

Will the Soviets join the North-South dialogue?

by Rachel Douglas

A thorough reevaluation of policy for the economic development of the Third World is underway in the Soviet Union and allied countries which will rapidly bring these socialist countries into the thick of Western disputes over the future of the underdeveloped nations. The complexion of the "North-South" dialogue may be entirely changed as a result.

The evidence of a Soviet shift appears in the pages of Russian and East German economic and foreign policy journals, but has also been supported by the words of the East German leader Erich Honecker. At a Socialist Unity Party Central Committee plenum in April and again upon addressing visiting Cypriot President Spiros Cyprianou several weeks later, Honecker stated that North-South relations can no longer proceed without intersecting East-West dialogue and cooperation efforts. Otto Rheinhold, a Central Committee member in Honecker's party, elaborated this argument in a recent article with the observation that "an efficient international division of labor in the economy, as well as in science and technology, without the socialist countries is no longer possible."

The issue is not merely a possible increase in East-West joint projects in individual Third World countries, but a Soviet and East European overture to the European Monetary System countries—Western Europe—to help reshape the international monetary system so that investment in the underdeveloped world on a vastly expanded scale could be financed.

Brandt Commission attacked

The "North-South" dialogue takes place chiefly under the auspices of the United Nations, through UNCTAD and U.N. affiliates. The best-known non-governmental agency involved is the "Brandt Commission," named for its chairman, the Social Democratic ex-Chancellor of West Germany, Willy Brandt. Profiled as advocates of "fair sharing" of the world's resources, the Commission argues that those resources are finite, and promotes "appropriate technologies" for the Third

World, which means the condemnation of those countries to lasting backwardness.

Until recently, the official Soviet stand on the North-South dialogue was "hands off," justified with the explanation that the U.S.S.R. had not participated in the colonial exploitation of the less-developed countries. The Soviet Union, while pursuing its own trade deals to build up heavy industry in India and other countries, raised no significant protest against either the Brandt Commission or any of the inflationary resource cartelization schemes that found their way onto the North-South agenda during the 1970s.

Otto Rheinhold's article in the June issue of the East German magazine *Einheit* shows how the ground has shifted. Willy Brandt, the Soviets' darling of *Ostpolitik*, comes under fire. Rheinhold classes the Brandt Commission as one of "many models and proposals elaborated for a form of neocolonialism adapted to present conditions." He attacks it for continuing to deny to the developing countries both the benefits of heavy industry and "just as important, their own centers for research and development."

A second very revealing symptom of the policy shift appeared in the June issue of *USA* magazine, published by Moscow's Institute of United States and Canada Studies. In his contribution to a series of articles assessing what has happened to détente, senior analyst G.A. Trofimenko turns to a motivation of Soviet-American détente which the Soviets have rarely emphasized. Part of Henry Kissinger's goal, says Trofimenko, was to bring the U.S.S.R. onto the side of the "North" in the North-South confrontation. Trofimenko explains Kissinger's motive not only as a desire to reduce Soviet support for "national liberation movements", but an attempt to establish a "new order" institutionalizing the unequal relations of North and South, with the U.S.S.R. either a part of the North or remaining neutral in order not to jeopardize détente.

Trofimenko observes that these plans were "groundless"—a remarkable statement! At one UNCTAD forum after another, particularly in the mid-1970s, the

Soviets did look the other way while Kissinger's projects such as the International Resource Bank—a swindle for centralizing enough control to manipulate both the price and the supply of major raw materials—were peddled to Third World nations as opportunities to increase their international clout.

The Soviets and the EMS

If the Soviets are going to participate in the North-South dialogue, yet reject the terms of the Brandt Commission's appropriate technologies plan, International Monetary Fund conditionalities, and all forms of "neocolonialism," then the only route they can be charting leads to joint efforts with Western Europe. The most explicit endorsement of the European Monetary System by a Soviet economist, published in the journal *Ekonomicheskiye Nauki* this May, drew a sharp line between IMF conditionalities and the credit terms of the European Monetary System that would take effect if the EMS with its gold-centered European Monetary Fund went fully into operation.

These matters evidently were discussed at the highest level when Chancellor Helmut Schmidt of West Germany visited Moscow in early July. Schmidt's Foreign Minister, Hans-Dietrich Genscher, said in his report to the parliament after the Moscow trip that the 1980s require a peace strategy surpassing the bounds of East-West relations and encompassing the "South." Only if the energy, food, work and other needs of the less developed countries were addressed would this generation win any place in history, Genscher said.

New Times on Bretton Woods

Now, the Soviet pro-gold grouping has made itself heard even more vocally than it did from the pages of academic journals earlier this year. In the current issue of the internationally-distributed Soviet weekly *New Times*, an economic journalist who hailed the EMS two years ago, at a time when other Soviet spokesmen were nay-saying it, answers a reader's question on why Russia has not joined the International Monetary Fund as China has.

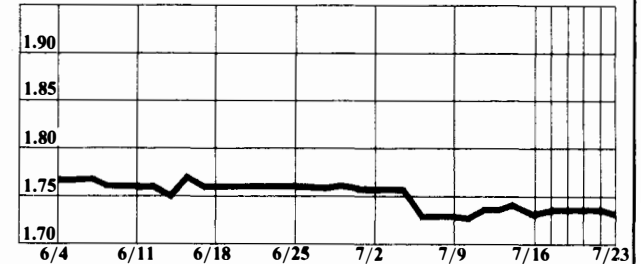
Felix Goryunov answers with a piece of history. The U.S.S.R. was at Bretton Woods, he recalls, and left at the point that its proposal for a gold-denominated expression of monetary value was rejected in favor of the dollar standard. "How wrong this decision was, the current chaos in the monetary system of the IMF shows," he comments. Secondly, says Goryunov, the IMF did not rest on "the principle of sovereignty of nations."

By helping to defeat the "one-world" conspirators for backwardness, in the face of the Brandt Commission and the IMF, the Soviets are returning to the historical commitments Goryunov describes.

Foreign Exchange

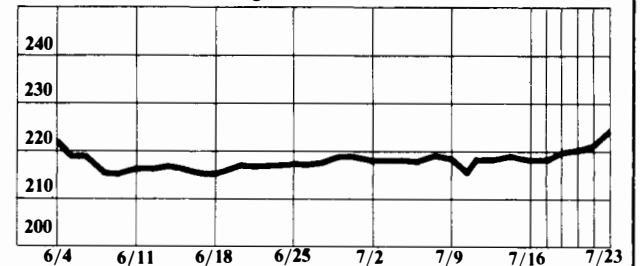
The dollar in deutschemarks

New York late afternoon fixing



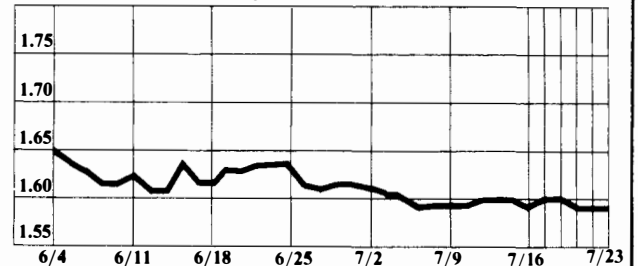
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

