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CO-OPERATION BETWEEN COUNTRIES AS A FACTOR OF ECONOMIC DEVELOPMENT

SUMMARY

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Submitted by

The Government of the Union of Soviet Socialist Republics

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

1. Developing countries are faced with the challenge of finding a solution for: the development of their productive forces of material and manpower, creation of a rational economic structure, equal opportunity in world economy and raising material and cultural levels of their people. Solution for these problems depends mostly on the nature of a country's political power, the direction and depth of change in society, and the development of economic relations with other countries on an international basis.
2. Important aids to the expansion of international economic co-operation are the new developments in science and the revolutionary techniques that accelerate the development of productive forces. These new developments and techniques have intensified the distribution of labour and production specialization, which results in an expansion of co-operation between enterprises of various countries.
3. Developments in science and new techniques have brought about important changes in production and in implements of labour. Diversification of machines, equipment, apparatus and instruments all contribute to rapid development. However, it is difficult and economically inefficient to organize production in a country by using only the latest technical equipment. It is usually more efficient to import machines, especially units, rather than to attempt production of them. In spite of the relatively decreasing world consumption of raw materials, growth of production creates demands for imports of minerals and organic raw materials. International co-operation is especially important to developing countries because of their dependence on the world market, scarcity of resources for capital investment due to long colonial dependence and exploitation, lack of equipment and technically trained personnel and other factors. However, developing countries of Asia, Africa and Latin America must not repeat the stages of industrial development that other countries went through. Economies of developing countries must be created according to modern science and technical accomplishments. The economic assistance and experience of developed countries and their co-operation on a bilateral or multilateral basis has become an important factor in the progress of developing countries.

4. However, from past experience it has been learned that not all external aid to develop a country's economy is offered with only the interests of that country in mind. Foreign aid either on an international multilateral or bilateral basis must first of all help to modernize and bring about efficient use of resources upon which a country can create a basis for its development. External aid can accelerate and stimulate growth only if its aims correspond to the objectives of development of the country to which it is offered.

5. Preparation of long-term plans of economic development in many new states and the importance of these plans as a growth factor demand that foreign assistance be included in national plans of development. Of commercial advantage to a developing country are such conditions as access to external resources, assured delivery of equipment, use of technical services of experts, low interest rates and long-term aid. Foreign aid should not be accompanied by political or other demands that could harm the sovereignty or national dignity of the receiving country.

6. The economic relations between the Soviet Union and countries of Asia, Africa and Latin America represents an interesting example of fruitful and efficient international co-operation. Soviet financial investment is not dependent upon political or military terms. However, Soviet organizations are very much interested in rational and efficient use of credit given to developing countries. Total investments in developing countries amount to more than 3.5 thousand million rubles or about four thousand million dollars.

7. The Soviet Union is a stable, constantly expanding market for developing countries. In 1965 it imported from these countries 271,000 tons of natural rubber, 178,000 tons of cotton, large amounts of raw leather, fruit and other goods that are now the main items of export of the developing countries of Asia, Africa and Latin America.

8. Imports of manufactured industrial goods from developing countries are beginning to increase. Among these are cotton and wool fabrics, jute products, shoes, rugs, canned goods and products for machine-building and electro-technique industries. The share of these goods in the exports of developing countries is increasing and is indicated by the long-term trade agreements signed during recent years between the Soviet Union and developing countries. At the same time more than half of Soviet exports to developing

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countries consist of machinery and equipment, a large part of which is delivered in complete units for plants or enterprises. Established trade relations with developing countries helps the Soviet Union to use more efficiently the international division of labour to solve economic problems such as sufficient supplies of consumer goods and raw materials. Mutual advantage is a necessary condition for stable and long-term relationships.

9. Co-operation of the USSR is an integral part of economic relations between socialist and developing countries. In accordance with agreements, other socialist countries also assist developing countries in the construction of more than 1,300 projects. The total amount of credit committed in connexion with these projects is more than 2 thousand million rubles or 2.2 thousand million dollars.

10. According to an analysis of international economic relations, based in particular on experience of the Soviet Union, the main force influencing the progress of economic and social development is not the amount of financial assistance granted to developing countries but the creation of conditions for growth due to efficient and profitable use of domestic resources. Progress is brought about by establishing mutually beneficial trade, favourable long-term credit, technical and scientific assistance and by eliminating any non-advantageous export of goods from developing countries. Economic theory and experience shows that the only objective criteria for foreign aid should be the degree of its influence on the development of productive forces and economic and social progress of the receiving countries.

11. Socialist and developing countries are interested in widening their bilateral and multilateral economic co-operation. Formation of a new international division of labour is a very complicated process but there is a growing need for it. The planned economies of socialist countries and the elements of planning and regulations of many new states help to create favorable conditions for an organized and purposeful development and expansion of the international division of labour between groups of countries.

