.

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U.S. OBSTRUCTIONISM ON LAW OF SEA SURVEYED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 3, Mar 82
(signed to press 19 Feb 82) pp 34-45

[Article by I. Vanin: "Imperialist Policy and the World Ocean"]

[Text] The 11th session of the UN Conference on the Law of the Sea began on 8 March 1982. The conference resolved that this would be the final working session and that the all-encompassing convention on sea law should be adopted at this session. The overwhelming majority of countries supported this proposal and the operational program for the concluding session of the conference. This was corroborated in a recent discussion at the 36th session of the UN General Assembly and in its resolution.

As a result of the previous ten conference sessions, the last of which ended in August 1981 in Geneva, a universal convention on sea law was drafted. It is complete and the conference resolved to make it official.

The draft all-encompassing convention represents a genuine code of principles and standards of contemporary sea law, defines the international legal conditions governing various parts of the world ocean and will serve as the basis for long-term cooperation by states in various spheres of the use of maritime expanses and the exploitation of world ocean resources. It is a mutually acceptable compromise convention which regulates many complex problems of sea law in a "package" and reflects, in general, a composite agreement by participants in conference negotiations (over 150 states) with a view to the legal rights and interests of all countries and peoples of the world. By setting limits on the authority of several legal institutions and defining the content and limits of the jurisdiction of various states in the world ocean, this draft establishes a unified system of legal regulation covering various branches of the world maritime economy.

Let us examine the main elements of this compromise "package." It specifies a 12-mile limit on territorial waters; regulates straits used for international shipping and establishes a new institution--"archipelago states." The draft establishes an exclusively economic 200-mile zone, which did not exist in sea law prior to this. The draft convention records regulations governing the open seas, which add a number of significant elements to the Geneva conventions of 1958. The definition of the outer boundary and regulations governing the continental shelf is a significant new aspect of the general accord.

The legal regulations governing the international region of the sea bed beyond the continental shelf include an entire system of principles and standards which reflect a new and important area in the development of all international law. An international organ in charge of the sea bed will be created on the basis of the convention. This will be a new type of governmental organization with extensive political authority and something new--authority over the exploitation of sea bed resources.

The draft provisions regarding the protection and preservation of the marine environment also constitute an important area of law which covers various aspects of maritime economic activity and will influence the development of cooperation by states to combat the pollution of the world ocean. In addition, there is the regulation of an entire group of complex problems in scientific research in various parts of the world ocean.

The draft convention establishes a single system of compulsory regulation of disputes in different spheres of maritime activity, which also testifies to the considerable development of international cooperation by states in the implementation of convention aims and principles and the use of the ocean and its resources.

The compromises reached at the conference were a direct result of the profound changes that took place in the entire system of international relations in the 1970's under the influence of the growing strength of socialist forces, the policy of detente and the relaxation of international tension. The changing correlation of forces in the world has dramatically augmented the role of the developing countries, and it is on their concerted action that the development of international sea law in general will depend to an increasing degree. Imperialism is no longer able to ignore this.

Negotiations, compromises and, in the final analysis, a higher level of cooperation by states are becoming imperative formulas for the resolution of urgent problems in all areas of international relations. The draft convention on sea law, which is the result of many years of effort and which includes draft international regulations governing the exploitation of deep-sea resources, reflects the objective requirements of world economic and political development and testifies to the triumph of the reasonable and realistic approach to international problems. In spite of tremendous difficulties, acute conflicts and sometimes even mutually exclusive interests, the conference progressed step by step toward all-encompassing regulation on the basis of a consensus, without resorting to voting procedures. Each step was taken after a fierce struggle against unilateral imperialist tendencies. The United States and the other sea powers of the capitalist world participated in this process, during the course of which complex and mutually acceptable compromises were reached.

What is impeding the complete regulation of world ocean problems? It is the position taken by the United States. During the 10th session of the conference in 1981, the Reagan Administration openly rejected the agreements that were reached and announced the beginning of a total "revision" of the U.S. approach to the draft international regulations governing the exploitation of sea bed resources beyond the continental shelf, which had been negotiated with the active participation of the American delegation. It would be wrong to examine this

"revision" only in connection with the UN Conference on the Law of the Sea. Conference problems were only one of the elements of the "new" U.S. foreign policy line, which essentially consists in attempts to do away with the positive political realities which took shape in the 1970's in international relations and impose a pax americana on mankind. In line with this policy, sea bed resources also turned out to be "a sphere of vital U.S. interests," which American imperialism plans to safeguard at any cost.

The international regulations in the draft convention regarding the exploitation of sea bed resources were described as totally unacceptable to the United States by the Reagan Administration. The reason for this "unacceptability" is the concessions made (on a mutual basis) by the capitalist sea powers to the group of developing countries. According to statements by American officials, the United States could refuse to sign the convention if the draft international sea bed regulations are not changed significantly. In this event, American companies would begin exploiting sea bed resources on the basis of a unilateral legislative act adopted in the United States in June 1980.

Even at the beginning of the Geneva half of the 10th session in August 1981, conference participants realized that the U.S. position meant more than just a refusal to abide by the conference's earlier decision to conclude the talks and adopt the convention in 1981. It actually signifies a rejection of several compromise agreements on major questions connected with the exploitation of mineral resources in the international sea bed region and the establishment of the international organ. These agreements constitute the basis of the general accord and were reached at the preceding nine sessions with the active participation of the American delegation.

Analyzing the U.S. position in the context of the Reagan Administration's general policy on major international issues, Soviet Minister of Foreign Affairs A. A. Gromyko noted in a speech at the 36th session of the General Assembly that "Washington has been trying for a long time to impede talks on several important issues or to even stop them completely. Unfortunately, it has been successful in several cases. This was its line of behavior, for example, in the talks on the Indian Ocean, on the limitation of sales and transfers of conventional weapons and on the total and universal nuclear test ban, the ban on the production of chemical weapons and the liquidation of chemical weapon stockpiles. All of this also applies to the efforts to cancel out the results of the many years of work performed by states within the framework of the UN Conference on the Law of the Sea."¹

During the Geneva half of the 10th session, American delegate J. Malone objected to the compromise provision of the draft convention which stipulate the system for the exploitation of mineral resources in the international sea bed region and the structure of the new international organ. The general demands made by the head of the American delegation were directed against all of the basic provisions of part XI of the draft convention. In addition to making other demands, he proposed that the United States be granted a special, privileged role in the council membership and the right to control its decisions (by means of veto power or a proportional balloting procedure), annually revise production limits and the conditions of the "parallel system" and guarantee private companies in the United States and

other Western countries unsupervised and unlimited access to the mineral resources of the sea bed. The demands also envisage a radical change in the previous agreement on the aims and principles of the international organ, the fundamentals of the creation and financing of an international enterprise for the extraction of resources, the terms of eligibility for contracts for the exploitation of resources and the transmission of technology, etc.² This was a case of overt and sweeping authoritarianism.

The obstructionist line of the United States at the conference clearly reflects the Reagan Administration's imperialist intentions. At the same time, the United States' onesided and arbitrary approach to world ocean problems stems from the very development of present-day imperialism.

