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# USSR Report

INTERNATIONAL AFFAIRS

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USSR REPORT  
INTERNATIONAL AFFAIRS

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## EAST-WEST RELATIONS

### EXPORT CREDIT BLOCKADE: 'UNTENABLE POLICY'

Moscow FOREIGN TRADE in English No 6, 1986 pp 43-46

[Article by Vitaly Shmelev, Cand. Sc. (Econ.): "The Untenable Policy of the Export Credit Blockage"]

[Text]

In recent years the leading capitalist powers have been active in using credit as an instrument for applying pressure on the socialist and developing countries. This financial pressing is seen, for instance, in the credit blockade which, like other discriminatory restrictions, is causing considerable damage to the world community, including the sponsor states initiating these sanctions. For instance, the sharp enhancement of discriminatory measures undertaken at the end of the last decade has in large measure accelerated the development of tendencies unfavourable to the capitalist countries. As at the beginning of 1985, unemployment in the OECD countries amounted to 31 million persons, a record figure for the last 40 years, while the volume of world trade for the first time in the postwar period showed a decline in absolute figures. As a result of the reduction in the import possibilities of the developing nations, caused, among other reasons, by discriminatory measures, the annual level of unemployment in the West has, according to UNCTAD estimates, risen by 8 million persons.

Discriminatory measures and embargo were taken also in respect of the socialist states. History, however, has clearly evidenced that this sort of actions has no prospect whatsoever. They ended in failure as early as the dawn of Soviet government and are doomed today when the economic potential and cooperation of the CMEA members in the fields of foreign trade and credit are invariably on the upgrade. The economic might of socialism and the unbreakable unity of the CMEA countries has brought many sanctions to nought, among them the attempts to foil plant and machinery shipments for the construction of a trunk gas pipeline, the grain embargo of 1980 and other measures about which N.I. Ryzhkov, the Chairman of the USSR Council of Ministers, addressing the participants in the Davos World Economic Forum Symposium, said: "... whenever attempts were made by way of discrimination and restrictions to

impede for the Soviet Union solution of one problem or another, such attempts invariably failed."<sup>1</sup> Equally ineffective has proved the credit blockade, including the blockade imposed on export financing. The latter was started in July 1980 by swiftly increasing the interest rates on foreign trade loans and widening the circle of debtor countries with the worst possible credit terms. Already in 1984, however, the blockade was overcome owing to the introduction by an increasing number of countries of special export credit terms in their own currency at the interest rates which had been applied prior to the imposition of the above-said sanctions.

Export credits are a specific form of loan capital, under which a loan is strictly tied in with the commodity shipments of the creditor country. They are extended on more favourable terms as compared with those of the private capital market. This preferential difference in terms is covered by the participation of the governments of the creditor countries, which by special measures and legislative acts organize the inflow of money resources to the appropriate agencies financing foreign trade. Such agencies are chiefly commercial banks and insurance companies which the state compensates for the easy terms of financing foreign trade transactions in the form of budgetary subsidies or the credits granted by the bank of issue at reduced rates of interest. In international practice such privileges are chiefly granted with respect to machinery and services for investment purposes. In financial terms the volume of privileges received by the importers of such goods and services from the governments of their suppliers' countries in the form of reduced interest rates, increased time-limits for payments of interest on loans, cheaper insurance, etc., in 1981-1982 amounted to some 7,000 million dollars, while the proportion of government-supported exports in their total volume equalled 18 per cent in the USA, 34 per cent in France, 35 per cent in Great Britain and 39 per cent in Japan.

Such a considerable volume of budgetary subsidies attests to the use of this type of financing predominantly as an instrument of foreign trade policy, thus pushing into the background its main economic function—the lender receiving profit in the form of interest. Being a form of loan capital, however, export credit continues to be dependent on the private market situation.

On the one hand, the growing budgetary outlays connected with the desire of the governments of the exporter countries to surpass their competitors in providing easy export financing terms, and the attempts of the imperialist powers to pool their efforts in using credit to bring pressure on the debtors, on the other, have compelled the creditor states to concert their actions in this area.<sup>2</sup> A special agreement on export credits was worked out by the seven leading capitalist countries in 1974. This act was not binding in character and was therefore commonly referred to as "gentlemen's agreement" (this term also continues

to be used with respect to the arrangements that have replaced it). The subsequent breaches of the agreement and the frictions between the signatories showed its ineffectiveness and on April 1, 1978, it was replaced by the Arrangements on Guidelines for Officially Supported Export Credits, whose provisions were binding on the 22 OECD members possessing national export-financing systems. Striving to emphasize their unity, the signatories to the Arrangements call them "consensus."

The Arrangements have as their principal aim the unification of the terms of government-supported export credits: term of financing (credit period), minimum interest rate (price of a loan), proportion of the value of a contract to be covered by an easy loan (minimum size of payments in cash), range of investment goods subject to this regulation (machines, equipment, metal structures, construction abroad, accompanying services). These parameters were subject to regular revision formally with a view to prevent their considerable departure from the market terms. Some signatories, however, began to use the provisions of the gentlemen's agreements to turn export credits into an instrument for pressure on the socialist and developing countries, whereas their principal objective purpose is to promote international economic ties. The text of the gentlemen's agreements implied the criterion for classifying the debtor countries, according to which they were subdivided not by the UN-accepted objective socio-economic principle: the industrial capitalist powers, the socialist countries and the newly liberated states, but in accordance with the IBRD's subjective assessment of the volume of the Gross Domestic Product (GDP) per head of the population, originally as of 1974, and since 1982—as of 1979. The prevalence of subjective factors in classifying the debtor countries no doubt opens broad possibilities for manipulating the consensus for political purposes.

Under the provisions of the OECD agreements, the preferential level of interest rates and the length of export credit periods are inversely proportional to the level of the average per capita GDP of the debtor countries, broken up accordingly into three groups. The first group of "relatively rich" countries, to which the most rigid credit terms are applicable, includes the debtor countries with a per capita GDP exceeding 4,000 dollars. The third group ("relatively poor" countries) includes the states with an income of less than 624 dollars (prior to 1982—less than 681 dollars). They enjoy the most preferential treatment. The second, "intermediate" group includes all the remaining countries. The scale of ordinary rates of the consensus, the so-called matrix, is constructed depending on the group of debtors and the gradation of credit periods: medium-term (from 2 to 5 years) and long-term (from 5 to 8.5 and 10 years). Originally the rates were subject to annual revision and at the same time it was possible to apply to debtors in the different groups more or less strict credit terms. In the period of credit blockade this possibility of "regrouping" was actively used against the socialist countries. In May 1982, the GDR, the USSR and Czechoslovakia were included in the first group, least favourable to them,

basically for political considerations. Similar actions were also undertaken against the developing nations. In all, over the 1980s up to 65 states had less favourable conditions of financing imposed on them by the OECD. That the reshuffling of the debtor countries within the framework of the consensus was made for political reasons is also evidenced by the fact that the industrial Republic of South Africa has remained in the "intermediate" group.

Simultaneously the terms of financing began to toughen as concerns the credit period as well. In 1981 the OECD decided to extend long-term easy export credits (for 8.5 to 10 years) only to the third group of debtors, while in 1982 it was decided to grant other medium-term loans (from 5 to 8.5 years) to "relatively rich" countries only by way of exception.

The course being steered by the imperialist circles towards confrontation is evidenced by the growth of the matrix rates in the gentlemen's agreement. In the period of the signing late in the 1970s these rates were at a normal (as regards export crediting) level of 7 to 8 per cent, whereas in the current decade their steep spiraling has been provoked. Compared with the late 1970s, by mid-1984 the matrix rates for different groups of debtors had reached a ceiling of 13.6 per cent per annum, i.e., nearly doubled. For a wide circle of importer countries the terms of crediting have in large measure become equal, while for some they have even been stiffened as compared with the terms of private capital markets. The London Interbank Offer Rate (LIBOR), which serves as a basis for computing interest on loans on the Euromoney market, may be used as an indicator of the dynamics of the cost of international private credit. Of course, this rate is not a precise indicator, for it changes every six months during the entire period of loan repayments, whereas the matrix rate remains stable for the entire credit period. The LIBOR, however, reflects the level of rates on the international private capital market at each given moment. If we compare the dynamics of the LIBOR with the matrix rates (see Table I), we shall see that in the 1980s this indication had on the whole a downward tendency, whereas the cost of loans granted by the consensus showed a steep rise.

In the first six months of 1982 the LIBOR was equal to approximately 15 per cent (as against 16.6 per cent in 1981), which even without extra charges (SPREAD) exceeded the rates of the consensus. A similar picture was also observable in the third quarter, when the LIBOR dropped to 13.3 per cent. However, in the fourth quarter of 1982 and in the first and second quarters of 1983 the situation changed: the LIBOR hardly exceeded nine per cent, which was below the level of the most advantageous rates of the consensus fixed for the same period for the third group of debtor countries.

Despite the fact that the level of rates laid down in the gentlemen's agreement in 1982 was on the whole at variance with the principle of preferential state export financing, the participants at their regular meeting in May 1983, far from lowering

the rates, even prolonged the existing procedure till the autumn of that year. On October 15, 1983, the rates of interest per annum on credits extended within the framework of the consensus were slightly lowered for the second and third groups of debtors, but for the first group they remained unchanged. Such a regulation of the rates of state export financing once again kept them basically at the level of the private market rates (the LIBOR in the 4th quarter of 1983 equalled 9.95 per cent), while within the consensus the terms of crediting for "relatively rich" debtors were much worse than those for credits of the Euromoney market. On July 15, 1984, there was a new increase in the rates of the consensus (on January 15 they were not changed). What is more, in 1983 the LIBOR exceeded the level of interest per annum only for the third group for debtor countries, whereas in July 1984 the rates of interest on government credits for the second group as well were on a level with the LIBOR which was 11.83 per cent in the second quarter of 1984 and 12.19 per cent in the third.<sup>3</sup> The matrix rates of the gentlemen's agreement were lowered only in January 1985 by approximately one per cent on average for all groups of debtors, and remained so up to January 1986.

This change in the upward tendency in the matrix rates is a sign of surmounting the credit blockade which even the OECD members increasingly opposed as crisis phenomena in their economies, above all unemployment, tended to increase. What is more, it was largely because of the dollar's key role in the international capitalist monetary system and the excessively high interest rates fixed by the Federal Reserve System that enabled the USA to shift an appreciable part of its economic difficulties onto the shoulders of its partners in the consensus, whose rates of economic growth in the early 1980s were several times lower than in the USA, while their level of unemployment was twice as high. Some West European countries with France as leader began to strongly oppose the export credit blockade. Disagreement with the application of discriminatory measures in this respect is expressed first and foremost by the plant and machinery exporting firms in these countries, as stiffening the provisions of the gentlemen's agreement means reducing the possibilities for their exports. They were joined by the commercial banks which are also interested in expanding this type of government-guaranteed credits, a circumstance highly important with the ever growing international indebtedness. Firms and banks began openly to breach or circumvent the rules of the consensus, applying to their governments for support in opposing the credit blockade.

Looking for cheaper sources of financing, the exporters began ever more frequently to resort to loans of the Euromoney market or national private commercial banks, simultaneously going over to such forms of foreign trade as counter-transactions, barter operations, large-scale compensation agreements (predominantly with the developing countries).

To by-pass the consensus, wide use is made of all sorts of exceptions envisaged by the agreement itself which permit an unrestricted reduction of rates for export credits to the newly free nations by including in the sum of the loan the resources provided on "aid" terms.

The minimum proportion of this "aid" in the total sum of a mixed credit is a matter for regulation by the OECD agreement. Until recently the consensus stipulated that the "aid" quota should not be lower than 20 per cent. This limit was introduced to hold back the creditors' participation in granting such loans. In the early 1980s this type of financing accounted for up to five per cent of the total amount of export credits, while its maximum volume made up 3,500 million dollars.<sup>4</sup> It was most widely used by the FEC members, whose share in the total amount of mixed loans accounted for up to 77 per cent. The American administration decided to close this channel of "unfair competition," by proposing increasing the obligatory proportion of "aid" up to 50 per cent, in this way making this type of financing too expensive for the exporters. In April 1985 the USA managed to push this proportion to 25 per cent by putting direct pressure on its partners. The expected reduction in the volume of mixed financing will no doubt have an adverse effect on the developing states' currency situation, which has already sharply deteriorated in recent years.

However, the OECD members steering a course towards normal external economic ties, agreed to this concession only after breaking the credit blockade. The decision of participants in the consensus of October 15, 1983, made two fundamental changes in the OECD agreement. The first to be rearranged was the procedure for determining matrix rates. Originally, the scale of interest rates of the agreement had to be revised annually and fixed, by agreement between the parties, during special talks, i.e. on the basis of subjective considerations, whereas today the level of matrix rates is determined on the basis of an objective factor, the average weighted rate for short-term government securities in currencies comprising the SDR basket. Thus, the USA with its 42 per cent share in the SDR basket is in a position to actively influence the matrix rate level. In line with the dynamics of basic indicators, beginning from January 1, 1985, the matrix rates have been automatically revised every six months. For correction of the rates, the minimum change of the index over six months should not be less than 0.5 per cent, otherwise their former level is retained, as was the case on July 15, 1985. The new procedure for fixing matrix rates provides the technical basis for their lowering.

However, the principal role in overcoming the credit blockade was played by the new order of granting export credits in foreign exchange, also established on October 15, 1983. This new order signifies a qualitative change in the application of the exception previously envisaged by the consensus for countries where the cost of credits on home capital markets (prime rate) was below the minimum matrix level (i.e., it concerned the third

group of debtors). For such countries the OECD bodies fix a low interest rate currency (LIRC), which entitles their governments to finance all importers at a common rate which is 0.3 per cent above the actual prime rate level.

Prior to 1984, when the new order for the LIRC scheme began to function, this right was basically used by Japan. Today this scheme has begun to include countries whose home market rates are below the maximum matrix level, i.e., the level fixed for the first group of debtors. This made it possible to markedly widen the range of currencies of the LIRC scheme, primarily due to Australia, the FRG, Holland, Switzerland and several other countries. The list of currencies, export credits in which may be granted at so-called reference commercial rates, are published every month by the OECD Secretariat. The most important element of the new LIRC scheme is the fact that if in the past a country with a low prime rate level could only itself finance its importers on terms close to its own prime rate, today all the other members of the consensus can extend export credits in its currency and at its rates. The countries within the LIRC scheme undertake to admit to their national capital markets export creditors from other OECD member-states. In combination with this broad internationalization of banking transactions, primarily within the framework of the Euromoney market, this measure opens a real possibility for crediting any importer on the terms of the LIRC scheme. Table 2 gives the scale of rates of the LIRC scheme for the period from March 15 to April 14, 1985.

Thus, the terms of the LIRC scheme are much more favourable to the importers than the matrix terms. Compared with the latter, the level of LIRC rates is much lower and more stable. Moreover, credits in Japanese yen, Swiss francs and Deutsche marks have in fact returned to the level of matrix rates fixed at the beginning of the gentlemen's agreement.

Since the end of 1983, importers of machinery, equipment and accompanying services, including the relevant Soviet organizations, may receive credits in currencies of the LIRC scheme at an average of 7.5 to 7.75 per cent per annum, i.e., on terms generally normal for the international financing of foreign trade transactions. Moreover, rates under eight per cent per annum are applied when granting credits in ECUs, since transactions in this EEC collective currency are not specially qualified by the consensus. This is much lower than the existing maximum matrix rate of the gentlemen's agreement (12.25 per cent).

The official return of the participants in the gentlemen's agreement to the initial level of export crediting rates, albeit in a narrow range of currencies with the most stable rate of exchange, attests to the emergence of a considerable breach in the credit blockade as concerns foreign trade. Of course, similar interest rates do not always mean common terms of credit. In determining the actual cost of credit of great importance is the level of inflationary depreciation of the currency of payment. At present it is lower than in the

Table 1

Dynamics of the matrix rates of the consensus  
(per cent)

	On medium-term credits (from 2 to 5 years)					On long-term credits (from 5 to 8.5 years), third group—up to 10 years										
	from April 1978	from July 1980	from Nov. 1981	from July 1982	from Oct. 1983	from July 1984	from Jan. 1985	from Jan. 1986*	from April 1978	from July 1980	from Nov. 1981	from July 1982	from Oct. 1983	from July 1984	from Jan. 1985	from Jan. 1986*
1st group	7.75	8.50	11.00	12.15	12.15	13.35	12.00	10.95	8.00	8.75	11.25	12.40	12.40	13.60	12.25	11.20
2nd group	7.25	8.00	10.50	10.85	10.35	11.55	10.70	9.65	7.75	8.50	11.00	11.35	10.70	11.90	11.20	10.15
3rd group	7.25	7.50	10.00	10.00	9.50	10.70	9.85	8.80	7.50	7.75	10.00	10.00	9.50	10.70	9.85	8.80

\* In July 1985 the level of rates remained unchanged.

Sources: *The Banker*, February 1984, p. 31; *AFP*, Paris, January 13, 1985; *Europe*, July 11, 1985; *BIK*, January 18, 1986.

Table 2

## The Scale of Rates of the LIRC Scheme

Credit period (years)	(per cent)					
	Japanese yen	Swiss franc	Deutsche mark	Austrian schilling	Dutch guilder	
from 2 to 5	7.5(-1.0)	7.5(+0.5) <sup>1</sup> and 7.75(-0.5) <sup>2</sup>	8.65(-0.5) <sup>1</sup> and 9.26(-0.59) <sup>2</sup>	9.325(+0.05) 9.075(+0.05) 9.2(+0.05)	10.5 (-0.65)	
from 5 to 8.5						
over 8.5						

<sup>1</sup> Loan equivalent to a sum of up to 40 million SDRs.

<sup>2</sup> Over 40 million SDRs.

