

# USSR and the Development of Economic Structures in the Emergent Countries

ILIODOR KULEV,  
Cand. Sc. (Econ.)

The achievements of the socialist community are evoking ever more interest in the developing world. The principles of the foreign policy pursued by socialist countries towards the emergent states are winning recognition among them. Naturally, the more obvious the achievements of socialism, the keener the struggle over the main aspects of its domestic and foreign policies and the stronger the imperialist ideologues' urge to besmirch these achievements in the eyes of the world public.

The propaganda services of the imperialist powers are trying to discredit the principles and particularly the results of economic, scientific and technical cooperation between socialist and emergent countries while touting the Western model of "partnership between big and small nations." The deliberate distortion of reality especially during the past few years, is no longer the monopoly of mass media, but has been institutionalized as state policy. The former US Secretary of State, Alexander Haig told the UN General Assembly Session on September 22, 1981, that during the previous decade the United States had rendered the developing countries almost twice as much aid on easy terms as any other donor

country. The share of the Soviet Union and its partners, other socialist countries, in economic aid to developing countries was characterised as "meagre" in the final communique of the summit of the seven leading capitalist powers in Ottawa, in the summer of 1981.

In reply to these and other similar allegations, Andrei Gromyko, Minister of Foreign Affairs of the USSR, cited at the 37th Session of the UN General Assembly figures on Soviet aid to emergent countries in 1976-1980. They graphically show that during that period the Soviet Union's economic and technical assistance to the development of emergent states exceeded the US "development aid" by 60 per cent in absolute terms and 330 per cent in terms of the GNP share.

Of course, any comparison of capitalist powers' aid and the Soviet Union's technical and economic assistance to the emergent states in value terms is conventional because it does not take account of their entirely different character and goals. It is an analysis of these factors, however, that makes it possible graphically to illustrate the indubitable superiority of the USSR over the leading imperialist powers in economic assistance to developing countries.

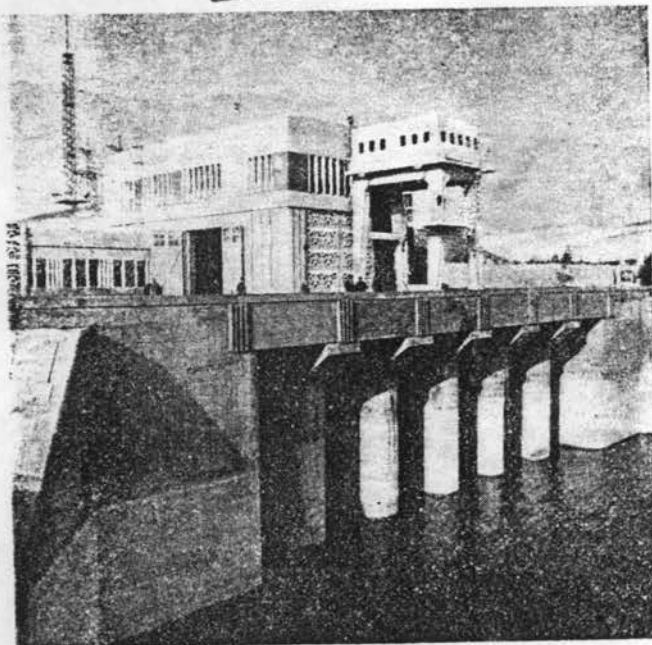
Naturally, the Soviet Union's assistance is not motivated by its desire to outdo the capitalist countries but is aimed at meeting the vital economic development needs of the emergent states.

Although the concept of self-reliance has become widespread in the developing world, it must be said that the possibilities of the developing countries for accomplishing all those tasks facing them are severely restricted, especially as regards the countries with no oil reserves.

The rate of domestic accumulation in most of the emergent states is a mere 10-12 per cent of their national incomes. The share of external resources in accumulation is at least 3 per cent of the GNP in oil-deficient countries. According to some estimates of World Bank experts, in 1976 the emergent countries' needs in capital investment totalled \$ 64 billion to maintain a 5.2 per cent annual GNP growth rate, and in 1985 that figure is likely to exceed \$ 280 billion.