12. Creation of a division of labour to secure sufficient growth of mutual exchange of goods should be developed first of all through specialization and co-operation in production. Productive co-operation can be developed in manufacturing and extracting industries and in agriculture. For developing countries the obvious advantage in such a form of productive co-operation consists in new possibilities of expansion of production and training of personnel. For the Soviet Union and other socialist countries stable sources of needed goods are created. Each participating country can benefit from the international division of labour and its domestic conditions of production.

13. The expansion of co-operation between countries is in the interests of all people. Implementation of many resolutions and recommendations adopted by the United Nations and international forums connected with the United Nations, would lead to significant changes in development and efficiency of co-operation. It is important, therefore, to organize the carrying out of these resolutions. The evaluation of demands of developing countries for resources for capital investment and their losses sustained when they are part of the world capitalist economy lead us to the conclusion that now and in the near future the main direction of United Nations activities in the field of economic assistance to developing countries should be aid for the establishment of conditions under which countries could fully and rationally utilize their domestic resources in their own national interest.

14. In the practice of international relations, the United Nations should assist in the strengthening of the principles of equality and respect of sovereignty and non-interference with internal affairs. This direction of assistance would help towards a better use of international funds. There are many difficulties and obstacles in the way, but such assistance would be in the interest of hundreds of millions of people.

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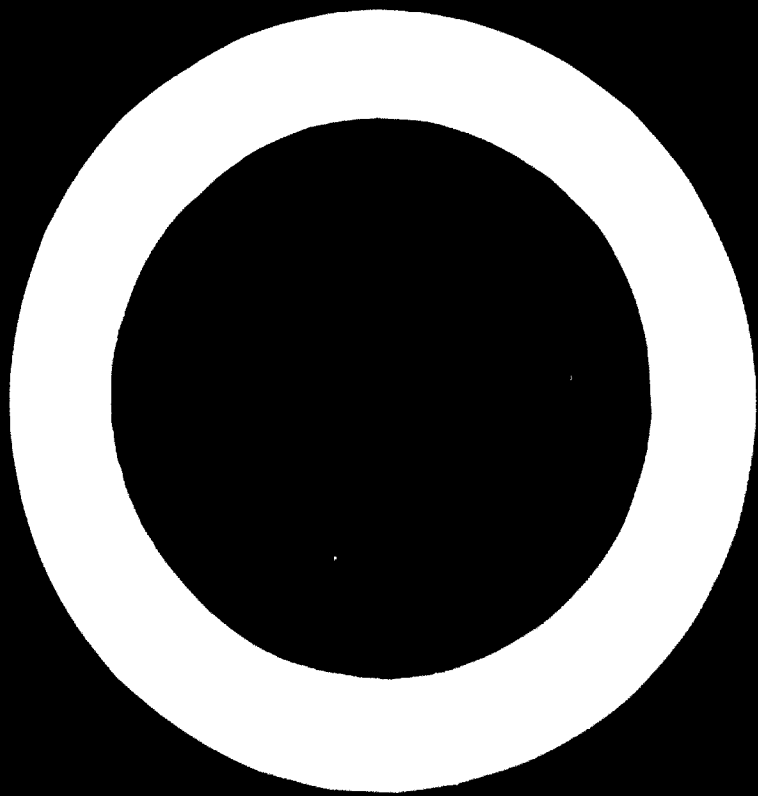
**INTERNATIONAL CO-OPERATION  
AS A FACTOR OF ECONOMIC DEVELOPMENT**