The rapid growth of world industrial production in the first three-quarters of our century (approximately 16-fold) led to a colossal demand for all types of raw materials, particularly those which permit progressive advances in power engineering, the chemical industry, the construction materials industry and other areas. When many countries and regions had to face the problem of satisfying industry's rapidly growing demand for mineral resources, the prospects for the extensive use of the world ocean's resource potential had to be given serious consideration. The 2.6-fold growth of the world population in the 20th century (from 1.66 billion to 4.5 billion) was not accompanied by a corresponding increase in the world agricultural product (it increased 2.2-fold). This unavoidably led to the more active exploitation of marine biological resources in an attempt to compensate for the growing shortage of animal protein. The appearance and intensification of such global problems as the energy, raw material and food crises and the problem of overcoming the underdevelopment of the newly independent countries turned maritime resources into a source of new hopes and into the object of a fierce struggle for their possession. The strategic significance of the world ocean also rose dramatically when the navy began to play a much more important role in the structure of present-day armed forces.

In the last three decades technological progress has established the necessary conditions for the inclusion of considerable quantities of ocean resources in world economic turnover. Large complexes and production areas came into being in the world maritime economy--off-shore mining, chemistry, construction materials production, etc. The material and technical base of the traditional branches of fishing and commercial shipping underwent radical reorganization. The exploitation of maritime economic potential took on the features of an all-encompassing process, within the framework of which the world ocean, as a universal object of labor, began to be used more comprehensively. The rediscovery of marine resources was the natural result of the increasing needs of mankind and of qualitative changes in the productive forces of the world economy.

The heightened interest in marine resources was therefore an objectively determined process. At the same time, this interest has developed under the concrete historical conditions of the existence of opposite socioeconomic systems and various groups of states whose maritime interests differ in terms of their content and intensity, just as the socioeconomic nature of their goals, methods and results of world ocean development. The interests of the developed capitalist states necessitated their participation in this process. These interests include

some which are common to all countries, regardless of their social order (for example, the need to satisfy their economies' demand for raw materials, to use ocean lanes for the development of trade, etc.). Nevertheless, there are some specific goals that are being pursued only by this group of states, particularly the largest of them--the United States of America.

Above all, there is the desire to monopolize world ocean activity, which has been witnessed in all spheres of the exploitation of the ocean and its resources. A rigid structure of monopolistic control over the overwhelming majority of transactions has been established in commercial shipping. So-called linear conferences--alliances of ship owners with complete control over transport operations in specific areas--came into being many decades ago. In the non-linear sector of commercial shipping, where operations are conducted by so-called industrial carriers (the fleets of raw material corporations), the degree of monopolization is extremely high. In essence, non-monopolized transfers represent no more than 10 percent of total maritime trade in the capitalist world.

The United States and other developed capitalist countries are trying to retain their monopoly on the technical equipment for the surveying, prospecting and extraction of marine mineral resources. There is a similar situation in the development of maritime research and the use of the biological resources of the world ocean. The United States, with its modern material and technical base for maritime economic production units, tremendous financial potential and trained personnel, has traditionally tried to guarantee its companies unlimited access to maritime resources and established the necessary conditions for their monopolistic control over these resources. Until the new stage in the development of the maritime economy, when the process of world ocean exploitation accelerated sharply, the principle of the free use of ocean resources was backed up by universal support and was approved by all countries. This alone gave any state unlimited access to these resources.

Now the situation is changing. The old ideas about the inexhaustibility of ocean resource potential have been called into question by the changing scales of the demand for maritime raw materials and by the new technical capacities for their exploitation.

Whereas the possibility of a competitive struggle for the possession of ocean resources was automatically excluded during the era of "inexhaustible marine resources," this kind of competition has become inevitable under present conditions. Here it would be useful to recall V. I. Lenin's revelation that one of the features of imperialism is the desire of "financial capital to expand its economic territory and even its territory in general," a desire to "seize as much land as possible, regardless of its condition, its location or the means of its seizure, with a view to possible sources of raw materials, in the fear of being left behind in the frenzied struggle for the last pieces of the undivided world or for part of the pieces that have already been divided."³

Of course, he was referring to "dry land" because the extensive exploitation of world ocean resources had not begun and had not even been predicted. When this era began, however, imperialism took the forefront of the struggle for this kind of division. The only question was what imperialism wanted the world ocean to

become--"economic territory" or "territory in general"? This distinction is quite significant. The United States does not want the world ocean to be regarded as "territory in general"--that is, as expanses which might be appropriated "territorially." They favored the preservation of the 3-mile territorial zone and struggled for a long time against any attempts to widen the zone, for example, to 12 miles. This was connected with a desire to guarantee maximum freedom for navigation, especially for military ships, and the freedom of aircraft flights over maritime expanses.

It was precisely the United States, however, that first began to seize and divide the resources of the world ocean. In particular, in September 1945 President H. Truman signed two proclamations which announced that the United States was claiming the exclusive rights to the mineral and biological resources of huge bodies of water off its coastlines. This unilateral action was contrary to traditions and the standards of international law and even to the United States' own declaration that all states should have unlimited access to ocean resources. It reflected the desire of U.S. monopolies to acquire possession of these resources by means of their overt seizure and the creation of an "American economic territory" in the world ocean. American companies were to be guarded against possible competitors and were to have an exclusive monopoly in the coastal regions and on the continental shelf of the United States. Truman's proclamation signified that the United States no longer regarded its "own" coastal areas as open sea.

This is how a precedent was set for the appropriation of "economic territories" in the world ocean and for the subversion of the international principle of free access to the resources of the open sea. The American leadership apparently assumed that other countries would not resort to countermeasures. In other words, they believed that only the United States would have a zone of resource jurisdiction, while all other coastal regions would remain open for the unimpeded use of their resource potential. In fact, in subsequent years American fishermen created many conflict situations with their poaching practices near the coastlines of many Latin American countries. American raw material monopolies intensified their working of mineral deposits on the shelves of other continents. After acquiring a monopoly on the new maritime technical equipment, the imperialists began the process of the "distribution" of world ocean resource potential "according to strength" and "according to capital," and American imperialism was the first to try to divide the ocean into its "own" and "unowned" portions by means of the unilateral seizure of "economic territory."

It is completely obvious that the guarantee of unimpeded access to ocean resources and the seizure of "economic territories" were mutually exclusive goals. Free access could only be based on the general, universal refusal to appropriate resources and, conversely, their appropriation and the seizure of "economic territory" would unavoidably undermine unlimited access. The simultaneous attainment of both goals would be possible only if imperialism could dominate this sphere totally and employ forceful pressure with impunity. But the era of imperialist domination is now in the past and imperialism's opportunities to use force have been considerably limited. The world socialist system has resolutely rebuffed imperialist claims. The states which have freed themselves of colonial oppression have formed a strong group and are waging a joint struggle against imperialism and for the reorganization of international economic relations, the recognition of

their inalienable sovereign rights to their own natural resources and the establishment of the principle of equal and mutually beneficial cooperation. Under these conditions, imperialism has not been able to force the world community to accept its ideas about the distribution of world ocean resources.