Between 1970 and 1980 the growth rate of real aid rendered to all the emergent countries by the 17 members of the Committee of Aid to Development, the leading donor states of the capitalist world, was 3-3.5 per cent a year, and a mere 1.5 per cent a year for the underdeveloped emergent states. The annual Paris meeting of the Committee forecast that the growth rates of official aid to the emergent countries would decline during the current decade. Those forecasts did not take long to come true. The aid of the Committee member-countries shrank in absolute terms by 1.7 billion dollars in 1981 as compared with the previous year, totalling \$ 25.6 billion, or 0.35 per cent of their aggregate GNP; in 1982 it slightly rose, reaching \$ 28 billion or 0.39 per cent of the aggregate GNP, thus equalling the 1980 indicator.

A water works in Misken [Syria] built with Soviet assistance.



The actual goal of the so-called aid of capitalist countries is all too evident. It is first and foremost to create in the emergent states an investment climate meeting the interests of transnational corporations of the USA and other developed capitalist countries. This is illustrated by the correlation between profits exported from emergent countries and fresh investments in them. In 1971, the profit by US transnationals out of emergent countries exceeded by \$ 1.7 billion the corporations' investment in them, whereas in 1979 this figure stood at \$ 5.4 billion. This trend continues today as well.

The growing "brain drain" remains a no less important factor of the backwardness of emergent countries bringing much profit to capitalist countries. According to some estimates, the USA alone saved between 1969 and 1979 more than \$ 5 billion on personnel training by "stealing" from the emergent countries 150,000 specialists.

Naturally, cooperation with the socialist world does not threaten to exhaust the developing countries. Proceeding from the Leninist principles of cooperation with the developing world, socialist states seek to maximally satisfy the needs of the emergent countries in national personnel. The number of specialists and skilled workers trained with Soviet assistance, for instance keeps growing with each passing year and has already reached 1.25 million. Specialists from the emergent countries attend higher and specialized secondary educational establishments in the USSR, are trained during the design, construction and operation of joint projects in those countries and undergo an on-the-job training at Soviet industrial plants. At present more than 20,000 undergraduate and postgraduate students from developing countries attend Soviet educational establishments every year. More than 40,000 people from the emergent countries undergo vocational training at Soviet enterprises.

More than 220 training centres, and 47 institutes and technical schools have been built or are planned to be built with Soviet assistance in emergent states with 140 of them already commissioned.

Developing countries are becoming increasingly appreciative of economic and technical cooperation with the USSR which finds reflection in the constant growth of the number of countries concluding agreements on cooperation: in 1961 there were only 14 of them and in 1983 as many as 65.

The Soviet Union is making a substantial contribution towards the consolidation of the positions of emergent countries as equal partners in the world economic relations.

As early as 1949 the USSR tabled at the United Nations a proposal on introducing in international economic relations the practice of rendering assistance to the emergent states on the principles of the utmost respect for the rights and interests of the debtor countries. These proposals were further elaborated in the statement of the Soviet Government on Restructuring International Economic Relations (1976). Socialist countries have always supported the just demands put forward by the emergent states as they aim at establishing an international new economic order. At the same time the Soviet Union has repeatedly pointed out that in this context there is no ground to place equal demands on the industrialised states based on different social and political systems. It is well-known, that the socialist countries are not responsible for all the privations brought to the developing world by the economic crises of capitalism, by the instability of capitalist currencies and by other manifestations of economic anarchy intrinsic to the capitalist system. The USSR absolutely rejects the principle of "equal responsibility" of socialist and capitalist countries for the consequences of colonialism and neocolonialism.