Note: The signs "-" and "+" show the change (decline or rise respectively) of LIRC quotations as compared with the level as on October 15, 1983.

Source: *Euromoney*, Trade Finance Report, March 1985.

mid-1970s. And as estimated, in the OECD countries in 1978-1980 this level was close to the level of rates of the consensus, whereas at present it is about 5 per cent.<sup>5</sup> To the debtor this means that even the present LIRC rates are of lesser advantage than the matrix rates in the early period of the gentlemen's agreement.

The raising of the export credit blockade restores to export credit its objective role of being a stimulator of international economic ties, thus broadening the possibilities for purchasing equipment on the OECD market. On the other hand, the creditor countries will be able, by attracting additional orders, to increase the number of jobs and improve other economic indicators. It should be noted that even in the period of the rigid blockade the foreign trade orders of the USSR alone gave employment to over one million workers in the OECD countries, or to about seven per cent of the unemployed officially registered there at the time.

In their indefatigable fight for peace, the socialist countries are consistently opposed to any kind of discrimination and *diktat* creating an unfavourable situation for the entire international intercourse. In their declaration, Maintenance of Peace and International Economic Cooperation (1984), the CMEA countries stated in part: "Every method of economic aggression, such as the use or threat of embargo, boycott or trade, credit and technological blockade, should be excluded from the practice of international intercourse."<sup>6</sup> Normal international economic relations, including the sphere of credit, are in the interest of all nations.

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<sup>1</sup> *Ekonomicheskaya Gazeta*, No. 7, 1986.

<sup>2</sup> For greater detail, see *Foreign Trade*, No. 9, 1981, p. 41.

<sup>3</sup> *International Financial Statistics*, November 1984, p. 62.

<sup>4</sup> *Financial Times*, December 13, 1984.

<sup>5</sup> *Conjoncture*, Banque Paribas, October 1984, No. 9, p. 149.

<sup>6</sup> *Pravda*, June 16, 1984.

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GENERAL ECONOMIC AFFAIRS

SOVIET FOREIGN TRADE STATISTICS: JANUARY-SEPTEMBER 1986

Moscow FOREIGN TRADE (supplement) in English No 6, 1986

[Text]

Soviet Foreign Trade by Groups of Countries

(mln rubles)

		January--September				January--September	
		1985	1986			1985	1986
TOTAL	Turnover	32478,7	32268,1	Industrial capitalist countries	Turnover	8387,6	7589,7
	Export	15612,7	16184,8		Export	3339,3	3172,1
	Import	16866,0	16083,3		Import	5048,3	4417,6
Socialist countries	Turnover	20118,5	21192,5	Developing countries	Turnover	3972,6	3485,9
	Export	10110,2	10932,5		Export	2163,2	2080,2
	Import	10008,3	10260,0		Import	1809,4	1405,7
including:							
CMEA member countries	Turnover	18277,5	19336,7		Turnover	3972,6	3485,9
	Export	9254,7	10036,6		Export	2163,2	2080,2
	Import	9022,8	9300,1		Import	1809,4	1405,7

Soviet Foreign Trade by Countries\*

(mln rubles)

Countries		January--September		Countries		January--September	
		1985	1986			1985	1986
EUROPE:				Hungary	Turnover	2219,6	2265,7
Austria	Turnover	307,7	390,8	Export	1105,9	1117,7	
	Export	141,7	155,3	Import	1113,7	1148,0	
	Import	166,0	235,5				
Belgium	Turnover	327,3	298,5	German Democratic Republic	Turnover	3735,0	3588,1
	Export	178,2	143,0	Export	1818,9	1846,5	
	Import	149,1	155,5	Import	1916,1	1741,6	
Bulgaria	Turnover	2859,1	3028,2	Greece	Turnover	133,6	65,1
	Export	1422,9	1607,3	Export	106,8	47,2	
	Import	1436,2	1420,9	Import	26,8	17,9	
Great Britain	Turnover	417,2	395,4	Denmark	Turnover	81,8	76,5
	Export	251,6	245,8	Export	60,6	34,1	
	Import	165,6	149,6	Import	21,2	42,4	
				West Berlin	Turnover	76,2	93,0
				Export	42,2	60,0	
				Import	34,0	33,0	

\* The countries are given in the Russian alphabetical order.

Countries		January—September		Countries		January—September	
		1985	1986			1985	1986
Ireland	Turnover	19,4	24,0	Czechoslovakia	Turnover	3095,6	3092,1
	Export	7,4	4,4		Export	1545,4	1537,1
	Import	12,0	19,6		Import	1550,2	1555,0
Iceland	Turnover	27,1	23,9	Switzerland	Turnover	205,5	223,8
	Export	4,7	4,6		Export	71,2	88,5
	Import	22,4	19,3		Import	134,3	135,3
Spain	Turnover	154,6	73,7	Sweden	Turnover	162,0	131,0
	Export	47,4	13,1		Export	82,8	65,9
	Import	107,2	60,6		Import	79,2	65,1
Italy	Turnover	689,6	626,6	Yugoslavia	Turnover	1391,0	1264,5
	Export	388,1	334,1		Export	613,1	546,2
	Import	301,5	292,5		Import	777,9	718,3
Liechtenstein	Turnover	3,8	4,8	ASIA:			
	Export	0,6	0,5				
	Import	3,2	4,3				
Luxembourg	Turnover	6,0	5,0	Afghanistan	Turnover	274,9	221,1
	Export	2,2	1,8		Export	183,6	152,0
	Import	3,8	3,2		Import	91,3	69,1
Malta	Turnover	3,4	5,7	Bangladesh	Turnover	14,8	12,2
	Export	0,4	1,0		Export	5,8	9,7
	Import	3,0	4,7		Import	9,0	2,5
Netherlands	Turnover	170,4	176,8	Burma	Turnover	0,2	9,0
	Export	102,9	107,0		Export	-	0
	Import	67,5	69,8		Import	0,2	9,0
Norway	Turnover	24,5	33,9	Vietnam	Turnover	355,2	411,5
	Export	9,6	10,0		Export	283,1	342,7
	Import	14,9	23,9		Import	72,1	68,8
Poland	Turnover	2654,4	2834,4	India	Turnover	731,9	512,6
	Export	1460,3	1601,0		Export	375,7	232,1
	Import	1194,1	1233,4		Import	356,2	280,5
Portugal	Turnover	36,9	20,5	Indonesia	Turnover	32,5	12,1
	Export	20,2	7,8		Export	1,9	0,7
	Import	16,7	12,7		Import	30,6	11,4
Romania	Turnover	911,1	1283,9	Jordan	Turnover	1,9	4,3
	Export	426,1	697,9		Export	1,9	4,3
	Import	485,0	586,0		Import	0	0
Federal Republic of Germany	Turnover	1534,5	1554,8	Iraq	Turnover	206,5	249,0
	Export	731,1	802,0		Export	54,2	52,3
	Import	803,4	752,8		Import	152,3	196,7
Finland	Turnover	915,6	821,0	Iran	Turnover	84,1	24,0
	Export	392,1	378,1		Export	51,4	20,1
	Import	523,5	442,9		Import	29,7	3,9
France	Turnover	915,7	788,1				
	Export	406,9	360,5				
	Import	508,8	427,6				



Countries	January-September		Countries	January-September			
	1985	1986		1985	1986		
Morocco	Turnover	17,5	32,4	Cuba	Turnover	2102,8	2433,0
	Export	3,4	19,4		Export	916,3	957,5
	Import	14,1	13,0		Import	1186,5	1475,5
Mozambique	Turnover	28,5	20,4	Mexico	Turnover	4,1	5,1
	Export	28,4	20,0		Export	0,9	1,5
	Import	0,1	0,4		Import	3,2	3,6
Nigeria	Turnover	37,0	35,0	Nicaragua	Turnover	57,4	62,0
	Export	26,5	30,9		Export	57,4	62,0
	Import	10,5	4,1		Import	0	0
Tanzania	Turnover	1,3	1,1	Panama	Turnover	2,8	1,7
	Export	0,7	0,6		Export	2,8	1,7
	Import	0,6	0,5		Import	-	-
Tunisia	Turnover	1,9	6,6	Peru	Turnover	15,9	24,1
	Export	1,6	4,4		Export	2,1	1,8
	Import	0,3	2,2		Import	13,8	22,3
Ethiopia	Turnover	90,2	54,0	United States of America	Turnover	1080,2	578,0
	Export	83,3	50,2		Export	75,1	71,0
	Import	6,9	3,8		Import	1005,1	507,0
AMERICAS:				Uruguay	Turnover	6,3	12,7
Argentina	Turnover	307,4	84,7		Export	0,3	0,1
	Export	11,9	26,0		Import	6,0	12,6
	Import	295,5	58,7	AUSTRALIA AND OCEANIA:			
Brazil	Turnover	81,8	112,1	Australia	Turnover	202,8	209,0
	Export	24,4	20,6		Export	1,3	2,7
	Import	57,4	91,5		Import	201,5	206,3
Canada	Turnover	89,8	126,9	New Zealand	Turnover	23,7	36,3
	Export	6,0	3,4		Export	0,4	0,8
	Import	83,8	123,5		Import	23,3	35,5
Colombia	Turnover	0,4	2,3				
	Export	0,4	2,3				
	Import	-	-				

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## WESTERN EUROPE

### WESTERN CP'S RELATIONS WITH TRADE UNIONS

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[Article by G. M. Adibekov, doctor of historical sciences, under the rubric "The CPSU and the World Communist Movement": "Questions of the Present-Day Policy of Communist Parties In Capitalist Countries In the Trade Union Movement"]

[Text] The Political Report by the CPSU Central Committee to the 27th Party Congress pointed out the deepening general crisis of capitalism and the process of all-encompassing dissolution of the capitalist formation, its economic and state system, policy and ideology.<sup>1</sup> This report revealed the most important manifestations of this general crisis at the present stage: an ever sharper conflict between productive forces and capitalist production relations, serious social consequences resulting from the scientific and technical revolution under the capitalist system, growth of economic and political oppression by monopolies, intensifying reaction in all areas, militarization, the moral decline of society, and the growth of internal contradictions. At the end of the 1970's and the beginning of the 1980's counterattacks by capital on the positions of the working class and all working people intensified and attempts by the bourgeoisie to deprive working people of their social gains increased. How communist parties in developed capitalist countries are drawing up and implementing their policy within the trade union movement in the present situation is the subject of this article.

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In the 1980's the communist and trade union movements are faced with new problems resulting from the present development of capitalism, crisis phenomena within capitalism, the intensified attack by capital on the rights and socioeconomic gains of working people and the increasingly difficult conditions under which the trade union struggle is being waged.

This refers primarily to the effect of rapid qualitative changes in the development of productive forces -- changes which are caused by the scientific and technical revolution -- on the organizational structure and policy of the bourgeoisie in capitalist society, on the structure of the working class and mass workers' organizations, and on the forms and means of their struggle. The intensive concentration and centralization of capital has reached such a

gigantic scale that it has transcended national bounds and significantly enlarged the ranks of transnational corporations. "The direct result of the capitalist concentration and internationalization of production," states the new redaction of the CPSU Program, "is reinforcement of transnational corporations, which receive huge profits from exploitation of working people on a worldwide scale."<sup>2</sup>

Over the past quarter of a century, transnational corporations have concentrated colossal power, encompassing the entire nonsocialist world, in their hands. The influence of these gigantic associations on the mechanisms of the capitalist economy are becoming a deciding factor. By the beginning of the 1980's transnational corporations controlled approximately 80 percent of processing technology, as well as exchange of this technology between countries, 40 percent of all industrial production and 60 percent of foreign trade within the framework of the world capitalist economy.<sup>3</sup>

As the most powerful and crafty opponent of the workers' and trade union movement, transnational corporations possess a broad arsenal of means for intensifying the exploitation of working people and curbing class struggle. Communist parties are aware of the fact that along with the export of capital, transnational corporations are exporting systems of exploitation which are characteristic of their home countries and which are notable for their high degree of refinement. They are also aware that transnational corporations are attempting to set up new enterprises in regions which do not have a tradition of trade union struggle.

The transnational corporations' anti-worker policy makes the work of trade unions considerably more difficult. In some cases they recognize blue-collar trade unions but not white-collar ones, in other cases they set up "yellow" unions which are completely under the corporations' control, and in yet other cases they attempt to negate the effectiveness of mass actions, including international strikes. The objective of this sort of ruse is to split the ranks of the working people, integrate trade unions into the capitalist system as obedient tools of the monopolies, and paralyze collective actions by working people.

In order to be able to oppose the united front of transnational corporations, communists in capitalist countries see their primary task in raising the political and professional organization of the working class to conform to the degree of internationalization of capitalist production and capital itself, coordinating mass demonstration by workers at the enterprises of transnational corporations in various countries. The communist parties of a number of Western European countries and the United States and Canada, as part of their program of anti-monopoly struggle in defense of the rights and interests of working people, have demanded democratic nationalization, first and foremost of the largest transnational corporations, as one of their basic demands.

The next objective factor which is exerting an influence on the development of the present-day policy of communists in the trade union movement are the changes occurring to the social structure of the working class. Let us examine briefly just those aspects of this complex process which are connected with unions. In the developed capitalist countries the number of

persons employed in manual labor is declining markedly, although these people remain the primary production force and are the best organized and most militant group of workers. Indeed, British miners or railway workers are capable of putting serious pressure on the entire economy of the country, bringing the mining industry to a halt or paralyzing transportation. At the same time, in England and in other countries the ranks of persons employed in non-physical labor are growing, the so-called "white collar" workers, whose level of class consciousness is low. These individuals are members of trade unions which have come into existence in new sectors of the economy and which do not have experience in the struggle. Communists are attempting to create a united movement of workers in manual and non-manual labor and help the latter learn industrial workers' methods of solidarity and struggle.

There is also one other exceptionally important fact. Under capitalism, the significant increase in labor productivity connected with utilization of the latest equipment and technology is resulting in merciless firings of workers. A negative influence is also being exerted on the employment structure by the transfer of production by transnational corporations to other countries where, due to cheap labor or other reasons, entrepreneurs can make greater profits. The rise in mass unemployment is directly responsible for a decline in the number of union members. The problem is that in the majority of capitalist countries trade unions do not create the structures which would be necessary to retain in their organizations those unemployed workers who are unable to pay membership dues. The number of trade unions is also declining as a result of a massive frontal attack by state-monopoly capitalism on the positions of the working class and all working people, an attack which began at the end of the 1970's and beginning of the 1980's. "The entire arsenal of methods accumulated by capitalism is being employed," notes the Political Report by the CPSU Central Committee to the 27th Party Congress. "Trade unions are being subjected to persecution and economic blackmail. Anti-worker laws are being introduced."<sup>4</sup>

Let us take, for example, the destruction of the air traffic controllers' union by the Reagan Administration in 1981 and subsequent attacks by the monopolies and the court system on trade unions. In recent years major strikes by machinists, teachers, medical personnel, Pan American employees and others have been suppressed with the aid of court injunctions.

Another example is that of the anti-union employment laws introduced by the conservative Thatcher government in 1980, 1982 and 1984. These laws struck a serious blow at the rights of English workers to strike, picket and commit other acts of solidarity; they reduced strikers' protection against firing. The courts began to levy unprecedented fines on trade unions for any violation of these laws. The police received new equipment for "suppressing riots," as well as broader authority to use force. In doing so they are putting to use the "experience" gained in Northern Ireland, as witnessed by their actions against the British miners' strikes in 1984 (9,000 persons were arrested, and 4,000 were injured).<sup>5</sup>

The Christian-Liberal majority in the present FRG Government has introduced changes in Paragraph 116 of West Germany's labor legislation. According to this paragraph, worker fired from enterprises and left without any means of

existence through the actions of their employers had a right to unemployment payments. These payments were not paid by the owners, but rather out of the budget of the federal labor agency, which budget is comprised of unemployment insurance paid each month by employees. However, neither the owners nor the authorities in Bonn were happy with a situation in which blue- and white-collar workers were in fact paying "lockout expenses." In the opinion of West German workers, these changes can basically be reduced to two slogans: "From now on no compensation to the victims of lockouts" and "No mercy on trade unions." West German workers, in response to an appeal by the German Trade Union League have organized an attempt to repulse these intrigues by the authorities and entrepreneurs, and are resolutely defending their previous gains.<sup>6</sup>

The bourgeoisie and its state are attempting in every way possible to sow anti-union sentiments among all segments of the population of capitalist countries through the mass media, to derail unions with propaganda about the need to curb the excessive "power of the unions." At the same time the ruling class is attempting to split up trade unions and bring them onto the path of class cooperation and reconciliation, curtail as much as possible trade unions' sphere of action, and splinter the trade union movement.

Under these circumstances of an attack by monopolies on the interests and rights of the working class and other working people, the primary task for communist parties in capitalist countries is development of alternatives to the strategy of big capital, and proposal of specific socioeconomic programs which are in step with present-day conditions and which are capable of becoming the basis for struggle by the broad masses. Communists are revealing the priorities of their policy in the trade union movement, priorities which correspond to the present-day requirements of the class struggle.

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Study of the theoretical and practical activities of communist parties in capitalist countries indicates how much differentiation of specific national conditions for the struggle of the broad masses and mass organizations, including trade unions, for peace, democracy and social progress has intensified. This is due to differences in the forms and methods of the trade union struggle, from the nature of basic union demands, and from the definition of the cardinal directions in union activity. Just two decades ago unions were regarded as primarily working-class organizations. Today they are the most mass organizations of all working people, and are called upon to defend their socioeconomic interests and democratic rights in the struggle against owners. However, the class nature of trade unions has not changed.