The struggle for the mineral resources of the world ocean became particularly intense in recent decades. Its object is the deep sea bed beyond the continental shelf and the large ferromanganese deposits in this region. Even in the first half of the 1960's, the knowledge about these concretions already suggested that their exploitation could be extremely promising. These concretions contain nickel, manganese, cobalt and copper in sufficient quantities for effective refining. The American business community has displayed a growing interest in them.

The U.S.-proposed "internationalization" and "international regulation" of the exploitation of these deposits presupposed the unimpeded access of American raw material monopolies to the ferromanganese concretions. The United States agreed to the establishment of an international organization to create the illusion of collective activity by mankind in the new sphere of world ocean exploitation. In essence, this was only a screen, using "international law" to cover up the seizure of sea bed resources by American corporations.

In December 1970 the UN General Assembly adopted Resolution 2749, which defined the sea bed region beyond the boundaries of national jurisdiction and its resources the "common heritage of mankind," which would have to be utilized in accordance with international regulations. These regulations, however, still had to be worked out. This was the function of the First Committee of the Third UN Conference on the Law of the Sea, which began in 1973.

The development of international sea bed regulations was connected with significant difficulties. This was the first time in history that questions had been raised about the principles and standards of the use of resources in the international sea bed region. In addition to the difficulties which inevitably accompanied the resolution of any new problem, there were difficulties connected with the mounting crises in international economic relations and the division of labor in the world capitalist economic system. The beginning of the conference coincided with such major events as the advancement of the program for the new international economic order, the adoption of the Charter of Economic Rights and Obligations of States in the United Nations (incidentally, it also included a statement about the sea bed region as the "common heritage of mankind") and others.

When the sea bed regulations were being drafted, the struggle for the reorganization of international economic relations was reflected in the sharply conflicting interests of the West and the developing countries. These countries categorically rejected the idea of unimpeded access to sea bed resources, which indisputably served the interests of large raw material monopolies. Without going into the details of the struggle over the international sea bed regulations, we should note that the regulations were finally drafted and became part of the 11th draft of the all-encompassing sea law convention. This draft had nothing in common with the screen of "international law" for the monopolies which was once proposed by the United States and was supported by its partners in Western Europe and Japan.

The final draft did take the interests of all groups of countries into account and, what is particularly important, was consistent with the proposals of the developing states. During the ninth session in 1980 it reached a level of accord which indicated that it contained virtually no problems which had not been settled by means of compromises. In other words, this draft of the international regulations was acknowledged to be essentially acceptable by all groups of states, including the United States and its partners. Now, however, the United States is proposing its radical remodeling to suit the interests of its corporations.

The 1980 act on deep-sea resources, which was adopted in the United States on a unilateral basis and was intended to guarantee American companies access to the resources of the international sea bed region, represented a preparatory move toward the U.S. position of overt obstruction and the subversion of the talks at the UN Conference on the Law of the Sea. Even earlier, in 1976, a law had been passed in the United States on a 200-mile fishing zone.

The 1980 act essentially started a new round in the imperialist race for maritime wealth. After it had been signed by President Carter, American diplomats made a massive effort to convince conference participants that the United States supported the convention regulations and that the national law would be subordinate to these regulations. Today it is obvious that the Reagan Administration is trying to establish alternative regulations for the unilateral seizure of sea bed resources with the aid of other capitalist sea powers.

The "club" of sea powers working the sea bed, "operating on the basis of mutuality," would represent, according to the plans of its advocates, an alternative to the international accord. In view of the fact that it would have a monopoly on deep-sea mining technology, the international regulations, which would be virtually ignored by the members of this "club," would make the convention an empty declaration.

The idea of the "mini-convention" was brought up with the expectation that other capitalist sea powers would subscribe to it. Certainly, if the United States, after passing the appropriate law, would begin to issue licenses covering certain areas, each license would deprive, for instance, the FRG, England or France of an area in which their companies could enter on the basis of the international convention. According to American plans, the logic of the competitive struggle was supposed to urge the United States' Western European and other partners to take the same measures so that they would not be too late to participate in the division process "on the basis of mutuality." This expectation was valid.

In June 1980 Carter signed a law on the exploitation of deep sea bed resources. Similar laws were then passed in the FRG, England and France. The "mini-convention" began to take shape. The basic provisions of each of these laws made references to the validity of unilateral action based on the 1958 convention on the open seas, envisaging the establishment of a license mechanism for the apportionment of certain areas for prospecting and mining and included statements about countries "operating on the basis of mutuality," about the transfer of a negligible portion of revenues to a future sea bed organ (without the assumption of any specific commitments) and, finally, about the possibility of revising the law if a country should subscribe to the international regulations and take on the corresponding obligations.

When Carter was in office, the idea of the "mini-convention" was used to blackmail and pressure conference participants. Now it represents an imperialist alternative to the international regulations worked out at the conference. It disregards the interests of the overwhelming majority of countries and peoples, represents an unconcealed change to mankind and denies the principles of international cooperation and collective effort based on mutually acceptable regulation with a view to the lawful rights and interests of all states. Imperialism is trying to reverse the development of world economic relations. This is a throwback to the imperialist strategy of conquest and an integral part of American imperialism's revived policy of authoritarianism in the system of international relations.

"Maritime imperialism," which is reflected in the unilateral laws passed by the United States and several other Western countries and their attempts to conclude the "mini-convention," is aimed at the seizure of "economic territory" in the world ocean and was condemned by the overwhelming majority of states from the rostrum of the Conference on the Law of the Sea and the UN General Assembly.

"All representatives," the Soviet delegation stressed at the conference on 19 March 1979, "agree that the regulations governing the sea bed, including the system for the prospecting and exploitation of its resources, are an extremely important integral part of the overall mutually acceptable 'package' resolution of the main problems connected with the world ocean.... The Soviet delegation is still resolutely opposed to any unilateral national legislative acts and behavior which complicates the work of the conference."⁴ The other socialist countries also condemned unilateral actions and did not support the legal doctrine lying at their bases.

The foreign ministers of the "Group of 77" adopted a resolution and distributed it in the United Nations on 27 October 1979. It stated that any unilateral measures, legislation and agreements pertaining to the exploitation of sea bed resources and extending to a limited number of states were illegal and violated the firmly established and imperative standards of international law.⁵

Another document of the "Group of 77," dated 29 August 1980, also deserves mention. It noted that "the United States of America passed a law (96-283) on 28 June 1980, unilaterally allowing its citizens to prospect and exploit the resources of the international region. The Federal Republic of Germany is also preparing to adopt unilateral legislation. Similar attempts are now being made in other industrially developed countries.... This legislation or planned legislation and all future limited agreements represent a violation of, or deliberate intent to violate, the basic principles of international law governing this region. For this reason, all unilateral legislation and activity will be unlawful actions, will unavoidably entail liability and will seriously endanger the positive results of the Third UN Conference on the Law of the Sea."⁶ The members of the "Group of 77" went on to declare that they would feel free to take legal action against states responsible for the adoption of unilateral legislation and limited agreements and for the activities of specific physical or legal persons acting in violation of international law. Pointing out the danger of unilateral action, the "Group of 77" stressed that "disputes connected with the unlawful appropriation of sea bed mineral resources could imperil international peace and security at any time."⁷