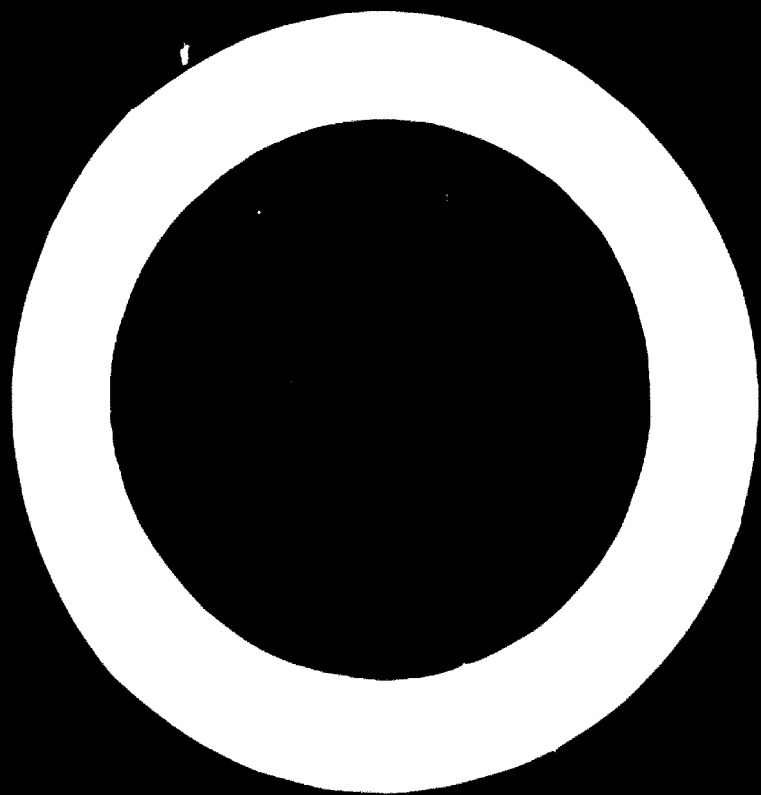
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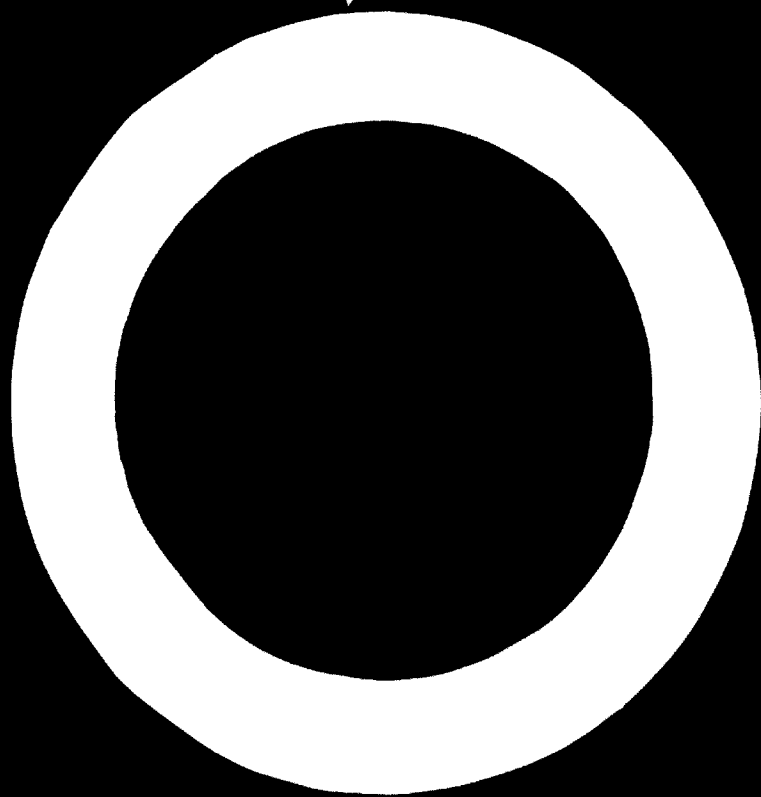
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INTERNATIONAL CO-OPERATION  
AS A FACTOR OF ECONOMIC DEVELOPMENT

Moscow 1967



1. The developing nations are confronted with an exceptionally complex and vital task: to overcome their economic backwardness in a relatively short period of time, to build up a modern, viable and advanced economy, which is the material basis for achieving complete independence and higher standard of living. The solution of this task entails great difficulties. The following may be considered the main problems confronting them despite their multifarious nature and modifications as to each country taken separately: development of productive forces (material and manpower resources), creation of a rational structure of economy, an equal place in world economy, raising material and cultural standard of the people. This depends to a great extent on political systems, the orientation and depth of changes in society and also external conditions, in particular, the economic ties with other countries, and broad international co-operation.

The present paper deals with some of the questions pertaining to the interdependence and interaction between the external economic ties and the economic development of a country as a whole.

1. Presentation of the Problem and Its  
Theoretical Aspects

2. The present period is marked by the strengthening of the interdependence between social production and external economic ties, the role of the latter being steadily increased as a factor influencing the growth and efficiency of production. This is due to a number of objective factors, chief among them being the scientific and technological revolution. It greatly influences production, international economic ties and the degree of interdependence between these two branches of economy. The accelerated growth of productive forces, demands extension of international economic ties. At the same time more favourable conditions are created for this purpose. This revolution has deepened the division of labour and the specialisation of production, since it greatly heightens the economic efficacy of specialised production, furthers a wide use of mass production lines, automation and control devices and also relatively homogeneous mass line production. In its turn this leads to greater economic co-operation between enterprises and associations of different countries. Such economic ties facilitate a more rapid economic efficacy resulting from the scientific and technological revolution. This results in the growth of exchange of ready-made articles, semi-manufactures, aggregates, units and parts. The greatest changes have been wrought in the means of production, in the means of labour. The assortment of machines, equipment, apparatuses and tools becomes more varied. Even the large

and advanced countries find it very difficult and economically disadvantageous to organise their own production of all these goods on the latest technological level. Quite often it is more profitable to import unique machines than to produce them at home. For this reason the imports of machines to the countries which could themselves produce them rapidly increase. The growth of production makes greater demand for the mineral and organic raw materials which are usually imported, although their consumption is being relatively decreased. International trade of patents and licences has acquired a greater scope.