"The existence and development of a more than ever before necessary and powerful trade union movement," states a resolution by the 25th Congress of the French Communist Party, "is one of the indispensable foundations of social, economic, cultural and democratic progress."<sup>7</sup> English communists regard unions not only as a means of working people's struggle for their vital interests, but also as "a powerful force within the broader movement to prevent nuclear war and to promote an alternative economic and political strategy, one which would put Britain on a new course."<sup>8</sup> In the New Program

of the Communist Party USA, trade unions are defined as "instruments of class struggle," and "powerful advocates of social, economic and political progress,"<sup>9</sup> which limit the degree of exploitation and defend democratic institutions.

Portuguese communists noted in a political resolution at their 10th Portuguese Communist Party Congress: "Of all the mass organizations we should draw special attention to the unified trade union movement, which is notable for its high level of organization, influence and competency. In the realm of economic and social struggle (like the Portuguese Communist Party in the political realm) it plays the role of vanguard of the working class in the entire people's struggle."<sup>10</sup> Organizationally, the unified trade union movement is part of the General Confederation of Portuguese Workers -- the National Intersyndical, in which communist influence is strong -- a "powerful class organization," a "vitally important force in defense of workers' interests and rights, in defense of the achievements of the April Revolution and the democratic order."<sup>11</sup>

Major trade union associations with a consistent class and mass orientation are active in a number of other capitalist countries as well: in France, there is the General Confederation of Labor; in Italy, the General Italian Confederation of Labor; in Spain, the Trade Union Confederation of Workers' Commissions; in Greece, the General Confederation of Labor. These organizations are the most representative and authoritative in each country, and possess solid social standing. In a number of countries communists have won strong positions and exert predominant or significant influence within national trade union centers (for example, in the Central Trade Union Organization of Finland). It is by and large thanks to Cypriot communists that the "leftist-oriented trade union movement is the most massive and disciplined force on Cyprus, a force which is playing a decisive role in socioeconomic and political affairs."<sup>12</sup>

Thanks to the work of communists, class-oriented union associations have been transformed into centers for the organization of mass demonstrations by the working class and all other workers for their rights and interests. Trade unions with this orientation are filled with resolve to achieve an end to capitalist exploitation, public takeover of the means of production and exchange, and are fighting for the establishment of democracy and socialism as the only way to ensure the lasting wellbeing of the masses. Communists are helping reinforce class-oriented trade unions and increasing their public authority and strength. Characteristic of the relations between communist parties and trade unions which uphold the positions of class struggle are close contacts, cooperation and sometimes even organizational ties and mutual representation in leadership organs.

At the 25th French Communist Party Congress it was pointed out, that historically, in the course of the common class struggle of the French Communist Party "special" relations were formed with the largest trade union center in the country, the CGT [General Labor Confederation].<sup>13</sup> By "special relations" is meant, specifically, the fact that over a long period of time, the general secretaries of the CGT, the communists (B. Frason, G. Seguy, and now, A. Krasucki) traditionally become members of the Central Committee

Politburo of the PCF. However, this fact in no way contradicts the principles of French communists' struggle for the independence of the trade union movement. "We intend to do everything possible to ensure that these relations become even deeper," it was further noted at the 25th Congress of the PCF. "This will require, specifically, that communists who are also members of the CGT do active work there on the basis of the program and charter of the CGT. On a broader scale, we would like to maintain contacts with all trade union organizations, recognizing the independence of each of them, and we will attempt to find positions which we hold in common with them, even on individual problems of limited scope, if this is in working people's interests."<sup>14</sup>

Communist parties in the developed capitalist countries, proceeding upon specific historical conditions and taking into account the traditions of the workers' movement and the level of class struggle, are attempting to build their relations with trade unions in the proper fashion. In these attempts the main thing is the search for the most appropriate forms and means of ensuring close interaction between communist parties and trade unions in the struggle to promote the vital interests of working people and expanding and deepening ties between the political vanguard of the working class and mass workers' organizations. For, in the words of V. I. Lenin, "the development of the proletariat has not proceeded and cannot proceed anywhere in the world except through trade unions and through their interaction with the party of the working class."<sup>15</sup>

As for reformist trade unions, communists doing purposeful work within them are achieving the conscious participation of the masses in elaborating demands and in their realization through active measures; they are critical of the policy of a "class peace" and "social partnership" and weak organizational structure and are attempting to implement the principles of a class- and mass-oriented trade union. In their struggle to promote the direct interests of working people, communists help them break out of the limitations of "economist" trade-unionist [tred-yunionistskiy] thinking and are doing all they can to encourage the growth of a class consciousness among rank-and-file union members.

In Austria a system of "social partnership" has over the past three decades encompassed the government, the heads of business associations and the right-wing social democratic union leadership. As an instrument of the bourgeoisie's class domination, this system formerly determined the measure of social concessions which had to be made for the purpose of preventing further development of the trade union movement. Today its basic function is to prevent the working class from opposing capital, and this is done with the aid of various sorts of maneuvers. The Austrian communists who work in trade unions expound to the masses how the bourgeoisie is using curtailment of social services, capitalist rationalization of production, layoffs and closing of enterprises, especially in the state sector of the economy, for their own selfish interests, in order to sow as much division as possible among working people.

Austrian communists are exposing the connection between the policy of the socialist party and trade union leaders of increasing social pressure on

working people (especially those employed in nationalized industry, where traditional industries prevail} and capital's recently begun long-range offensive. In the opinion of the Communist Party of Austria [KPÖ], without disclosure of this connection the class nature of communists' criticism of reformist leaders would be unclear. The communists declare: "For our party to not criticize the leadership of the Socialist Party of Austria would mean abandoning workers who are prepared for struggle."<sup>16</sup> This stance of the communist party has yielded certain fruits. In 1984 the list of candidates which it supported in elections to the "Federal Chamber of Commerce and Industry"<sup>17</sup> received a considerable increase in the number of votes which it received in almost all centers of nationalized industry. This success was achieved to a significant degree as a result of working people's awareness of the communists' militant, consistently worker-oriented leftist alternative, an alternative to "social partnership." Furthermore, in a number of professional associations, for example the largest industry trade union for white-collar workers in private enterprises, criticism of the ideology and politics of cooperation with capital has intensified. In recent years major demonstrations in defense of jobs have occurred in various Austrian cities; these demonstrations have been accompanied with radical forms of struggle (for example, the blockading of streets). Communists have played an active role in these demonstrations.

"No 'modifications' and maneuvers by present-day capitalism," the new draft CPSU Program points out, "will change nor can change the laws of its development, eliminate the sharp antagonism between labor and capital, between monopolies and society, or lead the historically doomed capitalist system out of a state of complete crisis."<sup>18</sup>

Guided by the well-known Leninist thesis concerning the necessity of working in trade unions of various orientations, communists in capitalist countries regard work in trade unions as one of the most important areas of their activities with the masses of the working class and other working people. The charters of communist parties in these countries pledge each communist to join trade unions, to work actively in them, to be an example in the struggle to achieve the objectives of mass organizations, and to energetically encourage the strengthening of trade unions as a tool of organization and struggle to promote the vital interests of working people. In the communist parties of many capitalist countries there exist trade union commissions at all levels, from the central committee down to primary party organizations.

These commissions analyze the socioeconomic situation of working people who are members of trade unions and study questions of communist participation in all areas of union affairs: in exposing real needs when demands are being drawn up and in determining the forms, means and directions of struggle in defense of working people's vital interests. They also study questions of how to conduct political education work among rank-and-file union members in order to eliminate "economist" trade union sentiments, expand intra-union democracy and create competent, militant organizations.

Communists working in a trade union acquaint its members with the multifaceted work of their party and with the tasks which it is attempting to carry out. Documents of the Finnish Communist Party emphasize the following: "Party

members who work in mass workers' organizations must, taking into account the specific nature of these organizations and utilizing all means of persuasion and comradely conversation, act in such a way as to make the party's objectives widely known and generally approved."<sup>19</sup>

Under varying specific conditions of struggle against capitalism, communists have always regarded and continue to regard enterprises as the center of their work, the basic point of concentration of the working class. "...All the main strength of the movement," pointed out V. I. Lenin, speaking on this topic, "is in the level of organization of workers at MAJOR plants, because major plants (and factories) embody not only the numerically dominant segment of the working class, but also the segment which is dominant in terms of influence, development and skill in struggle. Each plant must be our fortress."<sup>20</sup> Today, just as many decades ago, it is precisely at large enterprises that communists enjoy relatively great influence. Incidentally, it is there that the trade union movement in general and the positions of class-oriented union centers in specific are most secure.

The political work of factory and plant party organizations encourages broad-scale development of the work of trade unions in defense of the demands of the masses. Communists feel that strengthening a trade union is the same thing as strengthening the party, and do not place party organizations at enterprises in opposition to union organizations. They underscore the importance of clear demarcation of the roles and tasks of party and trade union organizations at enterprises, since each of them, as was noted by V. I. Lenin, has a field which corresponds to its nature, a field in which it should act completely independently.<sup>21</sup>

Fervent devotion to the cause of the working class, self-sacrifice and militancy in the development of mass actions in defense of the interests of working people are arousing the masses, despite stubborn opposition by the right-wing leaders of reformist unions, to elect communists to positions of leadership in organizations at the shop, plant, firm and even industry levels in Belgium, Great Britain, Denmark, Canada, Luxembourg, the United States, Finland, the FRG, Japan and other countries.

Thus, in Denmark, where trade unions are united in a single national organization, a total of 3,000 communists are represented among the leadership of industry organizations and local trade unions, and are working as elected and full-time functionaries and fiduciaries at enterprises. Regarding the overcoming of reformist sentiments within the trade union movement as their principal task, Danish communists who work in unions have in recent years created initiative groups of fiduciaries aimed at countering reformism through their example of active work at enterprises. These groups make suggestions on how to conduct joint actions by workers, coordinate measures of assistance to struggling workers, and hold conferences. One of the major conferences, attended by 750 delegates from local union organizations and labor collectives, was held in 1983. Participating in discussion of the development of a unified platform for the workers' movement in opposition to the bourgeoisie were also representatives from the leadership of three political parties: the Socialist People's, Social Democratic and Communist.<sup>22</sup>

Over the past few decades Finnish, English, American and Austrian communists have sharply stepped up their work in trade unions. But sometimes this work has had its share of weaknesses and shortcomings. For instance, the Finnish communists elected as fiduciaries of enterprises and union leaders were often heads of the party organization as well. As a result, plant party groups, as Finnish communists have acknowledged, were transformed into a kind of "shadow committees." Devoting their primary attention to trade union work, they slackened in their ideological and political work and in their efforts to expand party ranks and to disseminate the communist press.

The problems connected with "dual officeholding" by the same individual in the leadership of both the trade union and party organization, as well as the devoting of primary attention to purely union issues, are of concern to Austrian and American communists. In the opinion of the leaders of the Communist Party USA, it must not be permitted that meetings of primary party organizations turn into mere discussions of union matters; we must more energetically eliminate tendencies toward economism and toward lowering party work "to the level of union reformism."<sup>23</sup> Similar tasks are being tackled by the communists of Portugal, Australia and Canada, emphasizing that the main thing in party work at enterprises is the ability to combine action in favor of partial demands with the broader struggle for radical antimonopoly, democratic transformations and the struggle to develop workers' awareness of the need for such transformations.

Communist parties are critical of the still noticeable tendency on the part of some communists to refuse or avoid work in trade unions, particularly in unions with a reformist orientation. They are resolutely struggling against underestimation of the role of unions as mass organizations which defend the interests of working people. "We are also opposed to the viewpoint, which holds that we should not work in organizations whose leadership is in the hands of reactionary forces," it was noted at the 11th Congress of the Greek Communist Party. "We feel that the underestimation exhibited by some of our trade union cadres with respect to union organizations whose leadership is controlled by a syndicalists' dictatorship is contrary to our revolutionary tactics. This underestimation has led us to become cut off from the working people who are members of these organizations."<sup>24</sup> And this despite the fact that Greek communists have strong positions in the General Confederation of Labor, a class-oriented trade union center, and are represented in its organs of leadership at all levels.

Self-critically evaluating its policy with respect to trade unions, the Spanish Communist Party [PCE] at its 11th Congress proposed as a primary task that there be developed "a trade union policy which would in no way be limited to the delegating of PCE activists to work in the Confederation of Labor Commissions. No, it must have its own union policy, its own position on each problem of a labor, socioeconomic and trade union nature."<sup>25</sup> Another shortcoming mentioned by the congress was the lack of trade union commissions in party organizations, commissions which would be capable, "within the general framework of party policy, of working out their own strategy, a strategy which would correspond to the realities in which they live and

operate. At the present time such commissions are being set up in party organizations at all levels."<sup>26</sup>

Communist parties in all the capitalist countries are working to ensure that their work does not remain limited to unions which are oriented toward class struggle, but also develops in unions with other orientations. But in some cases one still encounters sectarian tendencies toward the establishment of small revolutionary trade unions, tendencies which were condemned by the international communist movement in the 1930's. Criticizing this sort of sentiment among some communists, the Brazilian Communist Party opposes attempts to create "any 'parallel' structure having only 'true' syndicalists as members."<sup>27</sup> The past experience of the workers' movement has repeatedly confirmed the inappropriateness, lack of justification and even harm inherent in this sort of parallelism in trade unions; it distances communists from the broad proletarian masses and thereby sharply curtails their opportunities to influence the working people.

Communists in capitalist countries are making their contribution to the collective development of socioeconomic programs of union demands, from the very smallest to the most basic. Since programs of demands are the basis of the trade union struggle, communists are attempting to ensure that they are of a specific nature, are elaborated in detail and reflect the essence and depth of the capitalist exploitation to which all working people are subjected. Communists are working to ensure that unions act as defenders not only of their own members, but also of all categories of laboring people, employed in both industrial and agricultural enterprises, or the middle strata, suffering from the policies of bourgeois governments.

Along with traditional demands (concerning salary and working hours) there have appeared new demands, demands being made in connection with the scientific-technical revolution and dealing with economic and social working conditions as a whole. The nature of these demands is evidence that the struggle of the working class and its organizations for a solution to pressing national economic problems, for redistribution of the national income to working people through pay raises as well as through increases in the social expenditures budgeted for their needs, with simultaneous reduction of monopolies' profits and expenditures for the military objectives of imperialism, is aimed at ever greater intervention in the policy of bourgeois states and at putting limits on the actions of the monopolistic bourgeoisie.

The role and level of union demands are growing and taking on particular urgency and importance. Economic demands are acquiring an ever more political nature, since they concern the fundamental principles of state economic policy, which is closely linked to the monopolies' interests. This is the principal manifestation of the growing politicization of the economic struggle.

Within this complex of union demands, communists attach great significance to the struggle for democratic control over production and for worker participation in production administration.

Communists are working consistently to make unions understand better that today it is impossible to defend working people's fundamental rights in the economic and social realms without working for peace. Through demilitarization of the economy to expanded socioeconomic rights for working people, to enrichment of their physical and cultural existence -- this is the path of the progressive trade union movement. Communists in capitalist countries are participating most actively in the development of antiwar programs for trade unions and are helping the union movement increase its interaction with the peace movement. In the opinion of the German Communist Party, the authorities of trade unions will be further strengthened if they take active measures and organize strikes as part of workers' fall demonstrations, struggle days at enterprises, etc.<sup>28</sup>

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The activities of communists in trade unions are of a profoundly democratic nature and are directed toward expansion of union liberties, elimination of antidemocratic organizational principles and structures which limit the rights of rank-and-file members and low-level organizations to independently resolve vital issues, and development of intra-union democracy as the basis for conscientious participation by the masses in all aspects of union affairs.

Today, in a situation in which monopolies are stepping up their attack on workers' positions and their repression and persecution of trade unions, in the words of Karl Marx, "the protection by workers of their unions against permanently united capital is becoming for them more vital than protection of their salaries."<sup>29</sup> It does not need to be said that this Marxian thesis is also applicable to unions having other political orientations.

Today, just as over 100 years ago, the practice of "amicable" resolution of labor conflicts between reformist leaders and capital or a bourgeois government not only does not free unions from persecution and repression by reactionary forces, but actually makes them in a way particularly defenseless and vulnerable. This is demonstrated, for example, by the experience of the workers' movement in the United States. Despite the patently acquiescent policy of right-wing union leaders in that country, which lays claim to the dubious role of leader of "Western democracy," it is there that in recent decades draconian anti-union laws and other measures have been taken (some of which are mentioned above).

Communists are directing unions toward defense of their democratic gains. Questions pertaining to union democracy are ever more frequently reflected in the documents of communist parties in capitalist countries.

The harm done by a sectionalist outlook was mentioned in the draft Trade Union Program of the Communist Party USA: "In one and the same industry five or six national trade unions contend with each other for leadership... The old principle of trade union organization has become outdated. The introduction of new technology is rapidly destroying the old structure of divisions on the basis of profession."<sup>30</sup> American communists are decidedly in favor of a regional production and sector structure, which is already widespread in many

countries in Western Europe and which unites various groups of workers at the enterprise, city or national level. These pave the way for class solidarity.

American communists feel that the undemocratic nature of the trade union structure makes it easier for monopoly capitalism to use such unions to exert bourgeois influence on working people.

Communists link the process of democratization of the union movement to reinforcement of the independence of mass organizations. "Union independence remains for us a gain and a principle which must be defended against any and all infringement,"<sup>31</sup> declare Italian communists, linking this issue with that of "affirmation of consistently democratic relations between the union leadership and all members of the organization,"<sup>32</sup> and with elimination of symptoms of excessive bureaucracy. They are critical of the position of the socialists on this issue; the socialists feel that a union allegedly only needs independence in order to play the role of a "political intermediary" between workers, on the one hand, and the government and the bosses, on the other, and not to perform the function of defender of the interests of working people either in production or in society.