Socialist countries have never participated in the plunder of nations, on the contrary, since their very inception, the

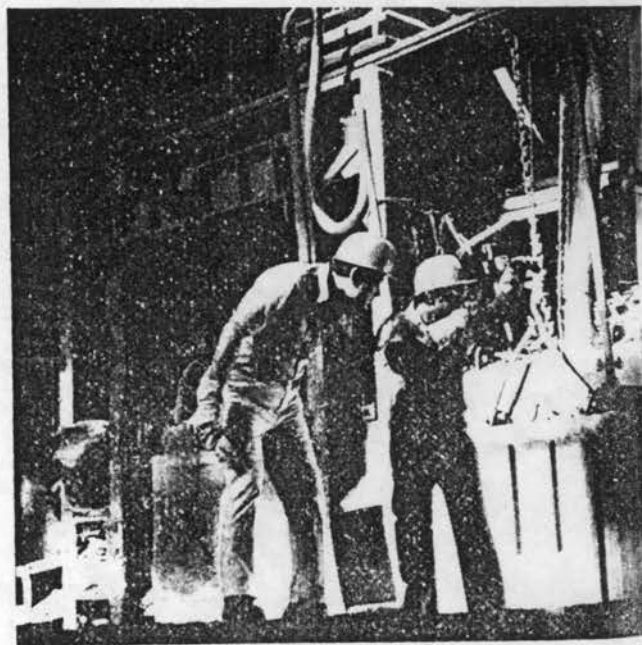
Soviet state and other socialist countries have been pursuing a consistent policy of rendering to the emergent countries comprehensive economic assistance with a view to raising the living standards of the population and to eradicating hunger and poverty through the restructuring of their economies and transforming their monocrap, archaic agricultures into modern and diversified economic organisms. The strengthening of the economic base in socialist-oriented countries simultaneously promotes the establishment of productive relations of a new type.

Young states appreciate the substantial aid given to them by the USSR. The late Indian Prime Minister Indira Gandhi spoke highly of the Soviet Union's role in the development of the Indian economy; she said that when the United States and West Germany denied India aid in the development of key industrial sectors, the Soviet Union agreed to provide aid and the Indian people were profoundly grateful for that assistance. The joint space mission of one Indian and Soviet cosmonauts in April 1984 illustrated the high scientific and technical level of that cooperation.

Complex and multi-faceted problems arise as international economic contacts keep expanding. In a number of cases twin problem has to be addressed in choosing projects for cooperation, namely, the Soviet side's potential for giving assistance has to be determined and the efficiency, role and place of the specific project in the economic structure of a partner defined. Sometimes a partner would sacrifice economic efficiency to prestige considerations.

Once a project has been decided and an agreement on economic and technical cooperation concluded, the emergent partner countries face the need to solve two major problems, namely, to man the project with skilled personnel and to find the sources of accumulation so as to recoup domestic expenditures.

Projects built in cooperation with the USSR include for the most part those plants and industries which the industrialised capitalist countries are most unwilling to develop since they view those projects as a factor adding to the independence of emergent countries and, moreover, as competitors to their own products. These are first of all steel plants, mining industries and oilfields. Their building needs skilled personnel at all levels, from workers and technicians to engineers and office workers; the USSR experience in solving these problems made itself manifest especially forcefully, for example, in the construction of the Aswan High Dam in Egypt.



A quarter of all steel smelted in India is produced by the Bhilai steel works—the first major steel plant in the Republic and the pioneer of Indian-Soviet economic cooperation.

In the photos: smelting is under way in the open-hearth shop; a panorama of the blast furnace shop in the Bhilai steel works.



To begin with, a system of on-the-job training was organised, with Soviet specialists working simultaneously as instructors. A network of training courses varying in duration (two months or more, depending on the occupation) was started. A new training centre to produce high-skilled workers was opened and the training centres which already existed in the country were also used. In addition, quite a few Egyptian engineers and workers went to the USSR for on-the-job training.

The Aswan Dam is not a unique case in this respect. Personnel were trained in a similar way when the Soviet Union rendered assistance in building steel plants in India, Algeria and other countries.