3. The external economic ties have become a vital condition for extended reproduction. A sizable part of social product is realised through this channel in many countries. This is especially typical of the developing countries which due to their lop-sided economic specialisation have one or more items for export. An essential condition for reproduction is the constant adequate influx from other countries of machinery, fuel, raw materials and food which are in short supply or are non-existent in a particular country. Export-oriented enterprises or those which process the imported raw materials sustain the employment of a large part of the gainfully employed population and hence account for an essential share of the national income. World prices play an important role as well. They indicate an average world level of labour expenditure for the production of commodities and the trends of their changes. Elimination of distortions in the establishment

of monopoly prices and temporary fluctuations of trade enable us to determine definite international values, which is very important for the solution of the question of how to find the most rational structure of exports, imports and production itself, proceeding from the law of economising social labour expenditures. In its turn, the world market determines the quality of output. There are some reasons for the growing role of external ties and international co-operation for developing countries and their progress. Chief among them are the great dependence of a country on the world market due to the poor development of its economy and economic structure, to the narrow and often lop-sided specialisation of its production, the scarcity of its own resources for capital investment as a result of long colonial dependence and exploitation by foreign monopoly capital, the absence or shortage of equipment and the technical personnel and experience. It is now becoming more patent that Asian, African and Latin American countries should not go through the stages of industrial development of the present industrialised countries, that their economies should have a modern scientific and technical basis, that the scientific and technological revolution is a necessary condition for overcoming the gap in the levels of development. For this reason the economic assistance of more developed countries and their experience on a bilateral and multilateral basis are important conditions of progress for developing countries and the solution of their problems.

4. As experience shows, not always and not all receipts of money from outside quarters promote the



economic development and meet the interests of the receiving aid. countries Foreign aid, whether on an international, multilateral or bilateral basis, should first of all facilitate the accumulation of national resources and the rational and most effective employment of funds, which should constitute the basis for development of each country. Foreign aid can accelerate or stimulate economic growth only provided that it coincides with the objective interests and requirements of development of the recipient country and complements the people's efforts in a rational way and contributes to the solution of key problems of economic and social development. Elaboration of long-term economic development plans by many young states and the growing role of these plans as one of the growth factors require that foreign aid should be dovetailed with national development plans and facilitate their fulfilment. The commercial profitability of foreign aid (low interest, long terms of refundment of loans, etc.) is an indispensable condition for an effective use of the foreign sources of money, equipment and the technical personnel services. This aid, however, should not be accompanied by political and other strings, which are detrimental to the sovereignty or national dignity of the recipient country. The rate of economic growth in the developing countries is chiefly determined by social processes taking place in it. For this reason broad co-operation precluding interference in international affairs is called upon to promote and accelerate social changes that activate the country's economic life, and to reveal new sources and opportunities for the

solution of the tasks facing this country. Last but not least, an improvement of the position of developing countries on the world market may and must be an essential stimulus of economic growth. This can be achieved primarily via the changes wrought in the structure of exports of developing countries, through the increase in exports of the share of goods with a greater degree of processing and especially of finished articles. With due account of this the diversification of exports and the entire economic structure of developing nations, that is, the promotion of economic independence, figures as a major goal of external aid and other forms of economic ties, primarily trade, which is the oldest form of economic exchange between nations. Trade is called upon to become an effective means of promoting economic development. But to become such a means, it must be really unfettered, equitable and mutually advantageous, must be based on good will and record the partners' interests. Discrimination, restrictions and pressures are at variance with the very nature of trade as an exchange between sovereign and independent owners and contradict to the United Nations principles.

5. If external economic ties are to be turned into a means of international co-operation, into a real means of promoting economic development, there must be certain conditions, which impart these relations a new quality. Equality of rights of big or small countries is the cornerstone of international co-operation. Observance of non-interference in each other's internal affairs is another important prerequisite underlying the relations between

equal and sovereign partners. This presupposes that each partner takes measures to secure the fulfilment of his obligations. Unless this is done co-operation may either become a good intention or dissatisfy the countries concerned. To implement agreements they should take administrative, organisational, economic or technical measures, including the establishment of new industries, which inevitably involves additional expenditures. In the final count, however, this expenditure is fully justified, for it paves the way for broader and more advantageous economic relations. Last but not least, the mutual advantages enjoyed by the countries participating in international co-operation is still another necessary condition for long and stable economic collaboration. Practice provides ample proof that this collaboration is quite possible for the states with different social systems and different development levels. It is not only possible, it exists in reality. It has been tested by practice of long standing and is successful in fact.