In response to incessant false accusations by bourgeois and socioreformist ideologues and the mass media against communists relative to the alleged attempts of the latter to gain dominance over trade unions, communist parties in capitalist countries have again and again declared their respect for the independence of the union movement, which "requires independence to represent the class interests of workers with regard to capital and the state. In order to do this, trade unions must arrange cooperation with class-oriented parties and those forces which represent the political workers' movement."<sup>33</sup> This position on the issue was brought about by increasingly frequent attempts by a number of bourgeois and reformist parties to use the trade union movement for the selfish interests of their own party.

The theme of union independence may be found in the documents of many communist parties in capitalist countries. These documents also underscore communist parties' efforts to prevent unions from taking a subordinate position in the system of "tripartite" (government, business, unions) agreements and organs. This approach is characteristic of communist parties in Greece, Norway, France, Switzerland and a number of other countries. Mexican communists perceive this problem in the following manner: "Over the course of many years the trade union movement has been in a politically subordinate position, i.e. it did not have any plans of its own which would allow it to independently oppose antagonistic forces. Therefore, political independence should be understood to mean the ability for the workers' movement to put forth its own initiatives. Complete trade union independence with respect to the state, the owners, the governing party and the other political parties, as well as with respect to any force which is alien to the workers' movement, is a condition which is necessary if subordination of this organization, which is designed to defend workers' interest, is to be avoided."<sup>34</sup> In other words, the class independence of the trade union movement -- an integral part of the workers' movement -- has nothing to do with either withdrawal from social battles, or with political neutrality.

West German communists are of the opinion that trade union "autonomy" should primarily apply to the content of mass organizations' activities. Herbert Mies, chairman of the German Communist Party, has noted in this connection: "We conceive of trade union autonomy as not only independence from parties, the state and the monopolies, but also -- in contrast to early historical periods -- as an expansion of the function of unions in accordance with present-day social conditions."<sup>35</sup> Communists in the FRG are in favor of an even larger independent role for trade unions as a political force.

Union independence presupposes above all independent development of unions' socioeconomic and political demands. Such independence is only fully manifested when unions are capable of constantly strengthening effective defense of workers' interests and carrying on a resolute struggle to promote renewal of economic and democratic life. Communists are doing a great deal to keep unions from becoming subordinate to the policy of the state and the monopolies. This is why the bourgeoisie and its parties are attempting to cut off unions from communist parties, strip the union movement of its class nature and cause workers to refuse to take part in political struggle. Respecting the independence of trade unions as a mass non-party organization with specific tasks, the vanguard of the working class at the same time continues to coordinate agitation for immediate demands with the struggle for its final objectives.

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One of the most important aspects of communist parties' union policy has been and remains struggle to promote solidarity and unity within the union movement. Communists and other leftist forces are waging this struggle on a basis of consistent defense of the vital interests of the working class and all working people. Communists are helping speed up the unification process, using their experience with class struggle in an attempt to direct unions toward proposal of a program which could become a basis for unity.

Since 1968, that is to say since the moment it was founded, the German Communist Party [DKP] has developed and carried out a constructive policy with respect to trade unions; this policy is dictated by concern for the development of the German Union League [Deutscher Gewerkschaftsbund -- DGB] as a class-oriented workers' organization and by a desire to see it grow stronger. The DKP proceeds upon the assumption that unions' strength lies in unity, and strong unions are necessary for a successful struggle for working people's socioeconomic and political demands. "Their existence, their activities have been an important precondition for the ability of the working class in our country to achieve important social and democratic gains and to hold onto them,"<sup>36</sup> states the DKP Program. While favoring cooperation between the trade union movement and the political workers' movement, communists in the FRG do not downplay their differences of opinion with trade unions, including differences over their ultimate, long-range objectives.

Despite a sharply intensified anticommunist campaign in the bourgeois West German mass media organs due to "increased penetration into and subversion of trade unions by the DKP," communists are continuing to come out in favor of joint actions with the Social Democrats in the struggle to realize union

demands. As a result of purposeful efforts by communists, unity of action is observable above all at enterprises, i.e. in the places where workers' economic and social interests are directly at stake. There, even workers who are not free from anticommunist prejudices can see that communists are notable for their consistency, militancy and courage in defense of their demands. That is why many workers reject discrimination against communists in trade unions, and are ever more frequently aware of the falsehood of claims by bourgeois propaganda that communists are pursuing "selfish" ends which are incompatible with the interests of working people and the purposes of trade unions. On many issues trade union youth -- left-wing Social Democrats from the "Young Socialists" organization -- demonstrate together with the DKP.

Communists in the United States regard unity of action as the most effective method in the struggle to realize union demands. "The trade union movement achieves its greatest successes," states the draft Trade Union Program of the Communist Party USA, "when communists and other leftist groups work together with socialists and other centrist forces on the basis of joint programs. We make a resolute appeal that this path be followed, a path which is the most favorable for the trade union movement."<sup>37</sup>

Australian communists have for a long period of time worked together with Labor Party members and non-party members at various levels in the union movement: at enterprises, in regions, administrative districts and individual industries. This has to a significant degree helped make unions more active and strengthened tendencies toward unification. The logical result of this process was the creation in 1981 of a unified national union center.<sup>38</sup> This substantially strengthened the movement's potential and thereby increased its responsibility to the working class and all working people. Communists, together with other political groups, are searching for optimal ways to consolidate unified trade unions and strengthen their opposition to the policy of the monopolies, particularly that of transnational corporations.

In Italy a unitary policy of progressive forces, above all of the communist party and the General Italian Confederation of Labor, has yielded success, despite innumerable obstacles created by the rightists. In 1972, at a joint meeting of the three largest union centers in the country -- the Christian Italian Confederation of Workers' Unions, the social-democratic Italian Labor League and the General Italian Confederation of Labor -- an agreement was signed governing the establishment of a united federation consisting of these three organizations; this federation was created to work out a unified platform on vital issues pertaining to the country's socioeconomic life and to defend this platform at negotiations with the government and business.

In recent years there have been increasingly frequent cases of differences of opinion between the three union centers on a number of problems of a social, economic and political nature. Italian communists have referred to a "crisis of the unification process."<sup>39</sup> They are devoting all their efforts to helping the union movement hang onto its positions and not allow the rightists to divide and splinter workers' mass organizations. Therefore communists see their task in "persistently working toward trade union unity; but in order to move in this direction, we must make an arrangement in which contention between the various positions in the confederation (which sometimes express

fundamentally differing approaches to various problems or to the functions and nature of unions as such) will occur more openly and democratically."<sup>40</sup> The communists are opposed to the union movement being drawn into the political maneuvering of parliamentary coalitions and governments.

Communist parties are helping develop unitary tendencies in the union movement at the international level as well. One of their ongoing concerns is support for the World Federation of Unions, which represents 206 million workers organized by their vocations in socialist, capitalist and developing countries. "Our loyalty to the ideas of international worker solidarity," noted World Federation of Unions chairman, S. Gaspar, in a speech to the 27th CPSU Congress, "has won the respect and recognition of the unions and their members which are not a part of our federation... The World Federation of Unions intends to continue to follow the path of solidarity, and is prepared to extend a hand to all who are prepared to work together... The CPSU Congress gives strength and confidence to the movement of the working masses and trade unions today as well, at a time when the economic crisis of the capitalist world continues to deepen, and when the effects of that crisis are worsening living and working conditions."<sup>41</sup>

In their support for unity among all forces in the workers' and trade union movement, communists are prepared to make compromises, but without conceding on fundamental issues; prepared to join with others to form a union, but without becoming lost in that union or remaining silent as to their position. Only loyalty to the principles of Marxism-Leninism and proletarian internationalism and flexibility in the implementation thereof will bring communists success in the struggle to achieve the current and long-range objectives of the working class.

The development of unitary processes in the trade union movement is seriously hindered by anticommunism, which is being sown by the bourgeoisie and the social reformists. In a number of capitalist countries (for example, in the United States and Canada) there are still laws in effect which forbid communists to be members of trade unions or to be elected to any post. The right-wing leaders of social democratic parties and unions often will not allow union members to contact communists or cooperate with them. Discrimination against communists is intended to divide the proletarian masses and integrate trade unions into the state-monopoly system.

"A consistently class-oriented course increases the authority of communist parties," states the new redaction of the CPSU Program, "despite the fact that the political and ideological apparatus of imperialism is taking ever more insidious measures, including discrimination against and persecution of communists and overt anticommunist propaganda with the support of those elements in the workers' movement which are opposed to a class-oriented policy and international solidarity and are in favor of social reconciliation and partnership with the bourgeoisie."<sup>42</sup>

The more successful communists are in proving that it is they who are the consistent and militant guardians of the interests of the working class and all working people, the greater will be the resistance to anticommunism in the trade union movement in capitalist countries. And this can be achieved only

through painstaking day-to-day work in trade unions of all ideological-political orientations, without fear of difficulties and complications, recalling the words of V. I. Lenin: "Not to work inside reactionary trade unions would be the same as leaving insufficiently developed or backward workers under the influence of reactionary leaders, agents of the bourgeois, worker aristocrats or 'bourgeois-ized workers'..."<sup>43</sup> A reduction of anticommunist sentiments will help strengthen trade union unity on a basis of the defense of working people's interests and the struggle for progressive democratic and social transformations.

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The present-day policy of communist parties in developed capitalist countries in the trade union movement possesses specific features which are primarily the result of the situation in which these parties are operating in the 1980's and of the present-day requirements of the class struggle.

As noted in the new redaction of the CPSU Program, which was adopted by the 27th Party Congress, modern-day capitalism is significantly different from what it was even in the mid-20th century. Under conditions of state-monopoly capitalism, the conflict between the gigantically expanded production forces and capitalist production relationships is becoming ever more acute. Transnational corporations have become stronger; they are willing to infringe on the national interests of workers in developed capitalist countries in order to achieve maximum profit from the exploitation of workers. Under capitalism, the scientific-technical revolution results in serious social consequences. Under the influence of this revolution, the structure of the working class is changing. Mass unemployment and inflation have become chronic illnesses. Capitalists' social maneuvering is ever more frequently combined with a direct attack by the monopolies and the bourgeois state on workers' standard of living.

Changes in the conditions surrounding the class struggle have given rise to the need for communist parties in developed capitalist countries to make certain corrections in their trade union policy and, especially, to take into account the specific situation and the balance of class forces in their individual countries when doing so. Greater attention should be given to questions of how communist parties can defend trade union centers which follow a platform of class struggle against increasingly frequent attacks by business, the bourgeois state and reformist leaders.

In unions where the influence of reformist ideology is strong, communists, while criticizing the policy of "social partnership" and anticommunist prejudices, must at the same time take into account the positive strides made in recent years in social-democratic positions on the issues of war and peace.

Today, when the struggle against the nuclear threat and the arms race and in favor of the preservation and strengthening of peace has become the main trend in communist parties' foreign policy activity, communists are working to ensure a close connection between the trade union struggle for workers' vital interests with the antiwar, anti-missile struggle, against militarization of capitalist countries' economies. Communists are pointing out the strengthened

link between the trade union movement and many social movements for the purpose of resolving present-day global problems (with the antiwar, ecological, youth, women's and other movements).

Today, under conditions of increased imperialist reaction in all areas, infringement on workers' democratic rights and anti-union repression and persecution in the capitalist world, communist parties are in favor of stronger mass organizations for blue- and white-collar workers. Communists are fighting for trade unions' class independence and are attempting to prevent them from becoming integrated in the political system of capitalism. The communist party of each developed capitalist country is arranging its relations with trade unions with consideration given to the specific historical and national situation and is finding ways to interact with trade unions of various orientations for the purpose of better defending working people's interests and rights.

#### FOOTNOTES

1. See M. S. Gorbachev, "Politicheskiy doklad Tsentralnogo Komiteta KPSS XXVII s"yezdu Kommunisticheskoy partii Sovetskogo Soyuz" [Political Report of the CPSU Central Committee to the 27th Congress of the Communist Party of the Soviet Union], 25 February 1986, pp 15-16.
2. "Programma Kommunisticheskoy partii Sovetskogo Soyuz. Novaya redaktsiya. Prinyata XXVII s"yezdom KPSS" [Program of the Communist Party of the Soviet Union. New Redaction. Adopted by the 27th CPSU Congress], Moscow, 1986, p 13.
3. See "PROBLEMY MIRA I SOTSIALIZMA" [Problems of Peace and Socialism], No 4, 1982, p 57.
4. M. S. Gorbachev, op. cit., p 17.
5. See PRAVDA, 29 July 1985.
6. See TRUD, 1 December 1985; ZA RUBEZHOM, No 12, 1986, p 15.
7. "XXV s"yezd Frantsuzskoy kommunisticheskoy partii, Sent-Uen, 6-10 fevralya 1985 goda" [25th Congress of the French Communist Party, Saint-Ouen, 6-10 February 1985], Moscow, 1985, p 155.
8. PROBLEMY MIRA I SOTSIALIZMA, No 3, 1984, p 36.
9. "XXIII Natsionalny s"yezd Kommunisticheskoy partii SSHA, 10-13 noyabrya 1983 goda" [13th National Congress of the Communist Party USA, 10-13 November 1983], Moscow, 1985, pp 236 and 237.
10. "X s"yezd Portugalskoy kommunisticheskoy partii, Porto, 15-18 dekabrya 1983 goda" [10th Congress of the Portugese Communist Party, Oporto, 15-18 December 1983], Moscow, 1984, p 235.
11. Ibid., p 236.

12. PROBLEMY MIRA I SOTSIALIZMA, No 9, 1985, p 52.
13. See "XXV s"yezd Frantsuzskoy...", p 80.
14. Ibid.
15. V. I. Lenin, "Poln. sobr. soch." [Complete Works], Vol 41, pp 33-34.
16. PROBLEMY MIRA I SOTSIALIZMA, No 1, 1985, p 67.
17. A representative body established by the law of the Austrian Republic which is elected by all salaried workers.
18. "Programma kommunisticheskoy partii Sovetskogo Soyuz", p 17.
19. "Kommunisticheskaya partii Finlyandii. Dokumenty i materialy. 1970-1981" [The Communist Party of Finland: Documents and Materials, 1970-1981] , Moscow, 1982, p 153.
20. Lenin, op. cit., Vol 7, p 15.
21. Ibid, Vol 16, p 430.
22. See PROBLEMY MIRA I SOTSIALIZMA, No 10, 1983, p 42.
23. Ibid.
24. "XI s"yezd Kommunisticheskoy partii Gretsii, 12-19 dekabrya 1982 goda" [11th Congress of the Communist Party of Greece, 12-19 December 1982], Moscow, 1983, pp 72-73.
25. MUNDO OBRERO, No 275, 1984, p 44.
26. Ibid.
27. PROBLEMY MIRA I SOTSIALIZMA, No 8, 1983, p 81.
28. See "VII s"yezd Germanskoy kommunisticheskoy partii, Nyurnberg, 6-8 yanvarya 1984 goda" [7th Congress of the German Communist Party, Nurnberg, 6-8 January, 1984], Moscow, 1985, p 124.
29. K. Marx and F. Engels, "Sochineniya" [Works], Vol 4, p 183.
30. POLITICAL AFFAIRS, May 1985, p 28.
31. L'UNITA, 28 November 1982
32. Ibid.

33. "Thesen zur Gewerkschaftspolitik der KPÖ. Beschluss des Zentralkomitees der KPÖ vom 28.11.1985" [Essays on the Trade Union Policy of the KPA: Decision of the Central Committee of the KPA from 28 November 1985], p. 18.
34. "Declaracion de Principios. Programa de Accion. Suplemento Accies/ES, Numero 11", April 1982, p 18.
35. H. Mies, "DKP und Gewerkschaften" [The DKP and Trade Unions], Neuss, 1981, pp 15-16.
36. "Mangeym'skiy syezd Germanskoy kommunisticheskoy partii, 20-22 oktyabrya 1978 g." [The Mannheim Congress of the German Communist Party, 20-22 October 1978], Moscow, 1979, p 310.
37. POLITICAL AFFAIRS, May 1985, p 29.
38. See: PROBLEMY MIRA I SOTSIALIZMA, No 10, 1983, p 49.
39. "La proposta di alternativa per il cambiamento. Documento politico con gli emendamenti approvati dal XVI Congresso (del PCI)", Rome, L'Unita Publishing House, 1985, p 54.
40. Ibid.
41. PRAVDA, 6 March 1986.
42. "Programma Kommunisticheskoy partii Sovetskogo Soyuz", p 18.
43. Lenin, op. cit., Vol 41, p 36.

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NORTHERN IRELAND PROBLEMS LAID TO 'CYNICAL' POLITICS, NOT RELIGION

Moscow PRAVDA in Russian 28 June 86 p 4

[Article by A. Maslennikov, PRAVDA Staff Correspondent: "Belfast--A City Behind Bars: The Crisis of British Rule in Northern Ireland Continues to Deepen"]

[Text] Recently in London the Thatcher government proclaimed its decision to dissolve Northern Ireland's Assembly, which had been constituted in 1982 as a "democratic" screen for the so-called direct rule by London in Ulster. Thereby British rule in Northern Ireland again appeared in its true guise, with its political and military terror, its suppression of the elementary civil rights of the population--with all that engenders unceasing disturbances in this province.

The capital of Northern Ireland, the city of Belfast, greets the visitor with a half-empty airport and barriers on the roads. They are manned by husky young fellows, dressed in the dark-green uniforms of the Royal Ulster Police. If you look attentively, you notice that the entryways to all government institutions, hotels, and even many private homes are covered with strong metal bars and enclosed about with barbed wire. In certain localities of the city, such as Falls Road, renowned for its anti-government demonstrations, these fortification facilities surround entire quarters, covering even the roofs of houses. Hidden away from people's eyes during the daylight hours, armored cars under the jurisdiction of Belfast and the Army creep out onto the streets with the onset of darkness.

