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regional South-South relations. Also, a North-South regionalism is necessarily connected with a discrimination against countries of the South which are not involved in the regional North-South solution under consideration. It is also conceivable that the universal North-South Dialogue may well be strained by several regional North-South endeavours.

Both the EC vis-à-vis Africa and Japan vis-à-vis the ASEAN countries acted as pioneers in the development of the beginning of a regionalization of the North-South Dialogue. The success of these efforts can probably only be assessed in 10 to 20 years' time. In both cases the contribution towards a political stabilization of the southern regions concerned played an important part. The inclusion of Latin America in such endeavours in the foreseeable future appears unlikely, but must not be ruled out in the long term. From the point of view of both North and South, the development of the idea of regionalization will be limited because only few countries or groups of countries would be qualified for it. With the help of the obvious concept of the "combined North-South region" these possibilities might be extended; in this case one southern region would aim at agreements with at least two northern regions, but this could cause unwelcome overlapping, incompatibilities and undesirable political tensions between the different northern regions. Therefore the attitude of northern

regions towards such a possibility is one of extreme caution.

Thus the regionalization of the North-South Dialogue appears possible only in exceptional cases, but this potential could prove to be as great as that of the no less exceptional Western European integration. In the case of further setbacks in the universal North-South Dialogue, the existing starts in the regional North-South Dialogue might at any rate be continued at a faster rate.

Even if the multilateral North-South Dialogue is successfully organized more efficiently in the manner suggested in this paper, it must not be expected that all problems in the relations between North and South can be solved. This dialogue represents only one element of the shaping of these relations. Besides, the concrete development cooperation with the help of multilateral institutions (UN, World Bank, etc.) as well as bilateral between one donor nation and one recipient nation, is also of great importance; even more so because in this manner the particular needs of individual developing countries can best be taken into account. Finally, it must again be stressed in this context that the achievement of the objectives of the developing countries and the realization of a more just international economic order will be possible only if the external contributions are supported by corresponding internal measures both in the North and in the South.

NORTH-SOUTH DIALOGUE

The Soviet Union's Attitude

by Edward Böhm, Hamburg*

The Soviet Union will not be represented at the North-South Summit in Cancún, even though both the developing countries and the Western industrialised countries would have liked to see it participate in the talks on solving the problem of underdevelopment. What are the USSR's reasons for its negative attitude? Are there any prospects of involving the Soviet Union and its CMEA partners in joint development co-operation?

For its absence from the North-South Summit meeting in Cancún the Soviet Union gives the same reasons as it has always adduced whenever development-policy demands have been made on it: the former colonial powers and not the Soviet Union are responsible for the underdevelopment of the Third World, and it is, therefore, they who must make good the

consequences of exploitation. It is incorrect, therefore, and unacceptable to bracket the Soviet Union together with the industrialised countries under the unified concept of "the North". If the Soviet Union and its allies are nevertheless engaged in development aid then they are motivated solely by solidarity.

This fundamental attitude of the Soviet Union and the other CMEA countries has been familiar to the

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developing countries for many years. Yet the socialist countries have long been regarded as allies, first in the struggle for independence against the colonial powers and now in the rejection of an international economic order felt to be unjust.

What the socialist countries mainly object to in the present international economic order is the international division of labour which came into being during the colonial era. This, it is argued, has created a complementarity between the economies of the Western industrialised countries and the developing countries, which works to the disadvantage of economic relations between the socialist countries and the developing countries. The developing countries' general alignment towards Western technology makes it difficult for the socialist countries to sell their industrial manufactures in those markets.

Together with the developing countries they are demanding that fluctuations in the prices of raw materials in the international markets should be limited. (These fluctuations have a detrimental effect on the economies of the socialist countries, too, since their planned economies are unable to offset major price fluctuations by timely adjustment processes.)

The dominant role of the Western currencies in international relations is denounced as an instrument for the exertion of economic influence on the developing countries and on their economic relations with the socialist countries. The demand for the abolition of the "monopoly" of certain national currencies is therefore being made jointly with the developing countries.

While there is extensive consensus between the socialist and the developing countries in rejecting the present international economic order, ideas on desirable changes diverge. As for the developing countries' demands, it has repeatedly been stated by Eastern Europe that the means of emerging from underdevelopment cannot be sought primarily in a redistribution of resources from the North to the South but essentially in the developing countries' own efforts, and that it is necessary on the basis of essential socio-economic reforms to work towards a consistent industrialisation modelled on the socialist countries. So long as the advantages of international development aid benefited chiefly the well-to-do in the developing countries, development aid was merely a transfer of surplus value created by the workers of the North and ultimately serving to support the ruling class in the Third World. — One might add that by making a contribution to the international development institutions — a contribution not tied to deliveries — the Soviet Union

would at the same time be supporting the Western economies because the recipient countries might be expected to spend the financial means granted to them predominantly on Western manufactures.