## 2. Analysis and Appraisal of Experience of Economic Co-operation

6. The economic ties between the Soviet Union and a large group of developing countries, including many of the Asian, African and Latin American countries, provide a glaring and interesting example of fruitful and effective co-operation. The paper considers the Soviet experience of promoting these ties. They made their appearance 50 years ago, at the dawn of the first socialist state in

the world. Lenin, the founder of the Soviet State, laid down the basis for these ties. These are ideas of peace and friendship between nations, assistance and support for the peoples struggling for their independence, the principles of full equality of big and small nations, sovereignty and non-interference in each other's internal affairs, mutual advantage. They were embodied in the first decrees and declarations of the Soviet Government, in its treaties and agreements concluded by it in 1921 with Iran, Afghanistan, Turkey and Mongolia and in 1924 with China. Already in those difficult times the young Soviet state made initial steps to render friendly economic assistance to neighbouring countries. This assistance assumed a greater scale in the 1930s, when the U.S.S.R. had more economic and technical potentialities for extending aid thanks to its industrialisation. The mid-50s saw the rapid development of economic ties between the Soviet Union and Asian, African and Latin American countries. As they develop, they improve their structure and forms. However their essence remains invariable. It implies respect for peoples, comprehensive assistance to a friendly state in its development, promotion of the factors that play a progressive role in that country, refusal to force on its people a programme which is alien to them, and non-interference in their internal affairs. The basic purpose of co-operation also remains immutable and clear-cut: to promote national economic development, to help achieve economic independence and improve the people's living standard. This goal and the requirements of developing nations which are defined by their governments

predetermine the main trend of co-operation, which is the promotion of a developed national industry as a basis of economy. Recognition of the priority development of modern industry and the adoption by governments of many developing countries of a policy of industrialisation as the chief task of economic construction are responsible for the fact that more than two-thirds of Soviet assistance goes for the industrial development of these countries. The developing nations are also confronted with other important and complex problems. They include the following top-priority problems: food supply, employment, the study and utilisation of natural wealth and the training of national specialists and skilled workers. Being aware of the needs of the developing nations, the Soviet Union is eager to co-operate with them in the solution of these and other problems. Because of time limitations the author of the paper will review the co-operation of only some of the industries which are of prime importance for industrialisation.

7. An important place in co-operation belongs to promotion of the fuel and power basis. For the most part the developing countries possess rich natural resources of thermal energy (coal, oil and gas) and water energy. However, these sources of power are employed to a very small degree. With a view to assisting the development of the power industry the Soviet Union has sent specialists and special equipment for oil and gas prospecting to a number of countries (India, the U.A.R., the Syrian Arab Republic). Joint efforts have borne good fruit. For instance,

Soviet geologists tapped oil and gas deposits in some regions of India, whereupon its Government started the extraction of oil. They also discovered large deposits of gas in Afghanistan with the result that a fertiliser plant is now being built there and gas will be exported in the near future. New industrial deposits of oil have been found in the United Arab Republic and the Syrian Arab Republic. The developing countries also need modern oil refineries. With Soviet assistance several refineries have been built or are now under construction in India, the U.A.R. and Ethiopia. Their total designed capacities exceed 8.5 million tons of refined oil a year. The building of enterprises within the state sector provides great economic advantages and considerably weakens the dependence of developing countries on foreign oil monopolies. The Soviet Union also renders its assistance in developing the coal industry to a number of countries. For instance, it helps India build new mechanised mines and install Soviet equipment there and also to build a mining equipment plant in Durgapur, which will provide India with various machines for the coal industry, including coal-cutters, underground electric locomotives and conveyers. The annual output of this plant will be sufficient to equip several new mines with a total capacity of 8 million tons a year.

8. The power industry is an essential prerequisite for many branches of economy. As experience testifies, the power industry should develop faster than other industries in order to increase the power consumption per man. With Soviet assistance the developing nations are building some

30 hydropower and thermal electric stations. In particular, the Soviet Union helps to build several electric power stations in India, including the Bhakra hydropower station with a capacity of 600,000 kw and the Naiveli thermal power station with a capacity of 600,000 kw. The U.A.R. is building the Aswan hydropower station with a capacity of 2.1 million kw and with annual production of 10,000 million kwh, a thermal power station in Suez, and others. With Soviet aid the Syrian Arab Republic will soon begin to build a dam and an electric power station on the Euphrates. The full capacity of this station will amount to 800,000 kw, whereas the present total capacity of all thermal and diesel electric power stations does not exceed 200,000. This alone testifies to the great importance of the complex for the country. Afghanistan, Nepal and some other developing countries are also building power stations or have already built some of them. The total capacity of all these installations will amount to 6 million kw, which means that their annual output will reach 30-35,000 million kwh. Soviet aid in building national enterprises producing power equipment is an essential and possibly the most important contribution to India's power development. The heavy electrical equipment works in Hardwar (the first section has already been commissioned) will produce equipment with an annual capacity of 3,200,000 kw.