The 10th session of the Conference on the Law of the Sea concentrated mainly on the exposure and condemnation of the obstructionist line of the United States, which was intended to subvert international regulation. When S. P. Kozyrev, the head of the Soviet delegation, spoke at a plenary session of the conference on 5 August 1981, he remarked: "The present position of the United States and its actual rejection of previous agreements are inconsistent with the universally recognized principle of the conscientious observance of commitments and the principle of adhering to legal precedents in international relations. The observance of these universally recognized principles of international relations creates the necessary guarantee of their stability and normal development. Otherwise, individual states could take arbitrary and unilateral selfish actions in international affairs and, in particular, in the use of the world ocean, and this would lead unavoidably to friction and conflicts between states. A question naturally arises: Is the United States' new line at our conference, which it has been pursuing since March of this year, intended to subvert the talks on the unified convention on the law of the sea so that it can have a free hand for unilateral actions and for the arbitrary seizure of the waters and resources of the world ocean? In connection with this, it should be stressed quite definitely that the United States and the countries supporting this line would bear all of the responsibility for the ruinous consequences of this line."

Guided by the instructions of the Government of the USSR, the Soviet delegation announced that, in spite of the difficulties created by the U.S. position at the conference, the Soviet Union was still firmly in favor of the mutually acceptable settlement of the main legal problems connected with the world ocean as quickly as possible and the adoption of an all-encompassing convention on sea law based on the existing draft.

During the course of the 10th session, the group of European socialist countries proposed that, in accordance with previous conference decisions (dated 28 August 1980), the program for the concluding stage of the session would envisage not only the conclusion of the talks on all unsettled matters and the assignment of official status to the draft convention, but also its adoption immediately afterward. Continuing to advocate the adoption of the convention by means of a consensus, representatives from the socialist countries stressed that if individual delegations (the United States) would continue to object to the adoption of the convention based on the existing draft and thereby prevent the attainment of a consensus, the group of socialist countries would be prepared to cooperate with the conference majority and adopt the convention as a whole by means of a vote.

The obstructionist line of the United States and its demands for the radical disruption of part XI of the draft convention ("The Sea Bed") were unanimously rebuffed at the 10th session in statements by representatives of the "Group of 77." The chairman of this group said on 17 August 1981 that the provisions of the draft convention were not discriminatory, as the United States had alleged. They are intended to limit discrimination against the poor, weak and technologically underdeveloped countries of the world. "If the United States has no wish to respect the compromises, we can assume that the United States has an extremely selective interpretation of these compromises. It wants to retain only the elements that are convenient and reject the inconvenient ones. This is an unacceptable approach which cannot serve as a basis for long-term agreements."

The chairman went on to stress that the composition of the council and the decisionmaking procedure within the council were two of the most pressing conference issues and that the compromises reached on these matters by the ninth session were the result of long and tense talks and reconsideration on both sides: "The resulting formula does not reflect the position of the 'Group of 77,' which consistently favored the adoption of decisions by a two-thirds majority. Now it turns out that the U.S. delegation would like to discard this compromise and resume the arguments that have been heard so many times in various conference organs and which have already been answered appropriately by other conference participants."

The "Group of 77" quite justifiably rejected the idea of a veto, proportional voting or voting according to special categories: "Any attempt to revive these alternatives will lead to the same firm reply. In today's world it is impossible to demand that any one state be granted the kind of control the United States wants. This is unrealistic and unacceptable." Examining all of the U.S. demands point by point and demolishing each one in succession, the "Group of 77" voiced the following conclusion: "We have come a long way from our initial position. We have made all possible concessions. We have nothing left to give. All negotiations reach a stage at which participants must stop making new demands. We have sacrificed many of our interests. We can sacrifice no more. And we cannot allow the work of many years to be wasted."⁸

The 10th session of the conference spent a great deal of time and effort on the struggle against the obstructionist line of the United States, which is essentially mainly to blame for the failure to adopt the convention in 1981, as envisaged in the conference decision of 28 August 1980. But the work of the session was not in vain. It produced important results. In the first place, the imperialist aims of the United States were unanimously rebuffed. The American demands were rejected. In the second place, the conference summed up the results of all of its work and resolved to give the draft convention official status, which reflected the consensus of the overwhelming majority of states. In the third place, while the conference was working on the resolution of previously unsettled issues, particularly with regard to the principles of delimitation, it decided that the international sea bed organ would be located in Jamaica and the international tribunal on the law of the sea would be located in Hamburg. In this way, the agreements reached on the draft convention were made final and irreversible. The fourth result stemmed from this--the imperialist idea of the "mini-convention" was rejected, paving the way for the conclusion of the talks and the adoption of the all-encompassing convention at the 11th session.

On 27 August 1981, the chairman of the conference, T. Koh, noted in a press release that the program for the coming 11th session contained a precise schedule and strict deadlines and reflected the collective determination of all delegations to accomplish the successful completion of the conference with or without the participation of the United States--preferably with its participation--and said that, in contrast to previous sessions, "we do not intend to lose sight of this obligation."

At the recently completed 36th session of the UN General Assembly, delegations from many countries spoke in favor of the decisions of the 10th conference session and censured the imperialist practices of unilateral seizure and authoritarianism

in the world ocean. Indonesian Foreign Minister Kusumaatmadja said: "At its last session in Geneva, the Third UN Conference on the Law of the Sea was able to overcome several principal difficulties in spite of the reluctance of the United States to take on any commitments regarding existing agreements.... Indonesia, along with the overwhelming majority of conference participants, hopes that the session in New York next spring will be the last session and that the signing ceremony will take place in 1982 in Caracas."⁹ The overwhelming majority of countries, stressed Brazilian Foreign Minister Saraiva Guerreiro, have no wish to return to the discussion of the basic provisions of the draft convention prepared at the conference. He noted the international community's firm intention to adopt the convention and sign it in 1982.¹⁰ The importance of adopting the convention on sea law without delay was also mentioned by Mexican Foreign Minister J. Castaneda, who noted that its absence would create difficulties, uncertainty and, what is more, chaos or anarchy in an area where the international community has a particular need for clarity and stability.¹¹ In turn, Indian Foreign Minister Rao stressed: "The resources of the international sea bed were declared the 'common heritage of mankind.' The orderly development of these resources and their efficient management in the interests of all mankind are imperative. We hope that the conference will complete its work successfully in Caracas in September 1982 without returning to matters that have already been settled."¹²

These and many other statements made from the rostrum of the UN General Assembly reflect the prevailing tendency in world politics toward the mutually acceptable settlement of world ocean problems and the struggle against "maritime imperialism."

The adoption of the all-encompassing convention on sea law has become a primary objective of the international community. The draft of this convention was prepared at the conference and reflects the legal rights and interests of all countries and peoples. It is opposed to the policy of "maritime imperialism" and serves the interests of peace and egalitarian cooperation. The settlement of world ocean problems must be completed at the concluding 11th session of the conference in March-April 1982.

