

Bolz, Klaus

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Economic Gains from Brezhnev's Travels

Leading politicians from East and West have lately given visits and return visits a special note by putting their signatures to various agreements, as socialist countries always do amongst themselves. The treaties are formulated in advance by experts. They thus ensure a kind of pre-programmed success for the meetings. It need not surprise that they were a feature of Brezhnev's encounters with Brandt and Nixon. As Nixon needs success to prevail over Vietnam and Watergate, and as Brandt needs it as confirmation that his Ostpolitik is right, so does Brezhnev need success to fortify his own position.

This is not the place for a detailed analysis of the policy of an opening to the West which Brezhnev has been pursuing for some years. It may be assumed that his latest steps in this direction — the visits to the Federal Republic of Germany and USA — had primarily the aim of advancing economic Soviet interests; for, that the Soviet economy in 1972 again failed to reach its ambitious plan targets will to some extent be held against Brezhnev himself. It may have personal consequences for him.

From the report on plan fulfilment in 1972 emerges as a fact that with a 3 p.c. increase domestic production in 1972 experienced the smallest growth rate of the post-war period. The population can see for itself that the targets for consumer goods have once again been lowered in order to benefit other sectors. As matters stand today, it is at least doubtful whether the targets set in the five-year plan for 1971/75 are still attainable. This background fact explains why Brezhnev makes such insistent efforts to secure German and US industrial cooperation for the high-reaching Soviet plans for the future.

In both countries Brezhnev offered medium and long-term projects, in implementing which no one-sided impositions or concessions were to be stipulated but special consideration was to be given to the requirements and resources on both sides in regard to raw materials, power, technology, equipment and consumer goods. The response from both German and American industrialists was relatively muted, not because they would not like to participate in these projects, but because they view the conditions which exist in the Soviet Union for such intensified cooperation with a good deal of reserve.

The somewhat critical assessment of the opportunities for developing trade exchanges and co-operation with the Soviet Union had been preceded, in Germany and in the USA, by a phase of sanguine expectations. While German businessmen were looking forward to a further substantial improvement as a result of the Moscow Treaty of their chances in eastern trade beyond the DM 3 bn to which it had already risen, the Americans regarded the considerable increase in their exchanges with the Soviet Union to \$ 0.64 bn in 1972 (which was chiefly due to large sales of grains) as a pointer to further expansion. The Occidental Petroleum and Bechtel Corporation contracts, accompanied as they were by a great deal of publicity, and the talks about many other projects had left their mark.

Today it is common knowledge that quite a few of the American managers who set out on pilgrimages to Moscow returned empty-handed. The initial euphoria of Americans who had no great experience of doing business with the East has consequently given way to an appreciation of the fact that while there is an immense need for modern technology in the Soviet Union, it can be covered only on terms which strike profit-oriented US firms as somewhat strange. America is about to grasp the fact that although the eastern trade policy is becoming more and more liberal, prolonged and tedious detail work to special rules is needed to make progress in business with the East.

Although Brezhnev's visionary projects have been received with sober reserve also in the Federal Republic, it is known here from experience over the past ten years that the business with the Soviet Union will develop gradually even though difficulties will certainly still be encountered. The cooperation treaty which Brezhnev has claimed as a great success has been welcomed in this sense. From the USA Brezhnev did not take a similar treaty home and also did not succeed there in resolving in his favour the long outstanding question of most-favoured-nation treatment for US imports from the Soviet Union. In its later comments on the US visit the Soviet press has therefore turned the light on security aspects. Brezhnev's visit to Bonn, on the other hand, was celebrated, *inter alia*, as a milestone of economic cooperation.

Klaus Bolz