Since the Soviet Union has certainly no intention of supporting the pro-Western developing countries but rather of deliberately promoting the "non-capitalist road to development" of the other developing countries it can have no interest in surrendering its freedom of action by supporting international development institutions. Instead there is a clearly discernible intention to use bilateral development aid and cooperation agreements for tying individual developing countries to itself. This emerges clearly from the geographical distribution of the development aid and foreign trade figures of the Soviet Union and its allies.

Concentration of Aid

At least half the foreign trade of the Soviet Union and of every one of its allies with the Third World is, in each case, with five selected developing countries.¹ Although these are not always the same countries, a clear preference may be observed for the Mediterranean, the Middle East and Asia.

This concentration on a small number of countries can be seen even more clearly in the case of development aid. Over 80 % of Soviet development aid (1979) goes to Cuba, North Korea and Vietnam. The rest was allotted mainly to Yemen, Ethiopia, Kampuchea, Turkey and Afghanistan. The other socialist countries assigned one-third of their development aid to Cuba and Vietnam, with the rest going chiefly to Bangladesh, Nigeria and Afghanistan.²

The credits granted within the framework of development aid are normally tied to deliveries by the donor and are intended for the public sector. This favoured treatment of the public sector is largely due to the planning and control methods of the socialist economic system. At the same time an industrialisation process supported mainly by the public sector obstructs the emergence of a class of native entrepreneurs who would normally champion the Western economic system.

The cooperation agreements with the developing countries — viewed by the socialist countries as the

¹ Cf. A. Tiraspol'sky: Les relations économiques entre les pays socialistes européens du CAEM et les pays du tiers-monde: un tournant dans la politique d'aide économique? (Economic relations between the European socialist CMEA countries and the countries of the Third World: a change in economic aid policy?), in: Le Courrier des Pays de l'Est, 1980, No. 236, p. 9.

² Cf. OECD: Development Co-operation, Paris 1980, p. 134 ff.

most important instrument for overcoming underdevelopment – operate in a similar direction. They envisage the delivery of industrial plant for the extraction and refinement of raw materials and the subsequent receipt of part of the output of these plants by way of repayment for the plant supplied. Furthermore, the investment programme can be coordinated between the countries concerned with a view to ensuring a lasting division of labour combined with long-term export prospects.

Poor Development Aid Performance

Community of interests in the “anti-imperialist struggle” and in rejecting the present international economic order did not, however, conceal for long the exceedingly poor development aid performance of the Soviet Union and its allies. It was this poor performance which, at the fourth UNCTAD Conference in Nairobi in 1976 put them in the dock alongside the Western countries. Although it was readily conceded that the socialist countries were not responsible for the underdevelopment of the Third World, they were nevertheless expected to make greater contributions. This criticism was repeated in Manila and will certainly be voiced again in Cancún. The fact is that the contributions of the socialist countries continue to be low. Their share in the total of development aid provided in 1979 was 6.3 % (Soviet Union: 4.8 %), of which over two-thirds was accounted for by the three socialist developing countries (North Korea, Cuba, Vietnam). This means that total development aid was only 0.11 % of GNP (Soviet Union: 0.14 %).³ This is significantly less than the contribution of the Western countries

which, on an average, made 0.3 % of their GNP available for development aid.

A comparison of the level of foreign trade, and especially of its commodity pattern, also goes against the socialist countries. Imports from the developing countries as a percentage of the socialist countries' total imports is not even half the corresponding percentage of the industrialised countries' total imports. The developing countries' demand that their manufactured products should be purchased on a larger scale is also reflected to a much lesser extent in the import pattern of the socialist countries (see Table 1). Whereas the industrialised countries after all purchased 8.3 % of their imports of manufactures from the developing countries, the socialist countries obtained only 1.6 % of such imports from the developing countries.

Trade with the Third World is used by the socialist countries for the accumulation of balance of trade surpluses which they then use chiefly for offsetting their negative balance of trade with the Western industrialised countries. The socialist countries, moreover, usually accumulate their balance of trade surpluses vis-à-vis the Third World within the framework of convertible-currency transactions, whereas in transactions under clearing agreements, which are tied to interest-free swing credits, they tend to remain in deficit⁴ and thus to profit from interest-free credits from the developing countries. It was in Nairobi that the developing countries first demanded that their surpluses in clearing transactions should be converted into convertible currencies or that, at least, a regional convertibility should be introduced, in order that surpluses might be used for purchases in any socialist country whatever. This demand has not yet been met and there is little hope that it will be met in the foreseeable future.⁵

Table 1
Imports from Developing Countries as a Percentage
of the Total Imports of the Socialist Countries^a
and the Industrialised Countries (1978)
(in %)

	Socialist countries ^a	Industrialised countries
All goods	10.3	24.6
Foodstuffs (SITC 1+22+4)	41.8	29.7
Agricultural products (SITC 2 – 22 – 27 – 28)	26.6	23.4
Ores and metals (SITC 27 + 28 + 67 + 68)	5.4	16.9
Fuels (SITC 3)	17.5	72.3
Manufactured goods (SITC 5 to 8 except 67 + 68)	1.6	8.3

^aEast European CMEA countries, USSR and Albania.

