

# France Shuns Soviet Peace Bid; Moscow Renews T-Ruble Offer

French President Valery Giscard d'Estaing has answered a flat no to two major Soviet proposals offered by Soviet President Leonid Brezhnev for the purpose of consolidating East and West European efforts to counter the Carter Administration's course toward confrontation.

The primary demand of Brezhnev, during his three-day visit to Paris, was for France to join the Vienna negotiations on mutual and balanced force reduction in Central Europe (MBFR) — and if possible to end the deadlocked “numbers game” played out there between the Warsaw Pact and NATO countries. Giscard turned down the invitation as he did also a Warsaw Pact proposal to negotiate a treaty banning the first use of nuclear weapons.

Giscard turned a cold shoulder at a point where Moscow is offering the fullest cooperation to governments, bankers or other forces in the West who will act to thwart Carter and move independently above all toward institutionalizing a new monetary basis for the world economy. As Brezhnev arrived in Paris, the French paper *Le Matin* observed that many Europeans urgently want to dump “human rights” diversions for the sake of economic priorities and predicted that the Soviet leader might openly offer the socialist bloc's transfer ruble to finance expansion of trade. Soviet diplomats in Paris confirmed that transfer ruble financing was indeed a priority item on Brezhnev's agenda, and the authoritative Moscow weekly *Ekonomicheskaya Gazeta* marked his visit with a feature article on international use of the currency.

The *Ekonomicheskaya Gazeta* article, written by Council for Mutual Economic Assistance (CMEA) currency and finance official Yurii Konstantinov, reviewed regulations already passed by the CMEA and its banks to enable transfer ruble financing of planned, non-speculative commodity trade outside of the CMEA sector and international investment projects. Konstantinov predicted that the transfer ruble may come to play a role commensurate with the actual weight of the Soviet bloc in the world economy, and specified that the standing — and increasingly attractive — offer of transfer ruble financing is part of the CMEA's strategy for carrying out the Helsinki accords on European Cooperation and Security (CSCE). The CSCE is now up for review at an international conference begun in Belgrade June 15.

The immediate effect of Giscard's rebuff, however, is to reduce the Soviets' perceived maneuvering room in which to forge alliances to defuse Carter by knocking out his strategic underpinning: a subservient NATO. The Soviet offers stand, and the bilateral documents signed between the USSR and France confirm a commitment to triple their trade turnover. But however great the lever-

age and collaboration against Carter provided by the Soviets, a visible positive response by West Europeans in power is required if Moscow is not to conclude it seeks allies in vain and move directly into the thermonuclear confrontation phase.

Brezhnev warned in his June 21 banquet speech that everything accomplished in detente to date could be instantly obliterated, if “one fine day” a regional hot spot exploded and touched off a world war. Standing with Giscard as their communique and documents were signed, Brezhnev remarked again in the same vein and made a special point of telling Giscard's chief press officer to mark his words.

Developments at the Belgrade conference also indicate that the Soviets are in no mood to be trifled with. Yulii Vorontsov, the Soviet delegate to the conference, told journalists June 23 that the U.S. and West European representatives are taking a “frivolous and cavalier” attitude towards the Helsinki document under review. Vorontsov was referring to a U.S.-supported agenda proposal tabled by the British delegation, which would schedule a dissident-by-dissident rehash of the last two years of “human rights” cases for when the Foreign Ministers meet at Belgrade this autumn. Vorontsov warned that this stand boded “unpleasant consequences” and “the failure of our efforts,” but made clear that the USSR does not intend to stalk out of the conference. “We are people accustomed to fighting,” he said, “and we know how to win battles and will win them.” Moscow's own proposal substitutes for the case

## 'The Ruble Gamble'

The French daily *Le Matin* published, on the occasion of Soviet President Brezhnev's visit to Paris June 20, an analysis by journalist Henri Lauret entitled “The Ruble Gamble.” Lauret reported on the Soviets' desire to obtain more credit from the French so as to expand greatly the trade between the two countries.

“This problem, paying imports from the West, is fundamental for the Russians,” he wrote, “since the ruble is not a transferable currency on the international market on the international market, Moscow has to pay with borrowed currencies... Leonid Brezhnev, it is said, has the intention of asking Paris to support a project particularly dear to his heart: making the ruble a means of international payments. This is a project which would revolutionize the conditions of the present world economy from top to bottom.”

by case rehash a single-item agenda on further implementation of the Helsinki accords, which would open the meeting for discussion of pan-European economic development proposals and their financing.