FOOTNOTES

1. PRAVDA, 23 September 1981.
2. "Statement by Ambassador James L. Malone, Special Representative of the President of the United States for the Third United Nations Conference on the Law of the Sea," Plenary, 5 August 1981, pp 1-8.
3. V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], vol 27, p 381.
4. "The Third UN Conference on the Law of the Sea. Official Reports," vol XI, New York, 1980, p 7.
5. See UN DOC A/34/611, 23 October 1979, p 2.
6. UN DOC A/CONF. 62/106, 23 September 1980, pp 2-3.

7. Ibid., p 10.
8. "Statement by Chairman of Group of 77," 17 August 1981, pp 6, 10, 13.
9. UN DOC A/36/PV. 14, p 52.
10. UN DOC A/36/PV. 5, p 8.
11. UN DOC A/36/PV. 17, p 73.
12. UN DOC A/36/PV. 15, p 13

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UNITED STATES PUTS OWN INTERESTS AHEAD OF ALLIES' ON PIPELINE

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 3, Mar 82
(signed to press 19 Feb 82) pp 104-107

[Article by V. Lukov and A. Zagorskiy: "The White House Against the 'Project of the Century'"]

[Text] Washington's move to a policy of confrontation with the socialist world, its attempts to undermine detente and its desire to secure its own imperial aims make up the policy line the present U.S. Administration is pursuing and has imposed on its NATO allies. After announcing its economic "sanctions" against Poland and the Soviet Union, Washington demanded that the Western European states follow its example. When these countries refused to do this and defended their own national interests, U.S. ruling circles launched a massive propaganda campaign against them--fully in the spirit of "psychological warfare." The entire matter went so far that some American press organs even began to discuss the possibility of the withdrawal of U.S. troops from Western Europe and the redirection of economic relations to other parts of the world if the Western Europeans should choose not to follow Washington's orders. The special session of the NATO Council in Brussels in January quite vividly demonstrated that the North Atlantic bloc is being used by the United States to force the Western Europeans to accept a policy alien to their interests and to undermine the system of East-West economic relations that took shape under the direct influence of the Final Act of the all-Europe conference.

I

One of the targets of particularly fierce U.S. attacks is a truly all-European initiative--the construction of the pipeline connecting the USSR with Western Europe, which the world press calls the "project of the century" and the "largest East-West trade contract in history." The project is based on a set of agreements between Soviet foreign trade organizations and a group of Western European firms regarding the delivery of equipment on a compensatory basis for the construction of the pipeline. The scales and potential value of the project are attested to by its correspondence to the long-range economic needs of several European states. After all, as speakers noted at the 11th world energy conference (in Munich in September 1980), gas should account for more than 20 percent of the world fuel and energy balance by the 21st century, leaving oil far behind. A considerable increase is anticipated in the Western European demand for gas.

As soon as Soviet and Western European representatives began to discuss cooperation in gas production, Washington responded with unconcealed irritation. It made feverish attempts to keep Western European firms from participating in the construction of the gas line. When the leaders of the seven main capitalist states met in Ottawa in July 1981, President Reagan was already trying to talk the governments of the FRG, France and Italy out of participating in the project, promising Western Europe some kind of "alternative energy supplies" in exchange.

In fall 1981 Washington began a new "anti-gas" campaign. High-level State Department officials were sent to Western Europe--first Assistant Secretary of State R. Hormats and then Under Secretary for Economic Affairs M. Rashish--for the purpose of, according to the CHRISTIAN SCIENCE MONITOR, urging the Western Europeans to refuse to participate in this project. Some members of the American Congress also joined in the struggle. For example, Senator J. Garn made the demagogic statement that the construction of a gas line would give the USSR "more opportunities for the economic and political blackmail" of the Western Europeans. American official circles and propaganda agencies are persistently suggesting to the Europeans that larger imports of Soviet gas will lead to the "inadmissible growth of their dependence" on the Soviet Union, will "undermine the security" of the NATO countries and will simultaneously aid in the "augmentation of Soviet military strength." These arguments, however, have not been taken seriously by political officials in the Western European countries and have been refuted by energy experts. For example, a document prepared by the West German Ministry for Economics in November 1981 noted that even the doubling of Soviet shipments of gas to the FRG "will not lead to unacceptable onesided dependence in the energy sphere."

What are Washington's real motives? This is certainly not a matter involving the "concern" of U.S. ruling circles about the "security" and "independence" of their European partners, but of the international energy strategy of American imperialism, called the "resource war" by its ideologists and politicians. This "war," according to Senator H. Jackson, will involve "all of the political, economic and military alternatives available to the United States."* Its most energetic promoters are Secretary of State A. Haig, Secretary of the Interior J. Watt and Chairman J. Santini of the House Subcommittee on Mines and Mining. The Central Intelligence Agency is the actual headquarters of this undeclared war.

The energy strategy of the United States is intended to secure it supreme status in the international energy ties in the non-socialist world, and this is being done at the cost of the truly vital interests of many states, including the United States' closest allies. This is also closely related to another of Washington's goals--the minimization of Soviet-Western European trade in fuel and energy resources. The diversification of Western European sources of energy is viewed from only one vantage point in the United States--the possibility of losing the "energy" instrument of pressure on its partners. Besides this, the development of long-term economic cooperation in Europe, which is one element of the process of detente, does not fit in with Washington's plans to bring back the cold war.

* "Geopolitics of Oil. Hearings Before the Committee on Energy and National Resources. U.S. Senate, 96th Congress, 2d Session," Washington, 1980, p 1.

The energy policy of U.S. ruling circles protects the interests of American oil monopolies, which hold impressive positions in the Western European economy. According to a French magazine, LE NOUVEL ECONOMISTE, 7 of the 16 major oil companies operating here are branches of Exxon, Texaco, Mobil Oil and other American firms. Their capital accounts for more than 10.8 percent of the total capital of the 100 leading industrial corporations in Western Europe, and their share of total turnover is around 19 percent.* The EEC gas industry, which is considered to be promising, has been assigned an important place in the plans of the giant American oil monopolies, which hope to secure strategic positions in this industry. Along with the unconcealed anti-Soviet aims of Washington's "hawks," these selfish plans are heating up the campaign launched by U.S. ruling circles against broader cooperation by the Western European countries with the USSR in the fuel and energy sphere.

II

The American Administration has chosen the events in and around Poland as a new pretext for attacks on the pipeline project. American Secretary of Defense C. Weinberger has made a special effort to "link" the anti-Polish campaign with the attacks on Soviet-Western European cooperation in power engineering. On 21 December he "expressed the hope" that the Western Europeans would refuse to participate in the pipeline project after the institution of martial law in Poland. At this time, the Pentagon chief added the extremely indicative statement that the United States was "considering all possibilities" for the exertion of pressure on Poland and the USSR. On 29 December President Reagan announced that discriminatory measures would be taken against the USSR, including the issuance of no more licenses for oil and gas production equipment to be shipped to the Soviet Union.

A special delegation from the State Department and the Department of the Treasury, headed by Assistant Secretary of State for European Affairs L. Eagleburger, was quickly sent to Western Europe. According to the WASHINGTON POST, it was supposed to prepare a "Western response to the events in Poland, 'directed' against the Soviet Union as well as the Polish authorities."