9. A definite development level of national metallurgy and machine-building is an important condition for the advance of the entire economy and for the attainment of economic independence. The Soviet Union assists developing countries in building these branches of economy. Ferrous

and non-ferrous metallurgical plants and machine-building works are being built or have already been built in India, the U.A.R., Ceylon, Algeria, Iran and other countries. For some years now the Bhilai Iron and Steel Works has been producing over one million tons of steel and over 700,000 tons of rolled sheets a year. At present the works is being extended and its capacity will be increased to 2,500,000 tons a year. Another metallurgical giant—the works in Bokaro—is already under construction. At first it will produce 1,700,000 tons of steel a year and later, after extension, 4,000,000 tons. The construction of the heavy engineering plant in Ranchi with Soviet assistance will add up to the development of India's iron and steel industry on her own technical basis. This plant with an annual capacity of 80,000 <sup>tons of</sup> articles will be able to produce equipment for blast furnaces, coke batteries, rolling mills, cranes and crushers. The first shops are already in operation. With the commissioning of all designed capacities the plant's annual output will be sufficient to equip a metallurgical works with an annual capacity of one million tons of steel. Subsequently its capacity can be doubled. Practically a new metallurgical complex is being built in Helwan, the U.A.R. Its capacity will be equal to 1,500,000 tons a year. With the establishment of iron and steel plants the national basis for machine-building, industrial, transport and housing construction is growing. Machine-building is the core and most dynamic branch of modern industry. The Soviet Union gives the young states a substantial aid in building this industry as well. With Soviet assistance they intend to



build 43 engineering and metal-working enterprises. In addition to those mentioned above we shall cite a tool-making plant in Helwan, a heavy engineering plant and a shipyard in Alexandria (the U.A.R.), a motor-repairing plant in Kabul (Afghanistan), and an agricultural machinery plant in Iraq. The construction of these and many other enterprises is an important step in the industrialisation of developing countries.

10. It does not follow, however, from the foregoing that the Soviet Union collaborates with the young developing states only in developing industries that produce means of production. Such a conclusion would be unwarranted for two reasons. First, about 70 enterprises out of 600 which are about to be built with Soviet aid belong to the light, textile and food industries. They include cotton, footwear and knitted goods factories, meat, packing plants, vegetable and fruit canneries, elevators, flour mills and refrigerators. Second, the power, iron and steel and engineering plants are indispensable for the industries producing consumer goods. The enterprises belonging to these industries will contribute to the growth of commodity resources designed for satisfying internal requirements and for export and also to greater receipts from exports through the additional processing of commodities for the home market. The interdependence of industrialisation and agricultural development are manifest in the young countries. Agricultural output makes up their exports, although a shortage of feedstuffs in many countries and the consequent imports of food restrict their meagre currency reserves, hence it is

impossible to increase the imports of machinery and use the services of foreign technical specialists on a wider scale. Co-operation in farming bears a production nature and is aimed at expanding the area under cultivation lands, increasing their productivity through uninterrupted irrigation and drainage in certain cases, at boosting the production of fertilisers and at building farm machinery plants. The Soviet Union also helps to organise state farms specialising in the cultivation of grain and industrial crops, and also cattle-breeding farms and machine and tractor stations. With Soviet assistance the developing nations are setting up over 100 agricultural enterprises of these types. The joint implementation of irrigation programmes in the U.A.R. (on a territory exceeding 800,000 hectares), in the Syrian Arab Republic through the use of the water resources of the Euphrates (on a territory of some 600,000 hectares), in Afghanistan, Burma and Iraq (watering fields and pastures on a territory exceeding one million hectares) opens up fresh opportunities for boosting production of grain and industrial crops and hence for improving the people's standard of living and for greater exports. Naturally, the production co-operation is not the only means to solve the food problem and does not preclude, in certain cases, the assistance by means of deliveries of grain and other foodstuffs, these deliveries being of a supplementary nature.

11. The co-operation gives rise to national cadres of specialists and qualified workers, who comprise the main force of social production. They are trained in higher or secondary technical schools and special centres, and at

their place of work with Soviet assistance and also at higher educational establishments in the Soviet Union. Many African and Asian countries are about to set up some 100 educational establishments and centres with Soviet assistance. They include the Technological Institute in Dombay (India), the Polytechnical Institute in Rangoon (Burma) and other institutions of higher learning which already train specialists. Industrial and other projects now under construction have turned into schools of mass training of local personnel. During the last decade Soviet specialists helped to train about 120,000 workers at their work. They became qualified builders, assembly-men, mechanics, drillers or acquired other trades. Soviet achievements in science and higher education have been widely recognised and acclaimed. The growing desire of developing nations to utilise Soviet potentialities in this sphere is easy to understand. At present over 11,000 students from these countries study in the U.S.S.R. With every passing year the number of foreign students is increasing, but the Soviet Union's possibilities for training the cadres for these countries are not yet used to the full extent.