#### *Giscard Flunks Test*

The *Washington Post* admitted June 20 that Brezhnev in Paris was making a test of the "new global balance" which will emerge if the Washington-Moscow stand-off over Carter's provocative SALT approach and "human rights" declarations continues; in other words, a flex of the Soviets' muscle in Europe. The West German industrialists' daily *Handelsblatt* reported eagerly on the prospects for tripling East-West trade, as Brezhnev telegraphed down en route to Paris his hopes for a milestone Bonn trip to follow in the autumn.

Giscard d'Estaing, never anything but a faithful Rockefeller servant except under the severest of pressure from the Gaullists and the French population and strongarming from Moscow, flunked the test. By the end of two and a half days of meetings, Brezhnev and his Foreign Minister Andrei Gromyko could not fail to evaluate Giscard as a part of Carter's confrontation deployment.

Giscard presented, according to the Paris press, a package of four "conditions" for detente, including "moderation of ideological competition." Fair indication of how the exchange with Brezhnev went in this area is that his press spokesman, TASS director Leonid Zamyatin, emerged to tell reporters that Washington at this point is waging nothing short of ideological warfare. Carter and especially National Security advisor Zbigniew Brzezinski have gone too far with their "human rights" campaign, said Zamyatin.

The Brezhnev-Giscard communiqué contained none of Giscard's conditions, but reverted to an empty formulation advocating "a favorable climate in relations between states."

Brezhnev also demanded an explanation for the so-called "Méry doctrine," the plan to expand the French nuclear "force de frappe," extend its range and even

deploy French missiles in West Germany or the Indian Ocean. While the doctrine's author, Chief of Staff General Méry, was still in the Soviet Union explaining himself to Chief of Staff Ogarkov and Defense Minister Ustinov, Brezhnev indicated that there is but one criterion by which the Soviet Union may assess the doctrine: whether it means to abandon De Gaulle's concept of defense "on all horizons" and enter instead into NATO deployments.

"There has been much talk about France increasing its participation in NATO's military organization again," Brezhnev reportedly told Giscard, "About a new doctrine, a policy of 'forward battle.' But one must ask: Battle against whom?" Brezhnev evidently did not obtain a satisfactory answer.

Initialing of the intent to expand trade and work out long term scientific and cultural joint programs was the minimal achievement of the talks. Everything else, Giscard slyly undermined the minute Brezhnev boarded his flight home. The communiqué called for convocation of a world disarmament conference; Giscard told a press conference that this presumed the participation of the Chinese (which China will refuse). The communiqué supported speedy convening of the Geneva peace conference on the Middle East; Giscard explained that this could occur only if the U.S. and Soviet Union were not co-chairmen of it (which they are).

#### *Vance, Brzezinski Blasted Again*

Leonid Brezhnev's French tour occurred against the ground of Soviet press commentaries painting the Carter Administration as something like a single engine plane off-course in a pea soup fog. *Pravda* reported that "The State Department Corrects Vance," when a Department release explained the Secretary of State's remarks on East-West trade to mean the Soviets must relax emigration standards. "Gross interference" in Soviet affairs, commented *Pravda* on June 20. The paper then quoted distraught editorials in the *Wall Street Journal* and *Fortune* on Carter's "presidency with no victories" and "lack of a clear direction."

## What Brezhnev And Giscard Put On Paper

Presidents Valéry Giscard d'Estaing and Leonid Brezhnev released a communiqué and signed four documents last week at the end of two and a half days of talks in Paris.

The communiqué contained the following points:

- affirmation of the principles of the Helsinki Final Act of 1975 on European Cooperation and Security and the 1971 quadripartite agreement on West Berlin;
- reference to the Geneva conference on the Middle East, where "representatives of the Palestinian people" should participate;
- reference to the importance of peace in Africa "respecting the independence, sovereignty and territorial integrity" of its countries;
- joint support for convocation of world disarmament conference;

— expression of the French side's "consideration" of a Soviet proposal to outlaw production of new types of mass destruction weapons.

Additionally, the two presidents signed the following documents:

- a declaration of principle on bilateral relations;
- a statement on common views related to détente, including support for implementing the CSCE, disarmament, non-interference in others' internal affairs, and recognition of human rights;
- an agreement to oppose the proliferation of nuclear weapons while advocating use of nuclear energy for peaceful purposes;
- a declaration of intent to triple trade turnover and draft cultural, scientific and educational exchange programs covering the period to 1990.

