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International Markets Newsletter

Soviets Propose Transfer Ruble As Basis of New Monetary System

July 10 (NSIPS) — In collaboration with the Third World's non-aligned leadership, the Soviet Union last week began a global offensive for a new world economic order, and a new international monetary system based on the socialist countries' transfer ruble.

Authoritative Soviet and Eastern European policy statements this week for the first time gave unconditional support to the Non-Aligned Group's proposal for a new world economic order. This included backing for Algeria's draft charter of Third World economic rights, and a proposal to make transfer ruble credits available for Third World development.

In Western Europe, the Soviet Union and the economic organization of socialist countries, the Comecon, have opened negotiations with the European Economic Community and European industrialists on the use of the transfer ruble as "a standard medium of exchange."

The Soviet and Third World initiative reaches out to industrialists in Western Europe and the American Midwest, who are bitterly resisting Wall Street's fascist plans for the capitalist sector. Intersecting the Soviet proposals, industrialists in Chicago, Cleveland, France, and West Germany this week denounced Wall Street plans to wreck the capitalist economies through a return to the labor intensive economic program of Adolf Hitler. After years of trepidation, the Soviet leadership has decided to offer Western capitalists the basis of a new world monetary system to replace the despised and bankrupt Eurodollar market and its appendage, the International Monetary Fund.

The Soviet offensive has spread terror at the highest levels of Henry Kissinger's State Department and among Wall Street financiers. "We know the Soviets are doing this, but we don't yet know what moves they are going to make," said a high-level State Department official, who characterized U.S. policy as "pre-emptive action" against a new monetary system.

The Soviet Push

A communique issued at this week's meeting of the Executive of the Comecon, the highest level of socialist sector economic policy, stated:

"In accordance with socialist principles, the members of Comecon fully support the legitimate efforts of the developing countries struggling for their economic and political independence, and will contribute resolutely to the realization of these goals which have been included in the declaration on "Installation of a New World Economic Order," in the Action Program, as well as other decisions of the United Nations."

The weekly Soviet Union Today wrote this week, "The Soviet Union is prepared by itself and in the context of the

Comecon, to make transactions with the developing countries in transfer rubles and to promote cooperation of the (Comecon's central) International Investment Bank with these countries. . . The Soviet Union is further initiating a review of the possibilities for multilateral industrial cooperation by plants in the socialist, developing, and developed countries."

The Soviet journal, which is published for international distribution, adds, "The problem of the indebtedness of the developing countries can only be correctly solved by considering the true cause of the intensification of this problem. This is above all inflation (which the Soviets otherwise pin on the cancerous growth of the Eurodollar monster — ed.) and the intensive, constantly increasing extraction of profits by foreign monopolies."

The Czechoslovak official daily Rude Pravo praised Algeria's proposed Charter of the Rights of Peoples, as "a major weapon of struggle against imperialism." Of extreme significance is that the Czech newspaper has endorsed a discussion document now circulating among the Non-Aligned nations before their meeting next month in Sri Lanka. For the past two years, the Soviets and their allies kept to the sidelines during international meetings where Henry Kissinger and Third World leaders battled it out — and refused to throw their weight behind the new world economic order. Rude Pravo's statement changes that. The Algerian document insists that debt moratorium is a basic right of peoples, and wants the application of the Nuremberg criminal code to saboteurs of Third World development. Earlier this week, the Polish party daily Trybuna Ludu promised that the socialist countries will "support Third World countries faced with imperialist embargo" — offering the Third World strategic support for debt moratorium.

Third World spokesmen have responded immediately. Mexico's daily El Dia, close to President Echeverria, commented on the Berlin meeting, "The meeting of the Executive of the Comecon has fulfilled the aspirations of the developing countries." Algeria's official newspaper, Al Moudjahad, yesterday printed the proposal of the Peruvian Communist Party to "ameliorate (Peru's import problem by taking up credits with the socialist countries."

At a meeting last week of the United Nations Development Program, Kissinger's representatives offered to use U.S. taxpayers' money to buy up all the existing IOU's which Third World countries hold against Comecon, the so-called "ruble balances" resulting from Soviet-Third World trade. White House officials, who were not informed of Kissinger's public tantrum, called the proposal "unbelievable." So far, the State Department has not found any takers.