Nor is there peace even in the quiet, at first glance, suburban settlements, small towns and villages scattered about among the gently rolling green hills of Northern Ireland. It so happened that on the day of our arrival in Belfast the newspapers reported on one in a series of tragedies occurring on the soil of the animosity which has been incited between the religious communities here. A 30-year-old Catholic worker named Martin Quinn had been savagely killed on the previous evening in the suburban settlement of Balmoral. On the following day TASS correspondent N. Pakhomov and I visited the home of the man who had perished. Ann Quinn, a little, 70-year-old woman, frequently wiping the tears from her eyes with a handkerchief, told us how the murderer had broken into the house at dawn and fatally shot her son. And when she tried to bring help for him, the murderer knocked her down with his fist. "And what had my Martin done to them? Soccer was the only thing he was interested in throughout his entire life," the unfortunate woman kept repeating.

From conversations with the Quinns' relatives and neighbors there emerged a horrifying picture of hopelessness and despair, elements which have long been the lot of hundreds of thousands of persons living in the Catholic ghettos of Belfast and the other cities of Northern Ireland.

No matter who we talked with in Northern Ireland, the subject of religious adherence as an excuse for discrimination, blackmail, and the most overt terror arose constantly. Moreover, all our interviewees unchangeingly emphasized that cynical political calculations lay behind the religious shell. Above all, the attempt by London and its Ulster henchmen to split up and weaken the working people, to make difficult the activity of those who advocate protecting the civil rights of Irishmen, who are for uniting the country's northern and southern parts within the framework of an integrated, democratic state.

The system of British rule in Northern Ireland, we were told by the secretary of the Northern Ireland Association for Civil Rights, K. MacCurry, have always been kept in two "kits." There is discriminatory legislation and direct repressions against the opponents of the semi-colonial regime introduced by London. And there is suppression of the people, the deprivation of their elementary civil rights. The principal means in this connection remains the opposition of the patriotically minded Irishmen, predominantly Catholics, to the members of the Protestant majority. Among the latter the first violin is played by the so-called "Loyalists" or "Unionist," i.e., the advocates of keeping Northern Ireland within the body of the United Kingdom.

The violation of civil rights in today's Ireland, we were told by K. MacCurry, is manifested in the most diverse forms. These include the extraordinary legislation which is in effect here and which allows the British authorities to put their opponents behind bars on the most absurd, frequently unfairly trumped-up charges, and, in fact, depriving them of their rights to a legal defense. They include the direct, armed suppression of the malcontents. These likewise include socio-economic discrimination, which is particularly harsh under the conditions of the over-all economic decline in this province. Some 22 percent of the able-bodied population here are without work. Among Catholics, moreover, the proportion of the unemployed is 2.5 times higher than it is among Protestants. These include, finally, the political system introduced by London. It permits the removal from power and assigning to the status of "enemies of society" all those persons who, albeit in the slightest degree, have any doubts about the legitimacy of the British domination here.

Naturally, such a repressive, discriminatory system cannot help but evoke social protests. Essentially, the entire history of British rule in Ulster, beginning in 1921 with the separation of the six counties of this province from the main part of the island, has been and remains a history of a continuously deepening political crisis.

As is known, this struggle became particularly exacerbated in the late 1960's and early 1970's. Attempting to cut short the growth of the movement for civil rights at that time, the London authorities introduced the system of so-called "direct rule" in Northern Ireland. Additional troops were sent there, and an old weapon of oppression--inciting religious-community dissensions between Catholics and Protestants--was used on a previously unprecedented scale. In a certain, mainly negative, sense, this policy proved to be not without success for the British

authorities. The struggle for civil rights, in which both communities advocated a united front, gave way to internecine strife, shots from street-corners, bursts of fire from automatic weapons, and bomb explosions. Under the pretext of "suppressing the disorders," a new wave of terror was unleashed by the "pacifiers" themselves. More than 2,600 persons killed, thousands disabled, tens of thousands left without shelter--such was the heavy, truly bloody price paid by the Northern Irish for this policy.

Nevertheless, London failed to achieve its principal goal--the "pacification" of Ulster. An age-old truth went into operation--violence on the part of the oppressors engendered resistance on the part of the oppressed. The growth of the influence of the militarized extremist organizations in the depths of both religious communities--a growth brought about by this policy--placed in question the actual capability of the British authorities to control the situation in the province being governed by them.

Nor was any help provided by the policy--conducted in recent years--of the so-called "Ulsterization," i.e., transferring the dirtiest work of persecuting the Irish republicans to the hands of the local police. Having obtained broader powers, the "Unionists in uniform" began to lay sieges to the activists of the republican militarized organizations. In response, explosions began to occur here and there from bombs placed in motor vehicles by militants from the so-called "Provisional" Irish Republican Army (IRA) and the Irish National-Liberation Army (INLA), which had split away from it several years previously.

In attempting to find a way out of the blind alley into which the politics of London and Northern Ireland had led it, the Thatcher government undertook yet another maneuver. On 15 November an Anglo-Irish agreement was signed in the little town of Hillsborough near Belfast. It provided for granting to the Dublin government the right to a consultative voice in running affairs in Northern Ireland in exchange for its pledge to render to London more effective aid in the struggle against the IRA and INLA activists in the regions of the Irish Republic adjacent to the "six counties."

But everyone with whom we had occasion to meet considers that this agreement does not solve a single one of the problems. Prime Minister G. FitzGerald has asserted, we were told by the secretary of the Belfast Trade-Union Council, MacBrinn, that from now on the Irish nationalists in Ulster "can walk with their heads held high." But what kind of consolation can the inhabitants of the Catholic district of Ballymurphy, where 60 percent of the able-bodied persons have been and remain unemployed, take from these words? And what kind of "head held high" can we talk about if a British soldier on a street in Belfast or any other Northern Ireland city can, just as before, subject to arrest any person who seems suspicious to him?

The Anglo-Irish agreement also caused a sharply hostile reaction in the opposition camp, among Ulster's Protestant majority. The leaders of the "Loyalists" saw in this act a threat to their own dominance. They hurled against this agreement the fury of militant chauvinism which had been growing among the Protestants for centuries. Their slogan became "Ulster says No," and their principal means of struggle is a rejection of any kind of cooperation with the London government.

The complication of the situation in Ulster after the signing of the Anglo-Irish agreement was discussed at the Ninth Congress of the Communist Party of Ireland, which was held in Belfast in February of the present year. The Irish Communists reject this agreement as an effort by Britain to strengthen its own intervention in Irish affairs and to draw all of Ireland into the orbit of imperialist politics. The General Secretary of the CPI (Communist Party of Ireland), J. Stewart, called for a mobilization of all democratic, anti-imperialist forces to struggle for the strengthening of Irish neutrality, for a genuinely independent, unified, and progressive Ireland. A pledge of success in this struggle, he emphasized, is overcoming religious sectarianism, especially among working people. The working class must be transformed into a vanguard force, capable of ensuring Ireland's development along democratic and, in the final analysis, socialistic paths.

During the days of this congress's work we managed to visit one of the party's organizations. Its members are conducting rather difficult work among the Protestant population on the outskirts of Belfast, people who have been poisoned by Unionist prejudices. Experience has shown, we were told by its secretary, a member of the District Committee of the CPI, R. Flack, that when the Communists seriously tackle the solution of such acute problems as unemployment, providing housing, creating kindergartens and youth clubs, sectarian ideology begins to yield its positions, and people more willingly enter into contacts with each other. Of course, this is not the work of just one day. Religious pre-convictions have deep roots. But we have no other way.

Upon leaving Ulster, we looked with new eyes at the wire fences around the apartment houses and administrative buildings. The thought occurred to us that, until the people living here do not obtain the possibility of governing their own fate themselves, these fences, like prison bars, will separate them not only from each other, but also from a peaceful future.

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WESTERN EUROPE

BOVIN DISCUSSES FRENCH POLITICAL SITUATION, FOREIGN POLICY

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[From the "International Panorama" program presented by Aleksandr Bovin]

[Text] Politics is not such an inspiring topic compared with Paris, which, as you know, is eternal. But, nevertheless, we shall say a word or two about politics. The visit by Mitterrand continues the tradition of summit meetings by Soviet and French leaders and serves in particular as a reply to Mikhail Sergeyevich Gorbachev's visit to Paris last year. In general, the range of problems which will be discussed is first essentially the problem of reviving detente of course, disarmament, the problem of European security, and the European balance of power. The Gaullist parameters in France's foreign policy allow it to play an appreciable role in the international arena, and therefore, the talks that will take place in Moscow are interesting not only from the point of view of European politics but as a whole in world politics.

Obviously one should say a few words about what is going on in France after the March elections. The political situation in Paris has changed appreciably. The centrist-right government is coexisting with the president who represents the Socialist Party. A lot has been and is being written about this coexistence and a growth of political instability in the country was predicted. But this has not happened yet, a political balance has been formed. Neither the president nor the prime minister, in general, are making any sharp movements. They are trying not to aggravate the situation and, looking into the future, each one wants--as newspapers write--to win coexistence. One French journalist noted wittily that this is like a new form of duel whereby the one who shoots first can be considered dead. The Chirac government is changing domestic policies vigorously and is trying to dismantle many of the things that the socialist did, trying to change the country over to the track of Reaganomics in general, despite the wholly relative character of this analogy.

As for foreign policy and defense, then here according to the constitution wide rights belong to the president. They remain with him and he makes use of them. Last week all polls being conducted in France showed that the president is leaving the prime minister behind greatly as regards popularity. These polls are not carried for the sake of idle curiosity, but because people are already beginning to think about the presidential elections in 1988.

Well, as you well know, not all the foreign policy stances of France and the Soviet Union coincide, but nevertheless there is every reason to consider that the talks in Moscow will be businesslike and constructive. The Soviet Union, as Comrade Gorbachev said recently in Warsaw, will continue to build bridges of interaction. And we are always building such bridges. Well, you all probably watched the opening of the Goodwill Games. This is also not only a sporting event but also one of the common, one of the very important bridges for interaction and mutual understanding between the peoples.

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WESTERN EUROPE

ITALIAN-SOVIET ECONOMIC, BUSINESS TIES DESCRIBED

PM111526 Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 25 Jun 86 p 3

[Candidate of Economic Sciences L. Babyshev article: "USSR-ITALY: Business Ties"]

[Text] The 15th session of the Soviet-Italian Intergovernmental Commission for Economic, Scientific, and Technical Cooperation will open in Moscow in a few days' time.

Italy was one of the first capitalist countries with which the USSR concluded large-scale industrial cooperation agreements. The world press called them the "deals of the century." They were the agreements with the Fiat concern on cooperation in building the Volga Motor Vehicle Plant and with the National Hydrocarbons Agency on the construction of a gas pipeline for the export of Soviet natural gas to Italy. Agreements were subsequently signed with the Montedison concern on the construction in the USSR of plants to produce carbamide and other chemicals and to ship Soviet chemicals to Italy. That marked the start of cooperation with Italy on a barter basis.

It must be said straightaway that the organization of large-scale and long-term links between our countries became possible thanks to the development of mutually advantageous credit relations: Italy was also one of the first Western countries to grant the United States long-term bank credit.

Italy is now the USSR's third largest trading partner in the capitalist world, behind only the FRG and Finland. Over the last five years (1981-1985) trade turnover between our countries amounted to R20.5 billion, or a twofold increase over the previous five year period. Soviet foreign trade organizations maintain business contacts with more than 1,000 Italian firms.

It cannot be said that there have been no problems in the development of Soviet-Italian economic, industrial, scientific, and technical cooperation. For instance, Italy still maintains various tariff and nontariff barriers (high customs duties, quantity restrictions, and so forth) for imports of Soviet finished goods--above all machine building output. There have been cases of Italian firms being incapable of meeting their commitments because of export restrictions to the United States. Since January 1980, giving way to pressure from outside the country, Italy has stopped granting the Soviet Union long-term bank credit and imports of machines and equipment from Italy are

currently taking place mainly on credit terms arranged by the firms themselves, which, naturally, limits the opportunity for Soviet organizations to purchase Italian machine building products. In December 1981 the Italian Government introduced a so-called "pause for thought," refusing to approve an already closed contract for additional purchases of Soviet natural gas. This "pause" damaged Italy itself, since in the situation that arose the United States was unable to place large orders in the Italian market.

However, the Italian Government, despite its adherence to Atlanticism, cannot fail to take account of the powerful pressure from the country's business circles, which are interested in developing mutually advantageous cooperation with the Soviet Union. Back in April 1984 it was forced to announce the ending of the "pause for thought." In May 1984 an agreement was signed on additional shipments to Italy of Soviet natural gas along the Urengoy-Uzhgorod pipeline for the next 25 years, as was a general agreement on cooperation with the National Hydrocarbons Agency in the sphere of the chemical, petrochemical, gas, oil extraction, oil refining, and textile industries and on shipments of goods and equipment for the period through 1990. Then in spring 1984 a number of other important documents were signed--above all, the Long-Term Program for Deepening Soviet-Italian Economic, Industrial, and Technical Cooperation for the Period Through the Year 2000--which strengthened the contractual and legal basis of Soviet-Italian relations. All this has given a new boost to the development of bilateral business contacts.

Major contracts were signed in 1985 such as a long-term agreement with the state Iron and Steel Finance Corporation on shipments of pipes and rolled ferrous metal to the USSR in 1986-1990; a contract with the Italian Industrial Plant Company to build a plant producing seamless pipes for the oil and gas industries on a turnkey basis in Volzhskiy; contracts with the Danieli, Breda, and Berardi firms for the construction in Sumi of a plant producing heavy drilling pipes; and a contract with the Concerie Cogolo firm for the construction of three footwear factories with a capacity of two million pairs of shoes a year in Moscow, Kaluga, and Tolyatti, and of two leather plants.

Talks are currently being conducted on a number of major cooperation projects in various sectors of industry and the agroindustrial complex.

A positive role in the activation of Soviet-Italian business ties is played by contacts at the government level. During last year's talks between M.S. Gorbachev, general secretary of the CPSU Central Committee, and Italian Premier B. Craxi the sides advocated the further development of the entire range of relations between our countries, including business contacts.

It is to be hoped that the Joint Commission session that is opening in Moscow will give new impetus to the process of expanding business contacts between our countries.

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## WESTERN EUROPE

### BRIEFS

**FRENCH-SOVIET S&T TALKS**--Moscow, 8 July (TASS)--Guriy Marchuk, deputy chairman of the USSR Council of Ministers and chairman of the State Committee for Science and Technology, today received Alain Devaquet, minister delegate to the minister of National Education of France in charge of scientific research and higher education. Questions were discussed concerning the further development of Soviet-French cooperation in the sphere of science and technology. Taking part in the conversation were Jean Teillac, high commissioner for Atomic Energy in France, and Andranik Petrosyants, chairman of the USSR State Committee for the Use of Atomic Energy. [Text] [Moscow TASS International Service in Russian 1646 GMT 8 Jul 86 LD] /12913

**ITALIAN CP DELEGATION**--Moscow 13 July TASS--Under a plan of exchanges between the CPSU and the Italian Communist Party, a delegation of federation secretaries of the Italian Communist Party, led by Eugenio Donize, a member of the Central Committee of the Communist Party of Italy and first secretary of the Party Organization of Campagna, paid a visit to the Soviet Union from 2 to 13 July. The delegation visited, in addition to Moscow, Lithuania and Leningrad. The Italian guests had talks at the Central Committee of the Communist Party of Lithuania, the Leningrad regional Party Committee and the October District Party Committee in Moscow. The delegation also saw a research centre and a collective farm and studied the living and working conditions of the Soviet people and the work of party organizations to fulfill the resolutions of the 27th Party Congress. [Text] [Moscow TASS in English 1155 GMT 13 Jul 86 LD] /12913

**FRG-SOVIET TU SEMINAR**--Moscow, 14 July (TASS)--"Labor and the Environment"--This is the subject of a Soviet-West German seminar which opened in Moscow today. A delegation from the All-Union Central Council of Trade Unions, headed by its secretary Aleksandr Subbotin and a delegation of the SPD working group on hired labor headed by its chairman Rudolf Dressler are participating in it. The participants in the meeting will discuss topical issues regarding the protection of the environment in conditions of scientific and technical progress, and the role and tasks of mass worker's organizations in that field. The heads of the delegations stressed that no government, however zealous its attitude toward environmental protection, can resolve these issues within its national borders. Cooperation on a worldwide scale is essential in this case. This already is the third meeting between representatives of Soviet and FRG workers' organizations. The two previous meetings took place in Moscow and Bonn in 1984 and 1985, respectively, and focused on the socioeconomic aspects

of the arms race, its negative influence on the situation of working people, and issues of trade and economic cooperation between East and West were discussed. [Text] [Moscow TASS International Service in Russian 1403 GMT 14 Jul 86 LD] /12913

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EASTERN EUROPE

PRAVDA ACCOUNT OF JARUZELSKI PZPR CONGRESS REPORT

PMO91311 Moscow PRAVDA in Russian 30 Jun 86 First Edition pp 4-5

["The 10th PZPR Congress. Report by Comrade Wojciech Jaruzelski"]

[Text] Warsaw, 29 June--Wojciech Jaruzelski, first secretary of the PZPR Central Committee, delivered the PZPR Central Committee report entitled "Party Tasks in the Socialist Development and Consolidation of the Polish People's Republic" at the 10th PZPR Congress which opened here today.

He stressed that the 5-year period between the 9th and 10th Party Congresses was to a large extent filled both with tension and ordeals and with work and achievements. Although much is softened and fades in people's memory, they will nevertheless remember that recent time when our country suffered a deep crisis and was faced with extreme danger. We will not hush up anything that has happened in past year.

The collapse which took place as a consequence of errors in the strategy of the last decade, the wave of social unrest, and also the offensive launched by counterrevolutionary forces acting as parasites on this unrest--all this coincided with serious aggravation of the international situation and with another attempt by imperialism to reverse the course of history. At the expense of our people and through their hands, it tried to use Poland to undermine the correlation of forces in Europe and destabilize its peaceful [mirnyy] setup.