S o u r c e : United Nations: Handbook of International Trade and Development Statistics, Supplement 1980, New York 1980, p. 86 ff.

Growing Interest in Raw Materials Imports

Grave though the socialist countries' reservations about participation in a global North-South dialogue may be, they will ultimately have to take part in it to a greater extent unless they wish to run the risk of finding themselves in the position of outsiders. This would mean that, in certain circumstances, access to the raw materials of the Third World, in which the Soviet Union

³ Cf. OECD, op. cit.

⁴ Cf. A. Tiraspol'sky, op. cit., p. 11.

⁵ Realisation of this demand would mean that the country where the product was purchased would assume the role of creditor. Until the achievement of inter-system convertibility no CMEA country is likely to be persuaded in favour of such a solution.

has clearly shown increasing interest over a number of years, might become more difficult. Having for many years pursued the aim of self-sufficiency and having indeed become the leading exporter of raw materials world-wide, the Soviet Union has seen its raw materials imports rise considerably during the past few years while the supply of the raw materials traditionally exported, such as chrome, asbestos, manganese and the platinum metals has been greatly cut back over the past two years.⁶ This trend suggests a domestic shortage of raw materials. This would seem to be confirmed by the fact that the Soviet Union, which used to import raw materials only in pressing cases, and even then showed great caution by first importing from the other CMEA countries (aluminium from Hungary, fluorite from Mongolia), and then from the other socialist countries, or from friendly developing countries (baryta from North Korea, antimony and bauxite from Yugoslavia, bauxite from Guinea, tungsten from China), it has now begun to spread its sources of supply over a large number of countries, greatly surpassing the circle of friendly developing countries. In 1978 alone the Soviet Union concluded agreements on aid in the prospecting for, and exploitation of, raw materials with 30 developing countries.⁷

It seems likely that the smaller socialist countries have a particular interest in access to raw materials, considering that they depend on imports for nearly all their raw materials (see Table 2). The more difficult access to Third World markets is for these countries, the

greater will be their dependence on the Soviet Union, the traditional supplier of raw materials within the CMEA. There are indeed some indications that the Soviet Union may be reconsidering its role as the CMEA's supplier of raw materials. This may be seen most clearly in its oil policy. Whereas in the late sixties the Soviet Union was still trying to interfere with its CMEA partners' negotiations with the oil countries by offering them supply guarantees, it is now suggesting that they should cover part of their import requirements directly from the oil-exporting countries. It was largely due to Soviet insistence that the CMEA Council in 1980 called on its members to develop competitive technologies on an increased scale in order to produce exportable products for the financing of additional raw materials and fuel imports from the developing countries.⁸

The socialist countries' long-term interest in the exploitation of raw materials in regions beyond the narrow circle of friendly developing countries might conceivably provide a starting point for a move towards a common development policy in the Third World. Needless to say, such a starting point would have to take account of the specific conditions of a planned economy.

⁶ Cf. W. C. J. van Rensburg: Global Competition for Strategic Mineral Supplies, in: Resources Policy, No. 1, 1981, p. 5.

⁷ Cf. Fr. G è z e : L'U.R.S.S. et les règles du jeu (The USSR and the rules of the game), in: Le Monde Diplomatique, No. 3, 1981, p. 10.

⁸ Nachrichten für Außenhandel, June 23, 1980.

Table 2
The Socialist Countries' Share in World Production and World Consumption of Important Raw Materials (1978)
(in %)

	Eastern Europe ^a		USSR		Eastern Europe ^a and USSR	
	Production	Consumption	Production	Consumption	Production	Consumption
Oil products (Oil and condensates)	0.7	3.2	18.5	12.8	19.2	3.2
Natural gas	3.7	5.0	25.4	23.8	29.1	28.8
Solid fuels ^b	12.3	13.6	19.2	17.9	31.5	31.5
Sources of Energy ^c	5.5	7.0	20.1	16.7	25.6	23.7
Bauxite/Aluminium	4.5	5.9	7.4	12.0	11.9	17.9
Copper	5.8	5.7	14.5	14.0	20.3	19.7
Tin	0.6	7.3	5.0	10.3	5.6	17.6
Iron/Steel	0.6	8.7	29.3	21.5	29.9	30.2
Nickel	2.1	5.8	22.0	17.8	24.1	23.6
Lead	5.9	8.2	16.7	12.5	22.6	20.7
Zinc	5.9	7.3	16.3	15.9	22.2	23.2
Metals ^d	3.1	7.3	19.9	16.7	23.0	24.0
Phosphates	—	10.2	20.9	17.5	20.9	27.7
14 mineral products ^e	5.3	7.1	20.1	16.7	25.4	23.8

^aThe 6 European CMEA countries and Albania; ^bcoal and lignite; ^cthe 5 listed sources, totalled by calorific value; ^dthe 7 listed metals, totalled by value of production; ^ethe 13 listed mineral products plus potassium, totalled by value of production. (These 14 products account for 94% of world production of minerals.)

Source: Annales des Mines, 1980, No. 11-12, p. 58.