The Czech weekly *Tribuna* took aim at the Administration figure most detested in Eastern Europe, Zbigniew Brzezinski. It should be recalled that Brzezinski drafted and oversaw the implementation of the plans for counterrevolutionary overthrow of the Czechoslovak government in 1968, wrote *Tribuna*.

As if anything were lacking to demonstrate the tough posture Moscow has adopted, the Soviet weekly *New Times* released an historically momentous denunciation of Santiago Carrillo, the General Secretary of the Spanish Communist Party (PCE). The attack, which a State Department called about "as strong as you can get," came within a hair of dubbing Carrillo an outright agent of NATO intelligence. In language compared by Spanish

national radio broadcasts to that used against Zbigniew Brzezinski's pupil Alexander Dubcek during "Prague Spring" in 1968, *New Times* wrote that "Carrillo's interpretation of 'Eurocommunism' is solely in the interests of imperialism" and constitutes a "useful service for the class enemy."

The attack on Carrillo opens the door for Moscow to initiate a major purge of the European Communist Parties, cleaning out Carrillo's fellow "Eurocommunists," who have functioned for years as agents in Rockefeller-related private intelligence networks and posed an obstacle to Soviet policy on the continent.

— Rachel Berthoff

## The Transfer Ruble: Experience And Prospects For Its Use

*The following is excerpted from an article appearing in the weekly Ekonomicheskaya Gazeta No. 26, 1977 by Yurii Konstantinov, Director of the Currency-Finance section of the Council for Mutual Economic Assistance Secretariat.*

### The Transfer Ruble: Experience And Prospects For Its Use

At the present stage of the development of economic relations among the CMEA countries, a further improvement in the role of the transfer ruble is gaining great importance, as is the expansion of its sphere of application both inside the socialist community and beyond its borders.

#### *New Possibilities*

In recent years, measures have been adopted for the possible expansion of the sphere of application of the transfer ruble beyond the borders of the countries which are members of the Banks (the CMEA's International Bank for Economic Cooperation and International Investment Bank — ed.). The real preconditions for this appeared, for example, as a result of the IIB's 1975 agreement with Yugoslavia on basic principles of cooperation, which provided for the possibility of Yugoslavia's receiving transfer ruble credits.

A special fund was created at the IIB to finance economic and technical aid to the developing countries. This fund is 95 percent composed of the collective currency of the CMEA countries.

The positive changes now occurring on the international scene open up favorable prospects for the further expansion of trade and other economic relations between the CMEA countries and the capitalist states. In accord with the Complex Program of Socialist economic integration, the IBEC Council in 1976 improved the conditions under which non-members of the bank can participate in the system of transfer ruble settlements. These conditions provide for third countries, which may be capitalist states, to have the opportunity to use transfer rubles in payment for import of goods from the CMEA members,

for paying off credits received, and for non-commercial payments. These operations may be carried out in individual trade deals or for the entire trade turnover of the non-member of IBEC with individual IBEC members or all of them.

The IIB Council also instituted basic principles of extending credits to borrower countries which are not members of the bank, for the construction, reconstruction and modernization of objects of mutual interest to bank member countries and non-members. This is, above all, credits related to the fulfillment of the Complex Program of socialist economic integration.

All these measures in the currency and finance sphere are part of the common strategy of economic policy of the CMEA member countries, which is intended to expand foreign trade ties on a long term basis with all countries, following the principles set forth in the Final Act of the Conference on Security and Cooperation in Europe (the Helsinki accords — ed.)

The fundamental directions for the further improvement of the currency and finance mechanism were indicated in the Complex Program of socialist economic integration and concretized in the decisions of the 30th session of the CMEA. In particular, the session posed the task of further raising the effectiveness of the credit system and improving the activity of the IBEC and IIB, and of ensuring close coordination of this activity with the work of the CMEA Committee on Cooperation in Planning. As concerns the transfer ruble, this means a further intensification of planning its use. Precisely in this, and not in the anarchistic movement of money, the CMEA countries see not only the advantages of their collective currency, but also the main way in which to improve the mechanism of its functioning.

Socialist currency and financial relations, with their planned character, cannot be viewed as a strictly independent sphere of operation, isolated from its other forms. Therefore the expansion of multilateral transactions using the transfer ruble occurs smoothly and in a planned fashion to the extent that the necessary economic preconditions for this are created: the growth of