All the projects built through economic and technical cooperation between socialist and developing countries constitute the basis for the expansion of the public sector in the latter and therefore help enhance the role of the nation state in carrying out social and economic reforms and strengthen those countries' positions on the international scene. Outside the framework of the public sector it is rather difficult to address major social problems such as determining the length of workday, the fixing of minimum wages, the organisation of free education and health care and the introduction of social insurance.

Obviously, the solution of all these questions is closely linked with the scope of cooperation between developing and socialist states.

The construction of projects in heavy industry strengthens the positions of the public sector in the economy and, moreover, substantially restructures the national economy as a whole. One example is supplied by the Isfahan steel works, Iran, which produced two million tons of steel in 1984.

That project gave rise to a complex of allied industries, such as mines, an ore dressing plant, and pits for extraction of ore minerals. It became necessary to build thousands of kilometres of motor roads and hundreds of kilometres of railways to erect power transmission lines, to build cities and settlements, and to organise a vocational training system to produce personnel capable of operating advanced technology. The country which had once produced no metal developed a national steel industry.

Meanwhile, the United States and other capitalist countries persisted in claiming that Iran did not need a national steel industry and it was far more profitable for it to buy metal from the West. Trying to convince the Iranian government to

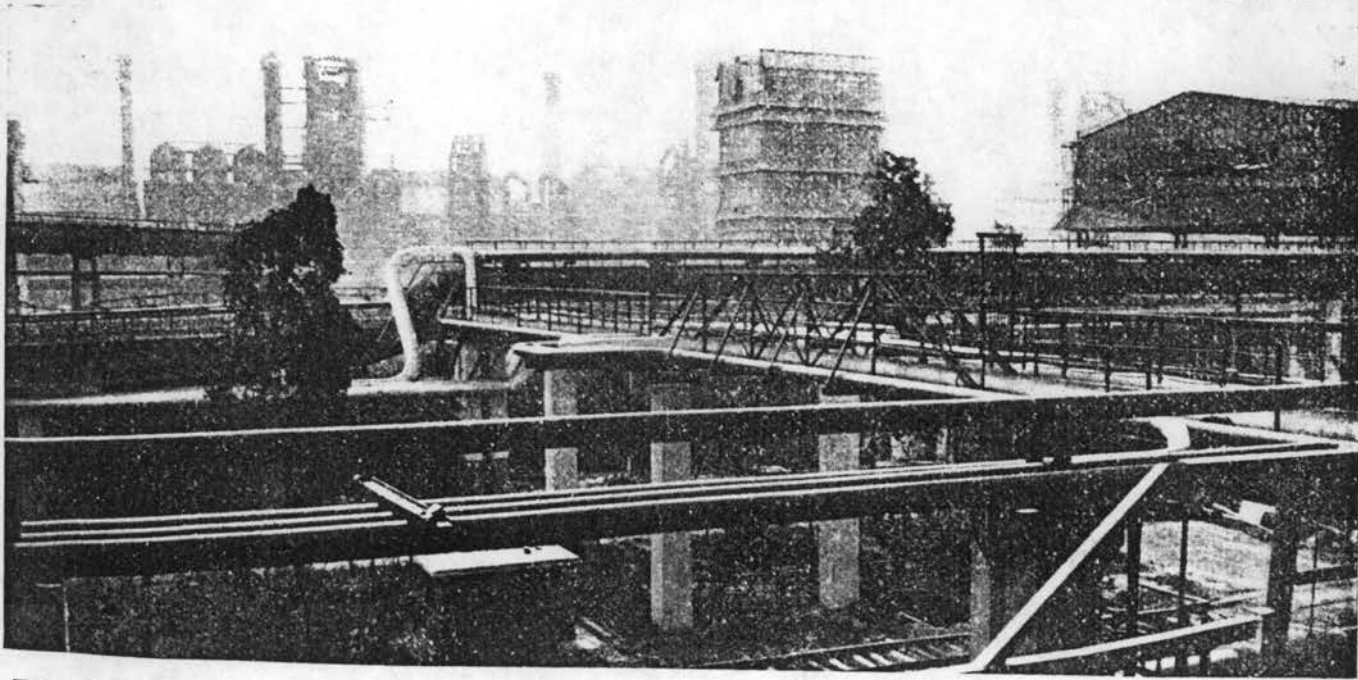
give up its plan to build a steel works, the imperialist powers hoped to perpetuate their control over the sizable Iranian market and to make Iran fully dependent on the world capitalist economy.