The situation was dramatically difficult. However, the party did not lose faith in the reason of the working class or in our people's sense of patriotic responsibility. It was invariably guided by the belief that one must see the principled difference between extremists and their inspirers and leaders and the millions of honest people who most often unconsciously allowed themselves to be drawn into a dangerous game.

The party gave the broad circles of the public time to grasp the essence of the antisocialist concepts, renounce demagoguery, and expose actions and intentions harmful to Poland. The party and the state resorted to emergency measures in order to protect the state against breakdown, the economy against collapse, and society against fratricidal conflict. We took these measures not to restore "the old" but to defend "the new," and also to indicate ways of

further socialist development. I formally announced this on 13 December 1981. This was strongly confirmed by the Central Committee at its plenum.

The PZPR has consistently followed this path. But the rate at which difficulties are being overcome varies. While expressing satisfaction with what we have already managed to do, we are constantly aware of our shortcomings. We are still struggling against difficulties in everyday life. Nevertheless a legacy of grievances, disappointments, and mistrust is still in evidence.

We are aware that obstacles both in the material sphere and in social awareness can only be overcome gradually. The question arises in this connection: Are we not feeding the enemy by laying bare our weaknesses and disclosing shortcomings? This impression can arise. However, in essence, it is precisely by doing this that we take away his initiative. The truth--albeit bitter--is our weapon. By using it boldly we are acting in the spirit of Leninism, which draws its inexhaustible strength precisely from its class analysis of reality and its open, bold formulation of the most difficult problems.

The party has survived a hard ordeal and overcome defeatism, ideological chaos, and organization weakness. It has announced its struggle against everything that impedes full exploitation of socialism's potential, offends the principles of our social system, and retards and drags us backward. Resolving our domestic problems, we are aware of their dependence on external conditions.

The speaker went on to stress the historical significance of the 27th CPSU Congress decisions. The essence of the Soviet communist forum, he said, lies in the unity of the three most important problems of today--social progress, the scientific and technological revolution, and peace--and also in urging the masses to activeness.

Our party is totally in solidarity with the CPSU's Leninist, innovative course and with Comrade M.S. Gorbachev's consistent, creative activity. It is precisely with this forward-looking development of socialism, to which the CPSU is boldly paving the way, that we connect the policy of socialist creation pursued by our party. We regard this as the main lever for the more rapid growth of our community's material and spiritual strength, which has been clearly emphasized by fraternal party congresses.

The tasks facing Poland, however, are particularly difficult and complex. While in past years other socialist countries have made decisive progress, albeit at different rates, and have modernized their economies and increased their national income, we have incurred great loss and wasted a great deal of valuable time.

\*some of our difficulties have deeper roots. Although progress has been made with socialist changes in our country, at the same time this process is going more slowly than it should. On the one hand, revolutionary changes have been made in the social system. In the 40 years of its existence, the people's Poland has created vast material and spiritual values. The country's economic

potential has increased many times over. Its social structure has undergone profound change and the people's material and cultural living standard has improved. In the majority of spheres socialism has laid down strong, firm foundations. The socialist production mode predominates. State power is socialist in nature. The Marxist-Leninist party plays a leading role in the state. Great progress has been made by socialist processes in the sphere of democracy and self-government, and also in various spheres of social activity.

On the other hand, however, if one applies the standard of socialism's universal principles and laws, it transpires that in Poland progressive, sometimes unique, farsighted decisions are contiguous with vestiges of the past. The party is aware of all these obstacles. We have sufficient strength not only to overcome them but also to speed up our progress and strive to go higher and further.

The party draws the optimism with which we have come to the 10th Congress from its faith in the working class and its ties with it. Even at times of the greatest bitterness, the working class has remained loyal to the ideas of socialism. Its collective aim is to harmoniously join the principle of social justice with more rapid economic development and improvement in living standards and with broader participation in the country's management. The 10th Congress must give a clear response to these aspirations.

We base our optimism on the strength and stability of the worker-peasant alliance. The peasantry has made a great contribution to building the people's Poland, which has opened up a broad path of social development to them. Their most important task today is to supply the country with food and their aim is a higher social, material, and cultural living standard in the countryside. The PZPR will actively support all efforts in this direction.

The party's optimism stems from its confidence in the Polish intelligentsia, which took an active stand in the postwar era in the birth of the new reality and set about building a socialist motherland. Its greatest duty today is to pave the way for the scientific and technical revolution, progress, and a higher cultural level. Our party will create favorable conditions for this.

An inexhaustible source of the party's optimism is the ardent patriotism and creative strength of our people, who strive to ensure that their motherland is rich and well governed, that its security is secured, and that it consolidates its worthy place among the other countries of the socialist community, Europe, and the world.

These are the most important prerequisites on which we base our program for Poland's further socialist development--a program of difficult tasks and a great deal of work, the speaker said.

Our main task is to reinforce development processes, make up for lost time, and reduce the distance dividing Poland from leading states in economic respects. We will be reckoned with in the world as far as we merit this. No country is valued for its historical past alone. An urgent task is to bring all forces and available reserves into play in order to ensure the country's progress.

Under socialism, the economy must serve people, their material well-being, and man's all-round development. Attaining this high aim is particularly important in Poland. Because of the crisis the gap between people's needs and the degree to which they are satisfied has widened. The economy has to be made more efficient in order to narrow this gap. We must make more rapid progress. Acceleration is a historical necessity. It is the essence of the party's draft program and its strategic concepts. The acceleration process has now been made concrete in a long-term plan, the draft of which the Polish government will present for public discussion. However, acceleration is not only a matter of pursuing quantitative indices. It is a complex process of profound qualitative changes in every sphere of life and in social awareness.

The most immediate task, the speaker went on to say, is to strengthen the foundations of economic development, restore equilibrium, and ease the greatest imbalances. This is the first phase of acceleration. The draft 5-Year Plan defines the scale of the general dynamics. At the same time it stipulates that modern sectors of the economy must develop more rapidly than others. For example, the production of goods in the electronic, electrical engineering, and machine building industries and certain types of artificial materials must increase one-and-a-half to two times faster than all industrial sectors as a whole. Our work and a principled breakthrough with regard to efficiency will determine whether a more rapid development rhythm spreads to the entire economy and is incorporated in the new, higher phase of acceleration.

The need to make a transition from extensive to intensive methods is a vital requirement of the present stage of building socialism. Today, when resources are contracting and the country has to pay off existing debt, efficiency is for Poland an economic "to be or not to be"--the main condition of a better life for Poles. However, efficiency is not achieved easily. Those who contribute a greater work input and demonstrate greater discipline and a higher level of economic management will make progress. Acceleration is the means of more fully satisfying social needs.

Summing up the results of pregress discussion, the party regards the following as the most important tasks in the immediate future: guaranteeing the population a better food supply; improving the housing situation; updating the education system and broadening its material base; making progress in the development of public health care and in environmental protection; ensuring fair distribution; and reinforcing the principle of "to each according to his work."

Dwelling on the questions of agricultural development, W. Jaruzelski said that the stable agrarian policy adopted by the PZPR in conjunction with the United Peasant Party is being put to the test in practice and will continue to be implemented. This sector must become a powerful line in the economy as a whole. Without a modern countryside there will be no modern Poland.

No criterion of living standards and fulfillment of the principles of social justice is more clear-cut than wages, wage levels, and the correlation between different wages. The general level of the people's wages and income must be closely linked with social labor productivity. Attempts to circumvent this

law--as occurred in the seventies and at the beginning of the eighties--are well known. We are painfully aware of their consequences to this day.

In our country, the speaker noted, there are quite a lot of people with a petit-bourgeois, mercenary mentality, lovers of easy money who cynically disregard social responsibilities and interests. They do not create material wealth but obtain their income from speculation, intrigues with foreign currency, and embezzlement of social property. They are alien elements under socialism. Their actions will be particularly severely condemned. We confirm the principles of the policy developed in conjunction with the Democratic Party that guarantees stable conditions for honest, conscientious artisans. They are, as a matter of fact, allies of the working class.

However, there are also cases of excessive enrichment in the private sector. This is largely achieved by intrigues of various kinds. This practice has been and will continue to be prosecuted in accordance with the law.

The speaker went on to stress that the connection between prosperity and production efficiency is firm and inviolable. Its implementation in practice is the basic function of the reform being carried out. However, this will not be ensured solely by the mechanisms and systems in the process of being introduced. This connection must daily be present in party work and in all spheres of social life--in ideology propaganda, science, and culture. Everything for this front, everything for intensification, everything for efficiency. Its main levers must lie in speeding up scientific and technical progress, making structural changes, eradicating wastefulness, improving production quality, and increasing participation in the international division of labor.

The new, qualitatively higher stage of development in the national economy depends to a decisive extent on scientific and technical progress. We have great potential in science institutions, higher schools, and industrial scientific research organizations. Our economy requires radical modernization in a great many sectors. Scientific and technical progress must move quickly. Unfortunately, things are not like that at present. Only recently have certain changes for the better been apparent.

The essence of the matter lies in receptiveness, in the need for innovation in enterprises, and in an organic combination of science and production. Economic mechanisms and organizational decisions must contribute to this better than before. What is more, they must take into account the necessary risk factor connected with taking bold, innovative steps. We will fulfill this task when party committee doors are always wide open to innovators, originators of equipment, and transmitters of progress and when party organizations begin to concern themselves with them and become their active mentors.

W. Jaruzelski went on to note the great potential for increasing exports. The present situation in this sphere, he said, is highly unsatisfactory. Poland has an exceptionally low share of participation in world trade. This is one of the main obstacles in the way of development. Entering new markets in the conditions of increasingly keen competition and consolidating our position in

these markets requires multifaceted, comprehensive actions calculated for the long-term and the correct state policy in the sphere of capital investments, credit, and the acquisition of licenses. The rules for exporters established by the central apparatus must be stable.

Poland is implementing a thorough reorientation process in the economic and scientific-technical spheres, relying on its socialist partners. All this demands that we keep in step with the changes in equipment and production being made in the USSR and other socialist countries. Cooperation within the CEMA framework has been and remains the basis of our foreign trade ties. This fact has been confirmed by the convincing experience of recent years, when the USSR's fraternal assistance and the benevolent attitude of other countries in the community have helped us in overcoming the greatest difficulties.

Poland actively participates in the process of improving the mechanisms of socialist integration. Bilateral long-term programs for economic and scientific-technical cooperation for the period through 2000 are the strong foundation for deepening cooperation within the CEMA framework. These programs are a vital collective achievement of the socialist community countries. Poland actively strives to ensure that the accords contained in these programs are fully reflected in specific agreements and contracts and in economic practice.

It is with satisfaction that we stress the successful development of direct contacts and cooperation between Polish enterprises and scientific research centers and their partners in the CEMA countries. This cooperation is developing particularly intensively and fruitfully with Soviet organizations. Close ties between enterprises, including the exchange of work teams, primarily young ones, are a clear example of putting internationalist ideas into practice.

Poland strives to develop economic cooperation with all countries of the world on the basis of the principles of equality and mutual profit. We are decisively opposed to political pressure in the forms of illegal sanctions, embargoes, and other discriminatory measures. Life and development cannot be confined in a cage of protectionist customs duties and other barriers. We consider it necessary to work out and observe economic security principles in international economic relations. Poland has stated this convincingly from the UN rostrum.

A serious problem is presented by our debt, primarily to capitalist countries. This debt arose as a result of a policy that was a mistake both in terms of the amount of credit taken and in the ways in which this credit was used. We have lived above our means. That credit was not used to create an export potential that would have made it possible to reap the credits quickly and stimulate intensive economic development. To resolve the problem of our foreign debt in a principled manner is possible only by decisively increasing the Polish economy's export capacities.

A basic condition of bringing into play all levers for increasing efficiency is our economic reform. Undertaken at the instigation of the party in an extremely difficult situation, it was helped to a considerable extent in

overcoming the crisis and laid the foundations for development processes. It is primarily a question of waging a more consistent struggle for efficiency. As before, the party will outline the main directions for improving the reform, monitor their implementation, and reinforce the course aimed at efficiency--a factor which will determine the country's future.

The party Central Committee, the speaker continued, proposes that the present congress submit the initiative to conduct a general review of organizational structures and work places throughout the state. This major comprehensive measure must bring to light shortcomings and bottlenecks and barriers standing in the way of implementing economic reform. Good organization is also an essential condition of clearly and fruitfully introducing new technology and of improving efficiency in economic management.

Certification of work places has already begun at some enterprises. It has proven useful and effective. The team method of labor organization will be an ally of certification. These teams, constantly influence the reinforcement of work discipline and, as a result, they also influence increasing labor productivity.

The majority of leading cadres, particularly those at higher levels, the speaker went on to note, fulfill their functions in accordance with party recommendation. This increases the party's responsibility for resolving cadre issues. The correct decisions contribute to increased confidence in the party, while wrong ones undermine its authority. The people's Poland has formed new structures for leading cadres. The people operating within these structures have made a most valuable historical contribution to socialist changes and to the country's development.

At the same time there have also been mistakes. The party's leading role in the state has sometimes been interpreted as a personal right to make arbitrary, voluntarist decisions. The weakening of democratic mechanisms has engendered coarseness and willfulness. A painful political and moral price has had to be paid for this. However, the majority of leading cadres have passed the difficult test, been tempered, and grown stronger. Many new people have taken up leading posts at all levels in the party and the state who have a new approach to their tasks.

Cadre policy is not a shuffling around of figures on a chess board. The main point is to observe the principles which encourage efficiency, dynamism, and innovation. The party's task lies in selecting the best cadres and speeding up the development particularly of young, ideologically trained, promising cadres.

In recent years extensive rights in resolving cadre issues have been granted to lower-level organs, especially primary party organizations. No one in the party or the state has the right to diminish these rights in management policy. With regard to party members, here the situation is absolutely clear: No one can take up a leading post without a positive appraisal from a primary party organization. In the conditions of socialist democracy, the scale of participation by workers in the country's life and their voice and influence on all social processes has fundamental significance.

It is no accident that the past political conflict rose to the surface in trade union form. The formation and systematic development of class trade unions thereby has still greater significance. Strong trade unions are essential to the working class, the working people, and Poland. We will guard the ideological and political unity of trade unions as something vital. Discord in their ranks means dissension among the working people and manipulation of them on the pretext of protecting workers' interests. We expect party members operating in trade unions to set an example of active and effective trade union work. It is the duty of party organizations to study the opinions of the trade union movement and strengthen the positions and authority of the largest mass organizations of Polish workers.

The speaker went on to stress that the Polish Armed Forces reliably defend the achievements of the people's state, its independence, and the inviolability of its borders. Under the party's ideological leadership, the Armed Forces fulfill their duty to defend the country and at the same time actively participate in the development of the economy and the acceleration of scientific and technical progress, and also train highly skilled cadres within their ranks. The people's trust is invaluable to a soldier. This was adequately confirmed during the very crucial fulfillment of his tasks at the time of martial law and also in the fulfillment of his historic duty to defend the country. We express our heartfelt gratitude to the armed forces, their loyal cadres, and all soldiers.

Members of the civilian militia and security services have worthily fulfilled their duty to defend the socialist state and continue to do so. The Central Committee has highly appraised their selfless, difficult, and responsible work and voiced the belief that the ministry of Internal affairs will continue to conscientiously fulfill its duty to defend state security, law and order, and the public's peace of mind.

For a Marxist-Leninist party, W. Jaruzelski noted, there is nothing more important than the confidence of the working class and strong authority among the working people. It is precisely this that came under prime attack from the enemy, who understood that the link between the party and the masses is a decisive factor in the Polish political system. It is precisely in this sphere that the party incurred particularly painful losses. At the same time, the party's patient, consistent policy has brought the expected results. This is attested to by the course and results of the elections to the people's councils and the Polish Sejm. It is also confirmed by the results of a public opinion poll. But the most vital thing is practical life and active participation by the masses in daily work and in social activity for the good of socialist Poland.

The party's appraisals of the complex phenomena and contradictory trends which were characteristic of the former "Solidarity" movement have been proved correct. The reactionary, adventurist trend which gained the upper hand among the leading elements of "Solidarity" and among its rapidly growing apparatus could not be the line of the working class. The extremists suffered defeat because they lost society's support and became alienated from the masses. This has been fully borne out by practice. People who yesterday were substantially divided today work together, shoulder to shoulder. The vast

majority of former "Solidarity" member are active participants in social life. They are members of the PZPR and allied parties, are deputies in the Sejm and people's councils, operate in the revived trade unions, and are also present in this auditorium as delegates to the PZPR Congress.

A struggle is being waged today for the future of Poland. Consequently no allowances are being or will be made with regard to actions causing the country harm. Our enemies urge that work progress at a snail's pace, they approve sanctions, make concessions with regard to revanchism, inculcate-- particularly in young people--a feeling of hopelessness and pessimism, better social activeness, and in the upshot propagandize the pernicious philosophy of "the worse the better." Thus, the underground and its various political contractors are not sufferers of any kind, nor idealists fascinated by "pure democracy," nor misled, inexperienced people. They are more likely political agents in favor with foreign countries and inspired and sent by them. The enemy says that the Polish people are disillusioned with socialism. This is not true! All the intentions and aspirations of the overwhelming majority of Polish society, W. Jaruzelski stressed, are oriented toward attaining the aims of the socialist system.

Going on to dwell on relations between the church and the state, the speaker noted with satisfaction the growing participation by Catholic and Christian lay organizations in the country's social life and the participation of their representatives in organs of power. It is with recognition that we follow the activity of those churches and religious unions which cultivate in believers respect for work, for social property, and for the law and state authority, and which find the right path leading to constructive participation in socialist reality. However, the antisocialist clericalism preached by some members of the clergy clouds relations between church and state, gives rise among anti-Polish forces to calculations of a clash, of conflicts between us, and as a result is damaging to Poland. The party invariably speaks in favor of good relations between church and state. The sometimes difficult but unbroken dialogue with the Roman Catholic church continues. We are in favor of increasing cooperation and simultaneously limiting contradictions and misunderstandings. At the same time we expect and will strive to gain respect for the Polish constitution and Polish law and for the interests of the socialist state.