At the same time, the American mass media tried to turn the problem of Western European participation in the pipeline project into some kind of "test of loyalty" to the North Atlantic bloc and a "test of strength" of ally relations within NATO. For example, the CHRISTIAN SCIENCE MONITOR remarked that these agreements might become a "decisive factor" in future relations between the United States and Western Europe.

The Western Europeans realize, however, that their participation in any kind of "sanctions" will primarily harm their own interests. The motives by which they are guided were explained--specifically with regard to the FRG--by G. J. Wishnewski, one of the leaders of the SPD: "The interests of the United States and the FRG in this matter naturally differ. Trade keeps our country alive. We know from our own experience that exports cannot be turned on and off like a faucet.... When we make any decision, we must consider our own interests as well as bloc solidarity. This also applies to Poland." When he was asked by DER SPIEGEL whether the

* LE NOUVEL ECONOMISTE, November 1980, pp 26-27.

government of the FRG could resist the American demands for "sanctions" for long, he replied: "We have dared to do this." He then added: "We are not alone in our views in Europe."

The government of the FRG announced its "intention to continue pursuing a policy of economic cooperation with the USSR." Expressing the opinion of the West German business community, President O. von Amerongen of a German industrial trade association stressed that the pipeline project would be completed and condemned the practice of "using the weapon of economic sanctions which can further restrict already precarious world trade."

Political and industrial circles in the FRG have pointed out the groundlessness of the American Administration's arguments against the construction of the pipeline and have directed attention to the negative consequences that would ensue if the FRG should refuse to participate in this project. For example, PARLAMENTARISCH-POLITISCHER PRESSEDIENST, a West German weekly closely associated with government circles, reported that "the frightening specter of the FRG's supposed dependence on the Soviet Union, which the Reagan Administration is using for the purpose of intimidation, has not had the desired effect on the government and industrial concerns of the FRG." On the contrary, the weekly commented, breaking the contract would harm West German economic interests because "it could endanger the entire sphere of Eastern exports, in which 220,000 people are employed." Speculating about the possible consequences of the observance of American "penalizing measures," the FRANKFURTER RUNDSCHAU newspaper noted that West Germany would then have to "give up Iranian and Libyan oil and gas from the Soviet Union. The Federal Republic, which imports most of its energy, would be left emptyhanded."

As for the position taken by firms directly involved in the project, a Ruhrgas spokesman announced that the contract would not be affected by the American measures, and the administration of the Mannesmann concern reaffirmed its determination to stand by the agreement it had signed with the Soviet Union.

The French leaders declared their reluctance to restrict sales of equipment and technology to the Soviet Union. "No one in Paris believes," FIGARO reported, "that the contract (for the gas line--Author) will be put in question even if the United States takes a tough stand." According to the same newspaper, the consequences of the U.S.-imposed policy of economic and other sanctions could be much more serious for the Western European economy than for American industrialists.

The Western Europeans' growing realization of the selfish nature of the U.S. position is attested to by the following statement in an American newspaper, the BALTIMORE SUN: "The citizens of the NATO countries, many of whom are already disposed against Reagan, will unavoidably begin to wonder if the President plans to inflict more harm on his allies than on the Russians.... Reagan's attempt to stop the construction of the pipeline could have the opposite result."

The new round of Washington's "anti-gas" campaign has aroused unconcealed irritation in Western Europe. "The Americans are well aware that the Western European countries are disgusted by this kind of discriminatory measure," said FRANKFURTER RUNDSCHAU, "but people in Washington hope to employ pressure and persuasion to force the allies to subscribe to the American sanction policy. A conflict has

thereby been programmed. This is a conflict reflecting the difference of interests in the Western alliance."

The depth of the "pre-programmed conflict" was clearly demonstrated during the summit-level American-West German talks in Washington at the beginning of January 1982. As West German correspondents noted, "Chancellor Schmidt's latest U.S. visit was the most difficult of them all." According to reports in the press, the American side demanded that the FRG take measures against Poland and the Soviet Union, "parallel" to Washington's actions, threatening that the refusal to do so would be followed by the "most serious consequences." Besides this, Reagan asked Bonn to help the United States "discipline" the other NATO members in the matter of the sanctions, saying that the United States wanted "the specific response of the North Atlantic alliance to be given right now." The American leadership's massive attack on the chancellor of the FRG did not, however, produce the desired results.

At the Brussels conference of NATO foreign ministers, American diplomats resorted to veritable arm-twisting to force the European allies to display the "firmness" demanded by the White House, including a firm approach to the question of cooperation with the USSR in power engineering. Although Washington did achieve the adoption of a statement on the events in Poland, which represents flagrant intervention in the internal affairs of a sovereign state, the United States was unable to talk the Western European countries out of taking part in economic cooperation with the Soviet Union.

The agreement concluded on 23 January 1982 by the Soviet Soyuzgazeksport organization and the French Government-owned Gaz de France on the delivery of gas from the Soviet Union to France for 25 years, starting in 1984, was interpreted by the FRENCH PRESS AGENCY as confirmation of France's independent policy. Several French firms signed contracts on the export of equipment to the USSR.

The leaders of NATO did not hesitate to express their "displeasure" with the Soviet-French transaction. Secretary General J. Luns said, in particular, that this project "could be quite dangerous and has some alarming features."

"France has embarked upon a course," President F. Mitterand stressed, "from which no one will be able to divert it. It is engaged in independent policymaking, which is a guarantee of its security and a condition of its struggle for peace and freedom." According to Prime Minister P. Mauroy, "adhering to the logic of the economic blockade is the same as adhering to the logic of war." The French Ministry of Foreign Affairs expressed the opinion that "France must free itself of eternal dependence on oil and the dollar." Broader foreign economic ties with the Soviet Union are fully consistent with this aim.

According to reports in the Western press, the Reagan Administration is considering new ways of pressuring its allies. In particular, plans call for sanctions against the Western European companies which are using American licenses to produce turbines, compressors and other equipment to be used in the construction of the pipeline.

The events of recent months testify that all of the successive rounds of U.S. pressure on the Western European allies are not producing the results anticipated by Washington.

Broad segments of the Western European public are persistently demanding that their governments not give in to U.S. pressure and that they pursue a policy corresponding to the vital interests of the European people and the principles of multilateral cooperation, mutual benefit and equality, declared in the Charter of peaceful life in Europe--the Helsinki Final Act.

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NEW GREEK ECONOMIC, FOREIGN POLICIES EXAMINED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 3, Mar 82
(signed to press 19 Feb 82) pp 112-114

[Article by S. Andreyev: "Greece--The First Steps Toward Change"]

[Text] Almost half a year has gone by since the day in October 1981 when the Panhellenic Socialist Movement (PASOK) took power in Greece after winning a conclusive victory in the parliamentary elections. Up to this time, however, questions connected with further political developments in the country are not only a matter of cardinal concern to the Greek public but are also of constant interest to foreign observers, especially in the United States, where the American leadership has assigned Greece a special role in its military-strategic plans.