12. Soviet credits to developing countries are an indispensable though not the main factor of co-operation. They are called upon to facilitate the implementation of co-ordinated projects, since they finance the projects in foreign currency, in which most Asian, African and Latin American countries are in sore need. The low interest on credit (2.5 per cent), the possibility of repaying credits by commodities of national make, including the output turned

out by enterprises which are being built in the process of co-operation, enable the developing countries to repay Soviet credits on easy terms. The practice of repaying credits with commodities opens up fresh possibilities for extending exports by developing nations, which fact is of overriding importance for them. It is common knowledge that Soviet credits do not involve any political or military conditions. It stands to reason that Soviet organisations take interest only in a rational and efficient use of their credits, the total sum of which runs into 3,500 million rubles, or about 4,000 million dollars.

13. We are witnessing the rapid growth of trade between the Soviet Union and the developing countries (in the period of 1956-1965 the average annual growth rate was 20.4 per cent) and also the increasing role of trade in stimulating economic development. These countries achieve economic progress both through greater exports and greater imports of machinery, equipment and other goods they need. The Soviet Union provides a stable and constantly enlarging market for the developing countries. In 1965 it imported 271,000 tons of natural rubber, 178,000 tons of cotton fibre, nearly 17 million small hides, fruit and many other commodities which are the main export items of the Asian, African and Latin American countries. The Soviet import of finished articles is also on increase. They include cotton and woolen fabrics, jute articles, footwear, rugs and carpets, canned food and also goods of machine-building and electrical engineering. The growth of the share of these goods in the exports of the developing countries is

a natural tendency. It is distinctly revealed in the long-term trade agreements the Soviet Union has concluded with developing countries in recent years. At the same time over half the Soviet exports to these countries represents machinery and equipment, the sizable part of which is delivered in sets (whole enterprises, shops and installations). This facilitates and accelerates the assembly of equipment and the commissioning of enterprises. On the other hand, the trade with developing countries enables the Soviet Union to make a fuller use of the international division of labour in order to solve its economic problems, in particular to improve the supply of the population with goods and industry with raw materials. This mutual interest and benefit is an indispensable condition for stable relations of long duration. The further extension of the all-round co-operation accords with the interests both of the Soviet Union and the developing nations. Recognition of this fact finds reflection in the Soviet Union's new five-year plan, in its numerous trade and other agreements with other countries. The economic co-operation with these countries and the technical assistance rendered to them in strengthening their independent national economy are an important task which is set by the Directives of the C.P.S.U. for the five-year economic development plan of the U.S.S.R. for 1966-1970.

14. Like the Soviet Union other socialist countries are expanding all-round co-operation with Asian, African and Latin American countries.

The Soviet Union apart, the socialist countries assist the developing countries in building over 1,300 industrial and other projects and have granted them credits to the sum of over 2,000 million rubles, or over 2,200 million dollars. Each socialist country contributes something new to the common experience in this sphere. Friendly co-operation and fraternal mutual aid between the socialist countries greatly accelerate the economic, scientific and technical progress. Far from retarding their economic exchanges with the developing nations the fraternal relations between the socialist countries open up new opportunities for these exchanges, since the external relations within the socialist community are based on the identical economic principles and accord with the common interests both of socialist and developing countries.

### 3. Certain Conclusions and Considerations

15. An all-round analysis of international economic relations, particularly of the Soviet experience in this field, warrants a conclusion that international co-operation is increasingly promoting economic development. The chief impact of co-operation on the economic and social progress is not determined by the size of gratuitous aid (gifts, subsidies, etc.), but by the provision of conditions for a dynamic growth through the effective and rational use of national resources. The road to this lies primarily in broad, equal and mutually advantageous trade, in the provision of long-term credits in scientific and technical aid

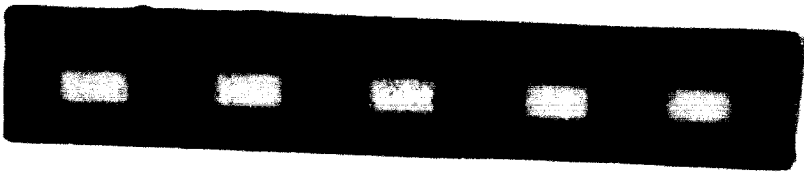
on favourable terms and in a discontinuance of the pumping of wealth created by the people of the developing countries. Economic theory and practice testify to the fact that the only objective criterion of appraising the value of foreign aid may be the degree of its impact on the development of productive forces, on the economic and social progress of the recipient countries and not the size of allocations for this purpose by the creditor countries. That equal sums of money provided on different terms and with a different aim are of different value may be confirmed by many concrete facts.