The leading role of the party is the very basis of our social system and has arisen on an inviolable historical, class, ideological, and moral basis, W. Jaruzelski said. It is precisely the party that is heir to the best traditions of the Polish workers movement. It has written glorious pages in the struggle for national and social liberation. It is precisely the party that, in the name of the interests of the majority of the nation, led the revolution which gave the peasants land, nationalized plants, guaranteed millions of people development and general access to education and culture, and was responsible for restoring and industrializing the country.

It is precisely the party that mobilizes the working class to fulfill its historical mission--to build and defend socialism. It is the champion of the alliance with the peasantry and the intelligentsia, the champion of the idea of national reconciliation. It is precisely the party and left-wing forces in

Poland that convey the unity of patriotism and internationalism, protect Polish state interests, and genuinely guarantee the country's independence and the inviolability of its borders and firm, reliable alliances.

It is precisely the party that had enough courage to reveal and overcome errors and distortions, show an indissoluble will for socialist development, and speak the whole truth. It is precisely the party that worked out a realistic program defining the long-term prospects for Poland's development and that has confirmed in practice its ability to lead the implementation of this program.

The party considers the role and interests of the working class to be of paramount importance. Today some workers are still not convinced that their voice is being closely heeded. It is our duty to do everything to ensure that they feel themselves to be total masters of their enterprise and country. Augmenting the worker stratum within the party, increasing the activeness of worker party members, and enhancing their influence on decisions taken--this is a question of the greatest significance. Qualitative changes have taken place during the reporting period. For the first time workers and peasants are in the majority in the Central Committee, are broadly represented in its commissions, and have become Politburo members. They are also members of various consultative councils.

Our party implements democratic centralism as interpreted by Lenin, combining the collective principle with personal responsibility for the task in hand. It dissociates itself from abnegatory, opportunist concepts and from renunciation of party influence on the activity of the state and the national economy. At the same time the PZPR is opposed to substituting and duplicating administrative organs. Our most important task is to strengthen the primary party organizations. Their voice--from the plant to the ministry--must be heard loudly. If it is backed up by non-party members, it will have to be doubly reckoned with.

The PZPR now has 2,126,000 members and candidate members. It is still the party of the masses and operates in all social and professional strata, in the cities and the countryside. A long and painful period which saw a diminution in the size of party ranks came to an end a year ago. They have now begun to grow again. There is no measure of confidence in the party more accurate than a natural influx of people aspiring to share their destiny with it.

The party intends to accept new members in its ranks, primarily workers and young people. But it will never do this for the sake of showy statistics and will never accept those who want to get into the party for careerist reasons. We have no need of such party members.

Socialism has many enemies, but it is no less harmed by those who expatiate on socialism a great deal but those actions say the opposite. Slowness when it is a question of people's problems, ostentation and show, lack of modesty, and sophistry when one should listen, a commanding tone when one should persuade--unfortunately, this practice occurs even now.

The recent years have been a strict but nevertheless instructive school of Marxism-Leninism. We have begun to rectify the damage caused by many years of underestimating theory, irrespective of whether this was the result of a shortcoming in education or the manifestation of narrow pragmatism.

Moving on to international problems, W. Jaruzelski said: There are values which have the same very great significance for all Poles. These are the independence and sovereignty of the motherland, its territorial integrity, security and peace. This is invariably served by the foreign policy worked out by the party. Its cornerstone is our indissoluble alliance and friendship with the Soviet Union. This is a historical achievement of our peoples. The past has had different pages. The destinies of Poles, Russian, Ukrainians, Belorussians, and Lithuanians have been interwoven more than once in a tragic knot. These periods in history have been ended once and for all. This is a historical service performed by our parties--the PZPR and the CPSU. Socialism has opened up new horizons before us. The friendship and trust consolidated by our common aspirations for peace, experience of all-round building, and the assistance given us in a most difficult period are growing stronger.

The socialist system has become firmly rooted in the world. The countries of real socialism form the core. Each one of us has accumulated a wealth of positive experience and made its own contribution to the treasure-house of Marxism-Leninism. There have also been errors and defeats. However, our historical achievements are vast and indisputable. We harmoniously link our national aims and interests and increasingly effectively combine the unity of common socialist aims with the specific conditions of their attainment. The present stage in our community's development is creating historic chances to speed up its progress toward the future and to reach new goals.

However, now is a difficult time. Imperialism's adventurist policy is having a negative influence on every sphere of relations between East and West. Imperialism is striving to prevent revolutionary changes, hold back the forces of progress and national liberation, and block the processes of socialism's more rapid development. It counts on the economic exhaustion of our countries and on gaining military superiority.

These calculations are base-less. Socialism can be temporarily damaged but cannot possibly be overcome. It was able to defend itself when the pioneers of the October Revolution came face to face with death, want, and hunger. It survived its ordeals even when the interventionists left a burnt-out land behind them. It is well known how fascist Germany's criminal attack on the Soviet Union ended. Socialism has withstood nuclear blackmail, blockades, embargoes, and provocation, which makes socialism all the more able to defend itself now, grow even stronger, and move on forward!

A paramount task for all peoples is to eliminate the threat of nuclear destruction. This is the aim of the Soviet peace initiatives put forward by Comrade M.S. Gorbachev. This is a long-term, bold, wise, and honest policy. We fully and actively support it. It confirms its own correctness because it ensures a moral victory for our idea. It forces imperialism to go onto the defensive on the political level and lays bare the real intentions of the

militarist course pursued by Washington, which is blocking all efforts aimed at ending the arms race.

The 50th anniversary of the beginning of the most terrible war in mankind's history falls in three years time. The memory of it is a source of constant reflection for all people. Lasting peace for the peoples of Europe is of vast importance. Poland was one of the initiators of the historic conference on security and cooperation in Europe. Proceeding from the principle of the inviolability of the political and territorial structure, the conference's final act created broad prospects for all-European cooperation. Unfortunately, the general outcome of the Helsinki process 11 years on is not what it should be.

The time has now come for all states signatory to the Final Act to implement its principles in practice in order to promote progress in the sphere of detente and mutually profitable cooperation. A good occasion for this will be the forthcoming meeting between representatives of the states participating in the all-European conference in Vienna. Poland intends to submit a proposal at that forum on holding a conference of experts for a preliminary discussion of issues connected with overcoming existing obstacles in the development of East-West economic relations, particularly in the scientific and technical sphere.

Lowering the level of military confrontation has great significance for improving the political climate in Europe. Real new opportunities in this respect have been opened up by the results of the recent Warsaw Pact Political Consultative Committee conference in Budapest. The stand taken by these states and primarily their appeal to the NATO states and all European states, which contains a comprehensive program for a substantial reduction in armed forces and conventional arms from the Atlantic to the Urals, are highly significant facts.

Having a considerable conventional armed forces potential, Poland is prepared to participate actively in talks and make a corresponding contribution to coordinating on a multilateral basis balanced measures in the disarmament sphere. Poland is willing to accept any constructive initiatives which would serve all-European cooperation on the basis of respect for the principles of the Final Act. This also applies to bilateral relations. The past period has brought us considerable bitter experience in this sphere.

The sharp change in the West's attitude to Poland serves as a litmus test of our capitalist partners' real intentions. When Poland lived on credit and harmful deformations were building up in our socioeconomic life, praises and compliments were showered on us in abundance and there was even talk of "model relations." But when we began to put our economy in order and enrich socialist democracy, those very same circles, frequently the very same people, came down on us with slander and introduced restrictive measures. Unprecedented propaganda aggression was unleashed. This unlawful, vicious attempt to interfere in our country's internal affairs was one of the manifestations of the "cold war" policy.

Poland, W. Jaruzelski said, has proved itself more ready to repulse these efforts than people expected. It was able to emerge from its crisis and is restoring its lost positions. We believe that the conclusions drawn from the "Polish lesson" will not be underestimated by the West. It must already be clear to everyone that we will never consent to outside diktat. Hopes of the "temporary nature" of socialism in our country are simply naive.

Poland's national interests are indissolubly connected with detente and dialogue. We are traditionally open to peace. We will increase our participation in the international division of labor and cooperate with every honest partner who respects our sovereignty.

Our relations with neutral and nonaligned states and with the majority of West European countries are developing in the appropriate direction.

We attach vital significance to the correct development of relations with the FRG and closely follow the realistic position of some of its political and economic circles. However, at times another, revanchist trend grows stronger there. Attempts to encroach on Poland's vital interests were revived in connection with our difficulties. However, the proponents of these concepts must remember the lessons of history. Their predecessors cried that Poland was a "seasonal state." But in actual fact it was the "thousand-year Reich" that proved to be seasonal.

Our experience convincingly attests, the speaker continued, that precisely the Soviet Union is vitally interested in Poland's strength and security and in its friendly relations with the GDR. The United States, on the other hand, lays its stakes on the FRG--its prime NATO ally. Washington's policy is oriented toward supporting those forces, particularly revanchist circles in the FRG, which strive to call in question the peaceful, postwar, political and territorial structure in Europe.

The FRG is constantly faced with a historic choice: Either it preserves its revanchist illusions, which Poland will always and everywhere counteract, or it consents once and for all to the inviolability of European realities--which we will greet with benevolence and willingness for cooperation.

A special issue is that of the state of Polish-American relations. The causes of the present situation are well known to all. Washington is the inspirer and chief executor of decisions damaging to Poland. It is hard to expect the impasse in relations with the United States, now in its fifth year, to bring anything useful. We know that this view is shared by certain sensibly-minded circles on the other side of the ocean. We are prepared to take note of even insignificant gestures and steps if they are positive. As is well known, in politics one takes real facts into account first and foremost; their existence, however, is still not very convincing.

Poland attaches great significance to cooperation with the nonaligned movement and recognizes its activity for the sake of peace and disarmament. Together we strive to put an end to imperialist threats and hostile actions in relations to independent countries and we express solidarity with the struggle against racism and apartheid.

We support the efforts by Asian, African, and Latin American countries to resolve the most important issues of today, primarily that of establishing a new international economic order. We demand a just settlement to the worldwide debt problem, which impedes the process of development for scores of states and threatens unpredictable consequences.

Proceeding from the principles of proletarian internationalism, we are in favor of broadening cooperation with all communist and workers parties. Defending peace is the paramount task. Guided by this conviction, we believe it necessary for representatives of all communist and workers parties to meet in the near future to jointly determine the directions and methods of struggle for this great aim.

The PZPR strongly confirms its determination to constantly strengthen the bonds of friendship and all-round cooperation with the CPSU and other fraternal parties. We are in favor on principle of further strengthening the might of the socialist community and reinforcing its cohesion and unity in all spheres. The responsibility of our parties and states for the fate of socialism and the planet's peaceful future demands that maximum use be made of the wealth we have at our joint disposal.

The defense might of the socialist community is the basis of our motherland's security. In the face of present threats we must concern ourselves with the combat readiness of our armed forces and their close collaboration. This is clearly reflected in the decision to extend the Warsaw Pact's term of effect for another 20 years.

Considering all the complexity of the present international situation, particularly on the European continent, we are submitting for discussion at the 10th Congress the proposal to adopt a "declaration on Security and Cooperation Issues in Europe." May it be further convincing confirmation of the invariable will of our party and state to make a worthy contribution to the common cause of our continent's peoples.

The 10th PZPR Congress concludes an immeasurably difficult stage in the life of the party and the country. It begins a new stage, the prospects of which will be determined by the PZPR program.

The experience of pre-congress discussion must be reflected in the decision of the party forum. It is no less important to ensure that no voice goes unheard and no proposal undiscussed in the appropriate party units and organs of people's power. The expectation of truth and hope was common to all pre-congress discussion--truth about the condition of society, the state, and the economy, and hope of overcoming difficulties and making more rapid progress. We must live up to these expectations.

Several years ago the question was asked: What are the guarantees that the crisis will not be repeated? This question is also heard today. Such guarantees do exist. They lie not in statements, not in words, but in the practice of socialist building.

W. Jaruzelski said in conclusion: Our people have trodden a difficult historical path. They have attained victory and risen after defeat, eliminated obstacles, and overcome difficulties. We are faced with a difficult path and daring goals. What we decide in this auditorium must be translated into practical action.

W. Jaruzelski's report was heard with great attention and was repeatedly accompanied by prolonged applause.

/12913

CSO: 1825/93

## LATIN AMERICA AND CARIBBEAN

### U.S. 'RADIO WAR' AGAINST NICARAGUA ASSAILED

Moscow PRAVDA in Russian 25 Jul 86 p 5

[Article by A. Moiseyev: " Invasion Through the Ether"]

[Excerpt] A wide-scale radio war has now been unleashed against the country of Sandino. The U.S. is waging this invasion through the ether just as brazenly as its armed aggression by the forces of its hirelings--the "contras".

The antennas of more than 70 subversive radio stations from the United States and several Latin American countries--Costa Rica, El Salvador, and Belize, are directed toward Nicaragua. The "Voice of America", regularly broadcasting to Nicaragua in Spanish and in the language of the Misquito Indians, intends to increase the number of its repeater stations. In particular, they will be established in Honduras and Puerto Rico.

The "contras" also have shortwave transmitters. The CIA and the Pentagon generously supply them with radio apparatus. One of such stations has been operating since 1981 from Honduras. The Somozists call it "15 September" in honor of the day the Nicaraguans were liberated from Spanish domination in 1821. This radio station transmits mostly information on the bandit-like actions of the "contras" on the territory of Nicaragua. "15 September" broadcasts the "successes" of the CIA hirelings in the most glowing tones. In the beginning of 1983 yet another anti-Nicaragua radio station polluted the ether--"Miskut". It, like "15 September" operates under the aegis of the CIA and broadcasts in the languages of the Mesquito and Sumo indians. The special services of the U.S. have also supplied several other groups of "contras" with radio transmitters.

What do these "radio voices" report? First of all, they shout about the militarization of the Sandinist regime and the "communist threat". They act upon the principle that one lie gives birth to another. Thus, Washington's "undeclared war" against Managua is called a civil war and the killers and violent-acting "contras" are called nothing else but "freedom fighters". The subversive radio centers are trying to turn the population against the legitimate powers.

On the other hand, the "voices" are stubbornly silent about the achievements of free Nicaragua and they disseminate provocational rumors, suggesting to people that the "Sandinists are aggressors and pose a serious danger for all countries of Central America and even to the U.S."

The radio saboteurs are trying so hard that they managed to "discover" a Soviet naval base in the city of Esteli. But as is known, this Nicaraguan city is located at a very significant distance from the ocean's coast.

The recent allocation by the U.S. Congress of an additional 100 million dollars for the counterrevolutionary bands will lead to a sharp increase in the aggressive activities against the country of Sandino and to direct participation in these actions by the CIA and other special services of the United States. Within the framework of this undeclared war Washington is intensifying its invasion into Nicaragua through the ether as well.

CSO: 1807/350

CHINA/FAR EAST/PACIFIC

CHINESE FRIENDSHIP SOCIETY DELEGATION'S VISIT TO BAKU HAILED

Baku BAKINSKIY RABOCHIY in Russian 30 Jul 86 p 1

["Guests from the PRC in Baku"]

[Excerpt] A group of activists from the Chinese People's Society of Friendship with Foreign Countries and the Society of Chinese-Soviet Friendship visited the capital of Azerbaijan for several days. The guests from the PRC, including scholars, diplomats, economists and journalists representing various cities and provinces of the country, were in the USSR within the framework of cooperation with the Union of Soviet Friendship Societies.

In a conversation with a correspondent from Azerinform, the leader of the group, deputy chairman of the Society of Chinese-Soviet Friendship Lian Gen said: "The goal of our trip to the USSR is to strengthen mutual understanding between the Chinese and Soviet peoples. We paid attention to the speech of General Secretary of the CPSU Central Committee M.S. Gorbachev, given in Vladivostok, pointing out the necessity for consolidating Soviet-Chinese friendly relations. Traditional friendship exists between the Chinese and Soviet people and we wish to strengthen it, inasmuch as it serves the interests of people of the whole world. Meetings with representatives of Soviet, including Azerbaijan, society allow us to express our belief in further broadening of our relations."

The participants in our trip, Lian Gen continued, are touched by the warm welcome given to us in Baku--a beautiful city which, as we are convinced, attracts us by its carefully preserved past and the high rate of development of modern industry. We wish the people of Baku and all the people of Azerbaijan happiness and new successes in socio-economic and cultural development of the republic, which plays a notable role in the life of your country.

Mutual acquaintance with the experience of work of social organizations involved in the development of contacts between people was the theme of the discussions which took place in the Azerbaijan Society of Friendship and Cultural Relations with Foreign Countries. The Chinese guests met with the chairman of the society's presidium Nabi Khari and with members of the management and activists of the republic branch of the Soviet-Chinese Friendship Society.