The great hopes aroused in the Greeks by PASOK's campaign promises are understandable. "Allagi! (Reforms!)"--chanted the thousands who had gathered in front of the presidential mansion to watch new Prime Minister A. Papandreou be sworn in. The Greeks were demanding changes in domestic and foreign policy. The rightist New Democracy party, which was in power for the last 7 years, suffered a crushing defeat.

The New Democracy was able to take power in 1974 on the strength of its promises to carry out profound democratic reforms in the social and economic spheres. After its leaders had established their authority, however, they subordinated their policy to the interests of overseas monopoly capital and rejected a multifaceted foreign policy in favor of a line based on the idea that "Greece belongs to the West." As a result, they lost more voter support each year: Whereas in 1974 the New Democracy received 54 percent of the vote, the figure was already down 42 percent in the early parliamentary election of 1977, and the party just barely won 36 percent of the vote in October 1981.

When the leaders of this party climbed down from the political stage, they left behind a complex political and socioeconomic legacy. The main elements of this legacy are unemployment, which has approached a dangerous level, inflation, which has reached 27 percent, and the domineering practices of foreign monopolies. Industrial production growth has decreased significantly for the first time in 30 years. Greece's foreign debt now totals 2.5 billion dollars. The traditional exports of Greek agricultural products has decreased. The widespread confusion in the credit, financial and tax spheres has been used by business groups for

financial intrigues. The status of the laboring public has been affected more and more by the actual absence of any public health care accessible to laborers. The government has still not been completely purged of the people who discredited themselves by collaborating with the "black colonels."

It has become increasingly apparent that Greece's participation in NATO and the EEC has injured the country's national sovereignty and is only complicating the problems that have accumulated. There are still several unresolved problems in Greco-Turkish relations. Besides this, the previous government's recognition and support of the separate Camp David agreements complicated the traditionally friendly relations with the Arab countries.

As an alternative to this policy, which was contrary to the national interests, PASOK proposed a program of democratic reforms. This is what won the Panhellenic Socialist Movement the support of the broad working masses and the petty and middle bourgeoisie.

As the leader of PASOK stressed, the changes his party proposes "will not call for revolutionary upheavals." Goals will be attained gradually, "with the aid of correct planning and the assumption of political responsibility to the degree permitted by the objective conditions of the Greek society and economy."

The emphasis in the area of domestic socioeconomic policy will be "autodynamic national development." In other words, this policy will be aimed primarily at the satisfaction of Greece's own socioeconomic needs. It has been proposed as an alternative to Greece's former "peripheral" status, dependent on the interests of foreign monopolies. At the same time, the PASOK program stresses that this policy "must not be confused with the naive desire for autarchy." "The important thing for us," A. Papandreou said, "is the capacity in which we will participate in the world economic structure: as a poor relative or in the capacity of an integral and autodynamic economic force?"

The aims of the PASOK program include expanded public consumption, free medical care for everyone, free education, the provision of each Greek family with modern and separate living quarters and the elimination of unemployment.

The measures and proposals specified in the program are of two categories. The most immediate, "fundamental changes," which are supposed to "back up" government programs, are, firstly, the collectivization of the finance and credit system and monopolistic enterprises of strategic significance and, secondly, the establishment of control over large foreign trade transactions. The proposed collectivization will not be the same as nationalization, A. Papandreou has said. With collectivization, the laborers will manage enterprises within the limits of decisions made by administrative councils, which will consist of representatives of the labor force at the given enterprise, local government officials and, if the enterprise has branches scattered throughout the country or if it is of strategic significance, representatives of the central government. The former owners of these enterprises will receive compensation.

Papandreou's long-range "fundamental changes" include the creation and development of a system of cooperative production and cooperative trade. Cooperatives of the new type, he wrote, must be secured in legislation, and as soon as possible.

Peasant cooperatives must be created in accordance with the territorial principle. They will help to unite agriculture with industry and will assume responsibility for the entire production process, from financing to sales. They must be managed by the peasants, who will retain property rights to the land, and representatives of local government.

According to A. Papandreou, local government agencies will play the main role in the adoption and implementation of development programs.

The Greek Government informed the public of the first series of practical measures in the socioeconomic sphere at the end of 1981. These measures included, in particular, the introduction of a system of cost-of-living increases in wages and pensions. The pensions which will now be received by women employed in agriculture will be commensurate with men's pensions. More credit will be extended to workers and employees for housing construction.

It will not be a simple matter, however, to carry out the changes promised by the new Greek leaders. Not all of the complications will be internal. Greece is one of the states in which Washington is particularly interested. The American leaders view this country primarily as a bridgehead on the borders of the socialist community and as a springboard for the U.S. "rapid deployment forces." This is why A. Papandreou said with regret not long before the last election that "no one can become the prime minister of Greece without the consent of the President of the United States." The U.S. State Department has announced that the American Government will reserve its judgment of the Papandreou Government.

The most crucial problem in the relations between the two countries concerns the American bases. As soon as the leader of PASOK took office, he promised that he would quickly present the United States with a "calendar" for the withdrawal of American troops. Until that time, the troops would be under the control of the Greek authorities. If operations conducted from these bases should endanger the interests of Greece or harm friendly states, he warned, Greece might demand that the United States cease all such actions.

Another matter of fundamental importance is Greece's participation in the North Atlantic Alliance. The Greek public has not forgotten that this bloc energetically supported the anti-people regime of the "black colonels." The Greeks also remember that NATO did not support Greece during the Cyprus conflict.

Judging by reports in the American press, however, Washington hopes that Greece will not sever all of its ties with NATO and that it would do no more than simply participate less in its military activities. "There are many important reasons why Papandreou should refrain from taking any radical steps," NEWSWEEK magazine remarked in this connection. "Greece is still an essentially conservative society. This particularly applies to its military leaders, some of whom have strong pro-American feelings." Besides this, the magazine stressed, if Greece were to withdraw from NATO, the allies would have to give more military assistance to Turkey, and this would certainly place Greece at a disadvantage. If Greece wants Turkey to renounce its claims to Cyprus, it will have to rely, according to NEWSWEEK, on the influence of the United States and its other NATO allies.

As for Greece's participation in the EEC, which the PASOK leader calls the "other side of NATO," the program of the Papandreou Government proposes a referendum on the question of Greece's membership in the Common Market because, in Papandreou's view, the country's participation in this economic group is only "intensifying many Greek economic problems and creating new ones." Prior to this, he stated several times that the EEC protects the interests of international monopoly capital, that it is limiting Greece's developmental horizons and that it will perpetuate its peripheral status as a satellite.

At the same time, it should be noted that now that the leader of PASOK has taken power, he recognizes Greece's membership in the Common Market as a "fait accompli" and is inclined to demand only some revision of the conditions of EEC membership.

The vague and sometimes contradictory statements and actions of the PASOK leadership with regard to the EEC, NATO and some other issues are being criticized by other leftist forces in the country. The Communist Party of Greece, for example, felt the need to abstain from the parliamentary vote on the government program. It has insisted that the country must withdraw from the NATO military organization without delay, that American bases be removed from Greek territory as quickly as possible and that the country be free of all binding agreements with the Common Market.