Under the monetary system of the socialist countries, the Comecon extends credit in transfer rubles at low interest rates to cover imbalances in trade between its members. In contrast to the domination of capitalist trade by the Euro-dollar market, which piled \$250 billion in debts on top of the Third World, the Comecon's transfer ruble system finances trade to the limit of the participating nations' economic capacity. The transfer ruble, extended to "multilateral industrial cooperation" between the Comecon, the capitalist sector, and the Third World, could put idle capacity in Europe and the United States to work rebuilding the developing countries.

Gold-Backed Credit

At a joint press conference with a top European central banker, Hungarian Monetary official Janos Fekete proposed last month that the extensive gold reserves of Western Europe and the Comecon could be used as a "bridge" between the two monetary systems. Gold, as a universally acceptable commodity, could back up the extension of transfer ruble credits for three-way trade between the Comecon, Europe, and the Third World.

Western sources who participated in an international meeting in Budapest, Hungary, at the end of June report that gold and the transfer ruble are the main topic of discussion in ongoing talks between the Comecon and its Western European counterpart, the European Economic Community (EEC).

The Budapest conference, sponsored by the Stanford Research Institute and the State Department, was planned to sabotage the European-Comecon negotiations, participants admitted. Atlanticists in the European Commission, which is handling the negotiations from the EEC side, have demanded country-by-country negotiations instead, challenging the "competence" of the Comecon to represent its members. But Hungarian Prime Minister Lazar rejected this provocation, telling the Comecon Executive meeting in Berlin last week that there would be no leeway for Atlanticist attempts to splinter the socialist sector.

NSIPS Exclusive Translation

The North-South Dialogue and the Socialist Sector

July 10 (NSIPS) — The following are excerpts from an article by Dr. Michel Dobroczyński, editor in chief of the Polish Monthly International Affairs. The article appeared in the July 5 Trybuna Ludu, the official paper of the United Workers Party of Poland.

...we see the appearance of a policy of stepwise transition to a multinational international arrangement in at least a couple areas of economic life..." (What is being referred to here are the decisions made at the United Nations Conference on Trade and Development and last year's UN Special Session). "The United Nations' decisions have made a decisive political contribution to the creation of a "new world economic order" and these decisions have appeared as the

result of diplomatic initiatives by a series of developing countries.

History proves that the basic strategic success which the Third World can score in its relations to the West is due only to consistently maintaining its political unity.

It is a foregone conclusion that the West, which has been forced into a new type of diplomatic dialogue (with the Third World), will not renounce its superiority voluntarily. The West which continues to regulate its unchanged economic dominance through various instruments... The West, which is interested in the problem involving oil before anything else, will most likely put a lot of effort into a partial isolation of the oil producing countries from the rest of the countries producing raw materials. If the West does not also succeed in breaking the unity of the developing countries, and if these countries score successes in their own right, even the scale of economic and technological possibilities that the Third World has over a long time period still remains decisively limited. From this one can draw the necessity of the search for solutions which go beyond the spheres of the Third World and its isolated relations to the West. This applies to, above all, the socialist states' objective role in the process of the formation of international relations."

The political, ideological, military as well as economic opposition of the socialist countries is a testament to their importance in world politics and economics. What results from this fact, among other things, is a heterogeneously determined, direct and indirect influence by the socialist states on the relations between the developing countries and the capitalist states.

First point: The political and military balance of power in East-West relations makes it possible for the developing countries, to carry out to a decisive degree of policy of stepwise reduction in their dependence on the west, and to carry out among other things along the way, social reforms, the nationalization of their natural resources, changes in the conditions applied to the delivery of many raw materials.

Second point: The socialist state can become an alternative sales market for part of the raw material-producing countries, and for their developing manufacturing industries...

Third point: The socialist states are the only competitor to the developed capitalist countries in the area of the production and supply of modern techniques and technology. This is not only of significance in the question of principles and conditions for exchange between developing countries and the west, but it also makes much more difficult an eventual policy of a Western embargo against the countries of the Third World who are making themselves economically independent.

Fourth point: The socialist countries are a model of society that is worthy of attention from the political and economic organs of the Third World...taken in perspective, the socialist model of economic relations (presents a similar picture).

Fifth point: The socialist states' creative contributions to the conception of a new model of worldwide economic relations, as well as diplomatic pressure for the realization of the principles that have already been agreed upon for a future system, can both prove to be factors based in reality in a correct formation of relations between the developed capitalist countries and the developing countries.

That is to say, the interests of this group of states (Third world -ed) are, in many regards, parallel and close to the interests and aspirations of the socialist states. This given fact can have special importance in the formation of international relations.