Another example of the consistent restructuring of a developing economy through cooperation projects is the above-mentioned hydropower system in Egypt. Power transmission lines stretching along the Nile for almost 1,500 kilometres, virtually across the entire country from Aswan to Alexandria, constitute the backbone of Egypt's power grid.

The primitive and archaic system of estuary irrigation was replaced by a modern irrigation system, making it possible to raise one more crop a year on the same land. Cheap electricity also enabled country to develop an aluminium industry. The Nag-Hamadi aluminium plant is already producing about 100,000 tons of metal a year and an expansion programme is being carried out. Iron and steel production was organised virtually anew at the Helwan Works. Egypt began to manufacture metal-cutting machine tools, cable, welding electrodes, lubricants and many other products.

The Soviet Union's assistance in the construction of all enterprises helped develop major advanced economic sectors which substantially lessened the country's dependence on the world capitalist market. The Soviet side does not bear any responsibility for the failure to bring that process to the end, as a result of which Egypt sustained heavy losses. Comparing the results of Soviet Union's economic and technical assistance and Western "aid", the notable Egyptian politician H. Ismail said in an interview to the weekly *Al-Mussawar* on August 13, 1982, that "Egypt's largest projects were built by the Soviet Union" whereas "during the past seven years since Egypt turned to the Western bloc, I cannot name a single economic project worthy of mention."

In parallel with developing the heavy industry projects, the emergent countries are building with Soviet assistance solid foundations for their own infrastructure. Soviet assistance has completely changed the transportation system in Syria. Suffice it to mention the railroad stretching for almost 700 km from Latakia to the Turkish border (Kamysly). That railroad helps to expand economic relations between Syria and Turkey and links Syrian oilfields and farming areas with Damascus and other industrial centres. A 300 km-long railroad connects port Tartus with phosphorous mines in Palmyr. Phosphorus exports earn the country sizable hard currency revenue. Many more examples of fruitful cooperation can be cited, such as



the assistance of Soviet organisations in oil prospecting and the development of oilfields, the construction of the Euphrates hydropower complex, providing irrigation for national agriculture, which created many job-openings, and the development of a ramified network of power transmission lines and substations, which became the basis for the electrification of the country.

The results of the Soviet Union's cooperation with Afghanistan, originally a country with a very backward economy, are no less impressive. Afghanistan has made immense progress in restructuring its economy during the past few years. Motor roads have been built to link its capital, Kabul, with the southern and northern parts of the country—in some areas they climb to almost 4000 metres above sea level. The Kushka-Kandaghar highway, stretching for over 600 km, which was built with Soviet assistance, has become a major link of the national transportation network, providing a gateway to the USSR on the one hand, and leading to remote provinces near the Pakistan border, on the other. These roads are also used for transit cargo haulage between Europe and Asia. Afghanistan's first nitrogen fertilizer factory making use of the natural gas discovered by Soviet geologists is providing the national agriculture with fertilizer. It was also built with the assistance of the Soviet Union.

After the April 1978 revolution economic, scientific and technical cooperation between the two countries reached a new level, contributing to Afghanistan's social progress.

India, Algeria, Bangladesh, Turkey and other countries also benefited from Soviet economic and technical assistance in restructuring and improving, either partially or completely, their economies.