The pressure Washington has exerted and is still exerting on its European partners to obtain their approval and support of the sanctions against Poland and the Soviet Union are in sharp contrast to the Greek leaders' announced policy of establishing friendly ties with all peoples in the world. The Greek Government's statement about the results of conference of NATO foreign ministers in January 1982 says that Greece cannot approve of sanctions against Poland and other socialist countries. "We will not be swayed by the crocodile tears of American imperialism, which has suddenly started sympathizing with the Polish laboring public and talking about the freedoms which are being disregarded and which it is so generously 'defending' in all parts of the world," remarked EKSORMISIS, the newspaper of the ruling PASOK party. "We disapprove of the kind of irritation that is being stirred up by the United States and is directed against the interests of the Polish people. We believe that our position serves the main objective--the cause of peace."

The Greek leaders reaffirmed their intention to perceptibly expand trade and economic relations with the Soviet Union and other socialist countries in the future. In particular, within the framework of the long-range agreement on the development of economic and industrial cooperation between Greece and the USSR, two large hydroelectric power stations are to be built with the technical assistance of the USSR. They will produce up to 15 percent of the country's total output of electricity. Athens attaches great significance to its imports of Soviet natural gas and its traditional exports of citrus fruits, 80 percent of which are sent to the socialist countries. Plans also call for extensive cooperation with other socialist countries, especially Yugoslavia, Romania and Bulgaria.

People in Athens are now stressing Greece's desire to develop relations with all countries, particularly in the Balkan and Mediterranean regions. The Greek leaders have supported the proposal of the socialist countries regarding the transformation

of the Balkans into a nuclear-free zone and the development of "constructive co-operation and friendship between countries in this region in order to create a zone of peace."

These are the landmarks along the path PASOK wants Greece to take. Today, less than half a year after the October 1981 election, it is still too early to look for any results. "The path of reform is a long path," A. Papandreou warned when he presented his government's program. This is certainly true. The new Greek Government is just taking its first steps, but the difficulties it might encounter along the way are already apparent. Only the future will tell whether the PASOK leaders are worthy of the hopes placed in them by the broad Greek masses.

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BOOK ON FOREIGN ECONOMIC RELATIONS REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 3, Mar 82
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[Review by Ye. Yakovleva of book "Pravovyye formy nauchno-tekhnicheskogo i promyshlenno-ekonomicheskogo sotrudnichestva SSSR s kapitalisticheskimi stranami" [The Legal Forms of the USSR's Scientific-Technical and Industrial-Economic Cooperation with the Capitalist Countries], Moscow, Izdatel'stvo "Nauka", 1980, 295 pages]

[Text] The subject of this review, a book written by a group of authors and edited by Professor M. M. Boguslavskiy, analyzes the legal aspects of East-West cooperation. One of the topics discussed in the work is the problem of protecting industrial property rights. The importance of this matter has increased as the relations between states have become more complex. The authors describe a variety of modern instruments used for this purpose, assess their effectiveness and elucidate questions connected with the protection and use of the results of joint projects undertaken as part of scientific, technical and industrial cooperation.

Double taxation is now one of the most acute problems connected with the trade and economic relations of various countries. The authors of this work describe the typical methods of its elimination, stressing the correspondence of Soviet practices in this area to international standards and demonstrating that the Soviet methods are intended to broaden economic relations between states of the two systems.

The development of East-West ties also signifies, as the authors point out, the expansion of the sphere of arbitration activity and the institution of new arbitration requirements. For example, the increasing complexity of cooperation makes new demands on the qualifications and education of judges. It appears that the authors are correct in concluding that permanent arbitration agencies would correspond more to the requirements of the new forms of cooperation, although this should not preclude the development of other ways of settling disputes (pp 278-280).

The authors are particularly concerned with new forms of contacts in the sphere of science and technology, industrial cooperation and currency and credit relations. These are compensatory agreements, cooperative production, several new types of license trade and others. Their increasing significance and indisputable

promise are the reasons for the authors' particular interest in them. Traditional forms of cooperation are also discussed in several chapters (IV-VIII) because, as the authors correctly point out, they are still prevalent in international economics.

The system used for the classification of various types of agreements on industrial cooperation, the description of their main features and the discussion of the major difficulties arising in the implementation of these agreements are of considerable interest.

The special chapter on transportation raises many serious questions about this specific area of international cooperation and demonstrates its increasing influence in East-West relations. It would probably have been better, however, if other branches had also been discussed in greater detail in the book, particularly those in which the new forms of contact are first employed (machine building, chemicals and electronics).

The authors must be given credit for their analysis and summarization of present-day Soviet economic cooperation with capitalist states and firms. In recent years these countries have accounted for more than a third of the USSR's foreign trade turnover. The further expansion of cooperation, considering its mutually beneficial nature, will require effective measures by the governments and business circles of the Western countries to create a favorable climate for economic contacts of this type. The authors mention specific ways of solving major problems in the development of economic contacts with the capitalist world, heightening their effectiveness, improving the trade structure and instituting new forms of cooperation. The work also contains a detailed discussion of the experience of other socialist countries, which will be of interest to Soviet establishments and enterprises involved in international economic activity.

In an interesting historical survey backed up with abundant statistical information, the authors trace the history of the concessions, joint stock societies and technical assistance agreements in our country in the 1920's and 1930's. The validity of a differentiated approach to the possibilities for the use of these forms of contact under present conditions is demonstrated. For example, concessions have less possibility of succeeding than joint enterprises.

Now that the climate in the relations between the two groups of countries has deteriorated and Western circles have thereby gained more opportunities to attack the socialist states' methods and forms of cooperation with the capitalist world, the authors' detailed and discerning analysis of bourgeois opinions about the legal aspects of cooperation is particularly pertinent.

Unfortunately, there are also some regrettable gaps in the book. In particular, it is hardly expedient for the authors of this kind of work to confine themselves only to references to the existence of legislation on international production cooperation in a number of socialist countries (p 111). We believe that a discussion of the more important legal documents of this type and an assessment of their effectiveness, of their influence and of the correspondence of their main provisions to the conditions of the USSR would be of great practical value.

The concept of industrial cooperation and its different forms are not always defined in the same way in intergovernmental agreements and programs concluded by the USSR with various capitalist countries and in contracts with foreign firms. For this reason, although we agree that the classification of different forms of cooperation according to various criteria is possible and necessary (p 97), it would probably have been best if the authors had also specified the basic indicators of the greatest practical significance.

We feel that some statements should have been developed or clarified. For example, it would be difficult to agree with the authors' definition of some forms of industrial cooperation. They essentially equate compensatory agreements with large-scale cooperation (pp 111-119). They contrast East-West cooperation to cooperation between capitalist firms only on the basis of differences in the nature of ownership (pp 104-111). We feel that this approach, although correct, is inadequate because the forms of cooperation also differ in terms of their purpose, socio-economic consequences and several other characteristics. The assessment of the economic effectiveness of various forms of contact also seems oversimplified.

On the whole, however, the work is one of the most interesting and comprehensive books written in recent years about this topic.

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