CSO: 1807/351

VIETNAMESE CONSTRUCTION WORKERS IN USSR HIGHLIGHTED

[Editorial Report] Ashkhabad SOVET TURKMENISTANY in Turkmen 12 April 1986 carries on page 3 a 400-word TurkmenINFORM report on a "Soviet-Vietnamese Friendship Evening" which took place at an Ashkhabad secondary school. The evening marked the fifth anniversary of the Soviet-Vietnamese agreement on accepting Vietnamese citizens to study and work in the USSR. Nguen Tha Khong, leader of a group of Vietnamese studying the building trades in Ashkhabad, said: "At the present time Vietnamese citizens are studying 70 basic trades and skills in the USSR" and added that they are "working in the southern rayons of the RSFSR, and in the Ukraine, Kazakhstan and Turkmenistan." Two hundred Vietnamese are studying in Ashkhabad. Chin Van Tung, secretary of the Ho Chi Minh Committee of Young Vietnamese, also spoke during the friendship evening. /6662

CSO: 1835/423

CHINA/FAR EAST/PACIFIC

USSR-PRC: AGREEMENT ON ECONOMIC AND TECHNICAL COOPERATION

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SSSR in Russian No 1, 1986 pp 10-11

[Agreement Between the Government of the Union of Soviet Socialist Republics and the Government of the People's Republic of China on Economic and Technical Cooperation in Construction and Modernization of Industrial Facilities in the PRC]

[Text] The Government of the Union of Soviet Socialist Republics and the People's Republic of China

for the purpose of development of economic and technical cooperation between both countries and

in accordance with the Soviet-Chinese agreement on economic and technical operation of 28 December 1984

have agreed on the following:

Article 1

The Government of the Union of Soviet Socialist Republics and the Government of the People's Republic of China will cooperate through appropriate Soviet and Chinese organizations in the construction and modernization of facilities stipulated in an appendix(1) to the present Agreement.

Article 2

Appropriate Soviet and Chinese organizations will conclude on a mutually agreeable basis contracts with each other for each project in which they will determine the volume, prices, time periods and other detailed conditions of fulfillment of planned research work, transmission of technical documentation, delivery of equipment and sending of Soviet specialists to the PRC and of Chinese technical personnel to the USSR.

Article 3

Reimbursement of the costs of Soviet organizations connected with the fulfillment of commitments specified in the contracts will be made by the Chinese Side under the conditions of the existing Soviet-Chinese agreement on trade turnover and payments.

Article 4

For everything else not specified by the present Agreement, pertinent provisions will be employed of the Soviet-Chinese agreement on economic and technical cooperation of 28 December 1984 and the operative Soviet-Chinese agreement on trade and payments.

Article 5

The present Agreement goes into force on the day of its signing and will be in effect till the complete fulfillment of the obligations specified in the contracts concluded for its execution.

Done in Moscow on 10 July 1985 in two true copies, each in the Russian and Chinese languages, both texts are equally valid.

By authority  
of the Government of the Union  
of Soviet Socialist Republics

By authority  
of the Government of the  
People's Republic of China

I. Arkhipov

Yao Yilin

FOOTNOTE

1. The appendix is not provided.

7697

CSO: 1825/66

CHINA/FAR EAST/PACIFIC

MOSCOW BROADCASTS TO CHINA STRESS COOPERATION, IMPROVED TIES

PRC Workers Express Views

OW010115 Moscow in Mandarin to China 0700 GMT 30 Jul 86

[Text] Dear Listeners: It has been reported that Gorbachev, general secretary of the CPSU Central Committee, has expounded on Soviet-Chinese relations in the portion of his speech dealing with international issues at the ceremony on presenting the Order of Lenin, the Soviet Union's highest award, to the city of Vladivostok.

Comrade Gorbachev pointed out that history has bestowed upon the Soviet and the Chinese peoples a very important mission. Much in international development depends on the two major socialist nations. Comrade Gorbachev was pleased with the noticeable improvement in Soviet-Chinese relations in recent years. Both nations would like to further expand bilateral cooperation in various fields.

The ceremony at Vladivostok was held on 28 July.

Station reporter (Kulikyanova) interviewed some Chinese workers at the PRC Economic and Trade Exhibition in Moscow on the morning of 29 July. Comrade Zeng Liezhen told the reporter: We have just watched television and we know something about the contents of Comrade Gorbachev's speech. But right now we are too busy to peruse and study his speech. But we will surely read it, particularly the portion dealing with Soviet-Chinese relations, when we have more time, because our government has also shown (?much concern) for his speech.

[Begin recording] [Kulikyanova] What is your view on Comrade Gorbachev's meaningful proposal for cooperation between Soviet and Chinese cosmonauts, maybe a joint Soviet-Chinese space voyage?

[Zeng Liezhen] Sino-Soviet cooperation must certainly be further developed. So long as both sides concur, I think cooperation should be developed in all areas.

[Kulikyanova] What about space undertakings?

[Zeng Liezhen] The Soviet Union is more advanced than China in space exploration. We must learn from them in this field. The Soviet people are very friendly toward the Chinese people. For this reason, they have a strong desire to develop cooperation and friendship between the two peoples, and to deepen mutual understanding.

[Kulikyanova] We are neighbors too.

[Zeng Liezhen] We are neighbors and friends. The Chinese and Soviet peoples are great peoples. This is my first visit to Moscow. After my arrival here, I was impressed by the Soviet people's good (?feelings) for the Chinese people and their (?keen interest in the exhibition). Some 18,000 people visited the exhibition on 26 July, and more than 20,000 people came here on 27 July. We are touched by the fact that the Soviet people have given up their days of rest on 26-27 July and come to visit our exhibition. This shows that both peoples would like to strengthen bilateral cooperation and deepen understanding. [end recording]

Comrade Liang Yunqiu told the station reporter: We learned of the speech last evening, but we had no time to read the original text. We do not know the details of his speech.

[Begin recording] [Kulikyanova] In his speech at Vladivostok, Comrade Gorbachev paid particular attention to Soviet-Chinese relations and expressed the desire for extensive and (?positive) development in trade, technical cooperation, culture, and education.

[Liang Yunqiu] I have read some of Comrade Gorbachev's speeches since he became general secretary. He has pinned much hope on Soviet-Chinese developments in economic and trade relations. I think such developments are beneficial to both sides.

[Kulikyanova] What advantages do you see resulting from this exhibition?

[Liang Yunqiu] We represent the China Petrochemical Corporation which develops the petrochemical industry in China. Through this exhibition, over the past several days, Soviet counterparts have gained a better understanding of our scope of businesses. The exhibition has promoted mutual exchanges. Reading our materials and viewing our exhibits will encourage mutual exchanges and understanding. We hope that Chinese and Soviet counterparts in the petrochemical industry will further promote exchanges in technology, products, and trade. In the past, Soviet comrades have not had a clear understanding of our businesses, and it is also true vice versa. For this reason, economic and trade relations between us are scanty. Through this exhibition we now have a better understanding of what the Soviet comrades are interested in. I believe the exhibition will contribute to technological, economic, and trade cooperation in the future. [end recording]

Soviet Aid to PRC Recalled

OW021700 Moscow in Mandarin to China 1700 GMT 1 Aug 86

[Luvinskiy commentary]

[Excerpts] The Nanchang uprising was initiated by the CPC in the 1925-27 period when the Chinese revolution was in difficulty. At that time, the Kuomintang had alienated itself from the anti-imperialist united front based on the alliance of revolutionary forces and had become a tool of capitalists, landlords, and reactionaries as well as an accomplice of imperialists in plundering China. In the face of such extremely complicated circumstances, the CPC, which was leading the attempt to change the unfavorable development of the situation and to save the revolution from failure, decided to build its own armed forces. The Nanchang uprising on 1 August 1927 was the first step in this direction.

Now China has designated 1 August 1927 as Army Day. History has proved the importance of this uprising in the development of the Chinese revolution.

The Soviet people have closely followed the CPC's and the Army's struggles against domestic reactionaries and foreign aggressors and have been happy to see their achievements in these struggles. In 1945 Soviet troops, aided by the Chinese PLA, smashed the Japanese Kanto Army. This contributed significantly to boosting the strength of the Chinese PLA. By the end of 1945, the CPC had several hundred thousand well-equipped troops in northeast China. Not only did the Chinese PLA repulse the Kuomintang's attack, but it completely shattered Chiang Kai-shek's troops in the 3-year civil war.

The victory of the Chinese revolution resulted in the founding of the People's Republic of China. Nonetheless, the U.S. imperialists and Chiang Kai-shek's remnant forces that fled to Taiwan did not cease their conspiratorial activities against this newborn country. In view of this, the Soviet Union continued its assistance in building the Chinese PLA after the founding of the PRC.

With Soviet assistance, China established a modern military industry. The Soviet Union provided China with modern military technology. At the Chinese Government's request, thousands of Soviet military experts worked in Chinese military academies and schools, tank units, and experimental plants, passing advanced military arts and modern warfare tactics to Chinese service members and teaching them the methods to grasp new military technology and operate various new military equipment. Peng Dehuai, then Chinese minister of national defense and member of the CPC Central Committee Political Bureau, said at the Eighth CPC National Congress: I wish to thank our great neighbor, the Soviet Union, for its brotherly efforts to provide our Army with military technology and to help us build a national defense industry. He called on all officers and men of the Chinese PLA to study the Soviet Army's advanced experience in the course of modernizing the Chinese PLA.

Improved Relations Desired

OW040941 Moscow in Mandarin to China 1700 GMT 3 Aug 86

[From "Current Events and Commentaries" program]

[Text] Listeners: PRAVDA carried a commentary by Soviet reporter Kotov on Soviet-Chinese relations, in which he pointed out that world opinion highly appraised the Soviet position stated in Soviet leader Gorbachev's Vladivostok speech on 28 July. Kotov wrote:

In commenting on Gorbachev's speech, foreign commentators paid special attention to the prospects of Soviet-Chinese relations. This is quite understandable. Of course, this is not simply because the Soviet Union and China share the world's longest border, which makes it inevitable for the two people to live as neighbors. History also entrusted these two great peoples with an extremely responsible mission. Much in international affairs depends on these two countries, the two largest socialist countries.

In view of this, the Soviet statement in Vladivostok is very significant. The Soviet Union is prepared--at any time, and at any level--to discuss with China the question of additional measures for creating an atmosphere of goodneighborliness in order to consolidate and advance the markedly improved relations between our two countries in recent years.

Economic links between the Soviet Union and China have notably developed. The historically established complementary relationship between the Soviet and Chinese economies creates great opportunities for expanding these ties, including in the border regions. An intergovernmental agreement on using the rich resources of the Amur River on the border and on building water management projects is being jointly worked out. Another thing that merits our attention is the large Chinese economic and trade exhibition being held in Moscow.

The Soviet government is preparing a positive answer on the question of assistance in constructing a railroad linking China's Xinjiang Uygur Autonomous Region with Kazakhstan. The Soviet Union has offered China cooperation in space, which may include the training of Chinese cosmonauts. There are great opportunities for reciprocal exchanges between the two countries in the sphere of culture and education.

The Soviet Union desires all-round development of its relations with China. This desire is very sincere. The Soviet action in this respect has been favorably received in China. XINHUA called the action an expression of goodwill.

/12913

CSO: 4005/904

CHINA/FAR EAST/PACIFIC

BRIEFS

BETTER USSR-PRC TIES--Vladivostok 28 July TASS--The Soviet Union suggested cooperation with China in space exploration, which could include training of Chinese cosmonauts. This was announced today by Mikhail Gorbachev, general secretary of the CPSU Central Committee, when he was touching upon ways of development of Soviet-Chinese relations. Speaking in Vladivostok, the centre of the territory which borders on China, the Soviet leader pointed out a noticeable improvement in relations between the two countries. "The Soviet Union", he stated, "is prepared--any time and at any level--to discuss with China, most seriously, questions of additional measures for creating an atmosphere of goodneighbourhood." [Text] [Moscow TASS in English 0815 GMT 28 Jul 86 LD] /12913

CSO: 1812/151

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

TRADE PROTOCOL WITH TUNISIA 1986-1990

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SSSR in Russian No 1, 1986 pp 14-15

[Protocol on Trade Between the Union of Soviet Socialist Republics and the Republic of Tunisia for the Period 1986-1990]

[Text] The Government of the Union of Soviet Socialist Republics and the Government of the Republic of Tunisia,

desiring to strengthen and expand on a long-term basis trade relations between the two countries on the basis of equality and mutual benefit and

basing themselves on the provision of the Trade Agreement between the Union of Soviet Socialist Republics and the Republic of Tunisia of 6 April 1977,

have agreed on the following:

Article 1

Reciprocal deliveries of goods between the Union of Soviet Socialist Republics and the Republic of Tunisia in the period from 1 January 1986 to 31 December will be made in accordance with lists A and B,(1) appended to the present Protocol.

List A includes goods for export from the Union of Soviet Socialist Republics to the Republic of Tunisia.

List B includes goods for export from the republic of Tunisia to the Union of Soviet Socialist Republics.

Lists A and B are not restrictive. Soviet foreign-trade organizations and Tunisian physical and juridical persons may conclude contracts for the delivery of goods not specified in the appended lists or in excess of the volume of goods indicated in them.

## Article 2

Competent organs of the Union of Soviet Socialist Republics and the Republic of Tunisia will issue without hindrance export and import permits for goods shown in lists A and B where obtaining such permits is required for carrying out the export and import of goods.

## Article 3

The specific conditions for delivery of goods on the basis of the present Protocol will be stipulated in contracts concluded between Soviet foreign-trade organizations and Tunisian physical and juridical persons.

The parties will provide the requisite cooperation for the conclusion and fulfillment of such contracts.

## Article 4

The Parties will apply the necessary efforts for further growth of trade between the Union of Soviet Socialist Republics and the Republic of Tunisia. For these purposes, they will encourage all-out expansion of trade ties between Soviet foreign-trade organizations and Tunisian physical and juridical persons.

## Article 5

For everything else not specified in the present Protocol, the provisions of the Trade Agreement between the Union of Soviet Socialist Republics and the Republic of Tunisia of 6 April 1977 will be used.

## Article 6

The decisions of the present Protocol will continue to be applied for all contracts concluded during the period it is in force and not executed till the expiration of the Protocol's period of operation.

## Article 7

The present Protocol goes into force on the day of its signing and will be in effect till 31 December 1990.

Executed in Tunis 18 September 1985 in two true copies, each in the Russian and French languages, both texts are equally valid.

By authority  
of the Government of the Union  
of Soviet Socialist Republics

G. Zhuravlev

By authority  
of the Government of the  
Republic of Tunisia

R. Sfar

## FOOTNOTE

1. Lists A and B are not appended.

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

BRIEFS

AFGHAN DELEGATION IN UZBEKISTAN--A delegation from the National Fatherland Front of Afghanistan (NFF) has completed its visit to Uzbekistan. They were in our country at the invitation of the Soviet Committee for Solidarity with the Countries of Asia and Africa. The delegation included representatives of various social-political and national ethnic strata of Afghan society, including the supreme jirgah of border tribes, Islamic clergymen and officials from branches of the national front of a number of provinces. The delegation was headed by the chairman of the central NFF council, member of the Revolutionary Council of the Democratic Republic of Afghanistan Abdol Rakhim Atef. The members of the NFF delegation were received by chairman of the Presidium of the Supreme Soviet of the Uzbek SSR A.U. Salimov. [Excerpts] [Tashkent PRAVDA VOSTOKA in Russian 15 Jul 86 p 1]

CSO: 1807/349

SUB-SAHARAN AFRICA

USSR-MOZAMBIQUE: MUTUAL DELIVERY OF GOODS 1986-1990

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SSSR in Russian No 1, 1986

[Agreement Between the Government of the Union of Soviet Socialist Republic and the Government of the People's Republic of Mozambique on Mutual Deliveries of Goods for the Period 1986-1990]

[Text] The Government of the Union of Soviet Socialist Republics and the Government of the People's Republic of Mozambique,

wishing to contribute to the further growth of trade and expansion of trade relations on the basis of equality and mutual benefit and

guided by the Soviet-Mozambique trade agreement of 15 February 1976,

have reached an agreement on the following:

Article 1

Shipments of goods from the Union of the Soviet Socialist Republics to the People's Republic of Mozambique and from the People's Republic of Mozambique to the Union of Soviet Socialist Republics in the period from 1 January 1986 through 31 December 1990 will be made on the basis of appendices to the present Agreement of lists A and B,(1) which constitute an integral part of it.

The cited lists are indicative and nonrestrictive.

Article 2

Soviet foreign trade organizations, on the one hand, and Mozambique foreign-trade organizations, legal and physical persons, properly empowered for conducting foreign-trade operations, on the other hand, will conclude between them contracts for the shipment of goods in accordance with the present Agreement and according to the conditions of the Soviet-Mozambique trade agreement of 12 February 1976. For shipments of Soviet machines and equipment within the framework of the present Agreement, the conditions of the Protocol on shipments during 1986-1990 of machines and equipment from the USSR to the

People's Republic of Mozambique on the condition of payment in installments from 11 October 1985 also will be employed.

In the contracts, the quantities, time periods, price and other concrete conditions of goods delivery will be determined within the framework of the present Agreement.

Soviet and Mozambique competent organs will cooperate in the conclusion and execution of contracts for goods delivery on the basis of the present Agreement.

#### Article 3

All differences between Soviet foreign-trade organizations, on the one hand, and Mozambique foreign-trade organizations, legal and physical persons properly authorized for the conduct of foreign-trade operations, on the other hand, arising from relations based on the contracts concluded in accordance with the present Agreement, will be settled amicably and in case of the impossibility of settling them in this way, they will be subject to settlement by arbitration approved by the Parties of the contracts.

Arbitrage decisions will be final and obligatory for the Parties of the contracts.

The Parties of the present Agreement will recognize the arbitrage decisions and fulfill them in accordance with the legislation operative in the country where fulfillment is requested.

#### Article 4

On expiration of the time of operation of the present Agreement, its provisions will be applied to contracts concluded in the period of its operation and not fully or partially completed at the time of expiration of the period of operation of the Agreement.

#### Article 5

The present Agreement goes into force on the day it is signed and will be in effect through 31 December 1990.

Completed in Moscow 11 October 1985 in two true copies, each in the Russian and Portuguese languages, both texts are equally valid.

By authority  
of the Government of the Union  
of Soviet Socialist Republics

By authority  
of the Government of the People's  
Republic of Mozambique

G. Zhuravlev

J.R. de Carvalho

#### FOOTNOTE

1. Lists A and B are not appended.

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CSO: 1825/66

END