Emphasis should be placed once again on the comprehensive character of Soviet economic and technical assistance to the emergent countries. Most of them have opted for intensive industrialisation and the experience of their economic growth disproves the claims of Western propaganda that it is "pointless" to develop heavy industries in those countries.

The following data illustrate the comprehensive approach of the Soviet Union to the economic development problems of emergent states and the diversity of assistance rendered by the USSR. Altogether, 40 per cent of the 3,090 projects built in the emergent countries with Soviet assistance are industrial plants, mostly in the power and engineering industries. Much attention is also attached to economic sectors which are vital to the improvement of the living standards of the population. Food plants, transport, communications, educational, health care and cultural facilities figure prominently among cooperation projects (see Table).

Soviet-Assisted Projects in Developing Countries  
(in January 1983 figures)

Sector	Number of projects	Share (per cent)
Industry	1,235	40
Agriculture	577	19
Transport and communications	359	12
Social infrastructure	718	23
Others	201	6
<b>Total</b>	<b>3,090</b>	<b>100</b>

By the beginning of the current decade industries built with Soviet assistance accounted for about 40 per cent of pig iron and 25 per cent of steel produced in the emergent countries of Asia and Africa. India's two giant steel works, Bhilai and Bokaro, produce about 40 per cent of the country's entire steel output, the steel works in Iskanderun, Turkey, produces 40 per cent of the country's pig iron, 20 per cent of

its steel and 15 per cent of its rolled stock. Power plants built with Soviet assistance generate 70 per cent of Syria's aggregate power output, 60 per cent of Afghanistan's, 50 of Egypt's and 15-20 per cent in India, Bangladesh, Iraq and other countries.

All the projects built with Soviet assistance are the property of the state, which precludes the export of profits from them. The principle of mutual benefit which underlies this cooperation does not imply any political or economic privileges for the donor state. Payments for Soviet equipment supplies and technical services in traditional export items help revive the economies of emergent countries and encourage local production.

Naturally, like any other activity, the Soviet Union's cooperation with emergent countries aimed at modernizing their economies comes against difficulties. Some of them stem from the desire of the leaders of emergent states, who are not very competent in questions of economics, to build prestigious projects or to launch industrialisation programmes before eradicating feudal relationships or developing domestic accumulation sources. They disregard the experience of other countries, for instance, of the Soviet Union, which began the industrialisation only in the eleventh year of its existence, having among other things, a relatively developed production base.

Soviet specialists working in one country or another are at times mistrusted, particularly by local bureaucrats who have inherited the mentality and lifestyle of the colonialists. It takes time in such cases to form a cemented multinational team at the construction site around Soviet specialists who are educated in the spirit of proletarian internationalism.

Soviet assistance to the emergent states helps create new jobs in them and also enables them faster to cope with other problems, such as the building of housing for workers, the development of health care, child care, sports centres, etc. For instance, after the Iskanderun steel works was built in Turkey, a remarkable city rose nearby, with people living in well-appointed flats and enjoying the services of child care centres, hospitals and outpatient clinics. The pioneers of the Aswan High Dam construction project lived in "bidonvilles", huts made of reeds or in caves. By the time the project was finished, marvellous communities with air conditioned houses had appeared there. A new city was built next to the Isfahan steel works in Iran as well, and many more such examples can be cited. It should be stressed that Soviet design, architectural and construction organisations have always contributed to the development of service facilities at industrial projects.

The Soviet Union's assistance to the emergent countries could be even greater had not the imperialist powers, which have initiated another round of the arms race, forced it to take additional measures to strengthen its defences. The aid of the Western states to developing countries could also be more significant if military spending was reduced. During the past few years the military expenditures of the capitalist world have been roughly 14 times those ascribed to "development aid". On average, 5-6 per cent of the gross world product is wasted on war preparations every year.

There is therefore an objective identity of interests of the Soviet Union and the emergent countries to which it renders economic assistance in the solution of their domestic economic problems and in restructuring international economic relations, curbing the arms race and creating an atmosphere of goodneighbourliness and trust among all nations! ■