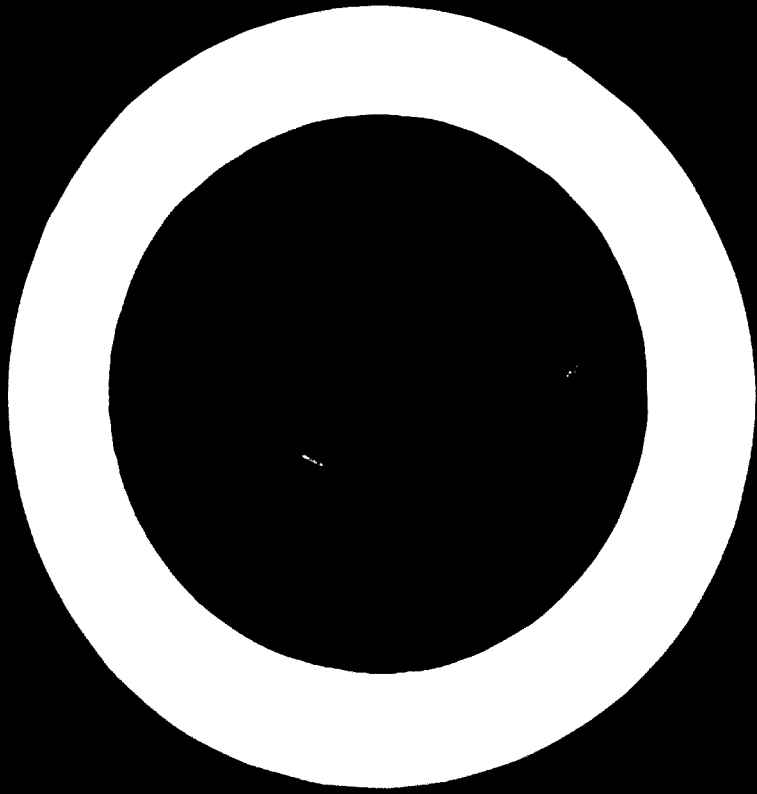
16. Both the socialist and developing countries are objectively interested in expanding their mutual all-round co-operation. But as experience shows, these economic ties can be stabilised and expanded provided only they rest on a reliable economic basis, which is a developed division of labour between partners in the sphere of material production. At the initial stage the U.S.S.R. and other socialist countries, on the one hand, and the developing countries, on the other, expanded their economic co-operation within the existing framework of the world division of labour. Facts show, however, that there is a need for a broader international division of labour between the socialist and developing nations, which would to a fuller extent correspond to the principles and nature of relations formed between the countries concerned and to their respective interests and potentialities. The formation of a new division of labour is a complicated process, but it has real prerequisites. The planned economy in the socialist countries and a

considerable amount of planning and state regulation in many young states contribute to the deepening of the international division of labour and make it a purposeful and organised process. Against a background of these developments and the dominant trends in the international economic relations it becomes clear that the division of labour providing for adequate mutual exchange should be developed via specialisation and co-operation of production. This co-operation may take place both in the manufacturing and extractive industries and also in agriculture. A patent advantage of this co-operation is seen in the fact that developing countries have in store greater possibilities for extending the profitable types of production and for training the personnel, while the Soviet Union and other socialist countries receive access to more reliable sources of commodities which they need but which they are unable to produce because they lack special conditions or have to expend much more labour than is required. Every participant in this co-operation will be able to put to more advantage the international division of labour and their more propitious conditions of production. The recently started co-operation between the Soviet Union, on the one hand, and Afghanistan and Iran, on the other, in the matter of geological prospecting, extraction and use of natural gas is a good case in point. The co-operation between the socialist and developing nations is being constantly improved and enriched, although it faces new problems that require solution.



17. The growing extension of international co-operation and the consequent enhancement of its role as an economic factor corresponds to the interests of all peoples. The U.N. bodies and other organisations acting under the U.N. auspices have adopted appropriate decisions and recommendations whose implementation would greatly promote economic co-operation and its efficacy. For this reason the implementation of these decisions is now of prime importance. An appraisal of the developing countries' requirements in capital investment and of their losses in the economic sphere within the framework of the world capitalist economic system warrants a conclusion that at present and in the near future as well the U.N. should concentrate on helping the developing countries to use their national resources in their own interests, on the consolidation of the principles of equality, respect for sovereignty, non-interference in each other's internal affairs, mutual benefit and friendship between nations, all of which form the basis of genuine international co-operation. This kind of assistance would also promote the use of international funds, which, however, should only be a supplementary source of money. There are many difficulties and hindrances on this way, but this assistance meets the interests of hundreds of millions of people and is worthy of great effort.





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