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## USSR-USA: An economic rapprochement

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decided how the secretariat is to be linked up with the existing Community institutions, how the latter are to be strengthened, and whether the unanimity principle will ever be replaced by majority decisions; unfortunately however the governments of the member countries are showing a clear tendency to give forms of international cooperation and concerted action preference over moves towards a union. The responsible participation of the Commission and the European Parliament is receding further into the background, and an integration in the direction of economic and monetary union is thwarted. If the monetary and economic union is to become a reality, the Community must not weaken its ability to take decisions any further by slipping into cooperation patterns. The beginnings of a solution may perhaps show at the summit conference in October. But in the light of developments to date such an outcome must seem doubtful. ogm.

OECD

### Action is Better

After tough negotiations the OECD Council of Ministers at the end of May rejected the proposal of the USA in Paris to ensure the coordination, and perhaps even parallel conduct, of the imminent global negotiations on monetary and trade policies by means of a new OECD organisation to be set up for this purpose. The compromise reached in the Paris negotiations provides that the efforts for the desired coordination are to be entrusted to the existing OECD institutions — the executive committee, the economic policy committee with its working group III for balance of payments questions, and the trade policy committee.

The compromise achieved in Paris however has more positive aspects than may appear at a first glance. First of all, it makes sure that the worldwide monetary and trade arrangements are not by a legerdemain removed from the agenda and responsibility of the competent institutions — the International Monetary Fund (IMF) and the General Agreements on Tariffs and Trade (GATT) — and transferred to the OECD where the Americans could well present conditions for the concessions which are expected of them in the monetary sector and, if they see fit to do so, block the necessary reforms of the world's monetary system and the equally necessary new round of trade negotiations.

The pending problems however have become too pressing to permit of further delay in the negotiations even if only for the sake of "coordination". The most urgent problem today is to reorganise the international monetary system and to determine the place to be assigned to the SDRs, with

due regard to the interests of the developing countries. A new GATT round should be started only when this has been done and on the basis of the results achieved in this field. Urgent attention ought to be given in the GATT negotiations to tariff and non-tariff obstacles to trade in the industrial goods sector, to the preference zones and to agricultural products. Yesterday coordination of the two problem complexes was good enough. Today action is better. kw.

USSR—USA

### An Economic Rapprochement

It has proved impossible to conclude the American-Soviet trade agreement as expected during President Nixon's visit to Moscow. But a general rapprochement between the two states has been achieved in this field, as in others, during the summit talks. It was ascertained, for instance, that the US export wishes in the agricultural sphere coincide with large Soviet import requirements. In an effort to secure long-term outlets for its substantial production surpluses, however, the USA wanted to advance beyond separate grain deliveries and instead contract for grain deliveries over a period of several years involving something like \$ 200 mn. It was chiefly owing to the unsolved financial problems that no agreement has been reached. The Americans were hardly in a position to accept Moscow's demands for 8–10 years loans at between 2 and 3 p.c. interest because the American Export-Import Bank grants credits for exports of industrial goods only and not for exports of farm produce to the USSR.

Other items raised in the negotiations had also to be left open by the US Secretary of Commerce, Peterson, and his Soviet counterpart, Patolichev. These include, among others, the Soviet request for most-favoured-nation treatment for Soviet exports and the US wish for redemption of debts arising from lend-lease supplies in the Second World War. Negotiations on these questions, as on the unresolved issue of finance for agricultural deliveries, are therefore to continue in the newly established American-Soviet trade commission which will hold its first meeting in Moscow early in July.

The optimistic expectations of the Americans who in view of the attractions of the big Soviet market had hoped for a positive impact of a trade agreement on US employment and balance of payments have for the time being been disappointed. It appears, on the other hand, that the climate between the two big powers is beginning to improve. In the long run this will certainly have positive repercussions on their economic and commercial relations. bw.