

Soviets 'offer' to broker debt crisis

by Konstantin George

The Soviet Union has now called for a Tripartite Conference, involving the "capitalist countries," the "developing countries," and the "socialist countries," to work out a solution to "the international debt crisis." The call was issued in an interview in the Soviet government newspaper *Izvestia* on May 27, by the Deputy Director of the Moscow International Institute for International Economic Affairs" (IMEMO), Ivan Korolev.

The Korolev interview caps a recent series of Soviet statements and government documents, signaling Moscow's willingness to enter the international "debt crisis game" as a "broker," where Russia would offer its services to help the International Monetary Fund (IMF) and Western banks in the debt crisis, in return for sphere-of-influence favors in different regions of the world.

Korolev declared that the debt crisis has reached a "dead end," where the West "in the near future will be forced to write off a part of the debt." This has "become inevitable," but represents only a "temporary relief." He adds that the debt "theoretically and practically cannot be repaid," and, notably, that to follow the example of Brazil's suspension of debt payments is "no solution." The Soviet "solution" offered, is a tripartite "international conference on debt and other global economic problems." A clever call, it means that Moscow would move in to take an active "crisis management" part in crucial policy decisions pertaining to the entire developing sector—Asia, Africa, and Ibero-America.

To put the maximum pressure on the West to listen to such Soviet proposals, Moscow uses its Cuban puppet, Fidel Castro, to play Mr. Radical, calling for "total debt moratorium." On May 29, two days after Korolev's interview, the French Communist Party newspaper, *L'Humanité*, ran an interview with Castro, where the Cuban leader declared that "all" Latin American debts should be "written off," as it's "economically, arithmetically, and morally not possible to pay back the debts." Castro slyly added that "the peace-loving Soviet Union is showing great interest in Latin America."

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Moscow is indeed showing great interest, but from the standpoint of maximizing its global leverage to force geopolitical strategic concessions from Washington in the continual, behind-the-scenes, superpower "regional issues" talks,

in return for Soviet aid to the position of the IMF and Western banks in Latin America. There were striking Soviet references to this in statements which Gorbachov and Foreign Minister Shevardnadze made around the early May visit of the Mexican foreign minister to Moscow. Gorbachov declared that Moscow's aim is "not to disrupt the relations between Mexico and the U.S.," while Shevardnadze stressed that Russia would "not infringe on whatever legal interests exist in Latin America."

Then on May 16, *Pravda* reported that the Soviet government had submitted a memorandum to the United Nations calling for "restructuring the international monetary and financial system . . . taking into account the interests of all governments."

Korolev, in his interview, paints a picture of North-South conflict to buttress Moscow's "offer" to step in as third-party "broker." When asked what would occur if a country "declares itself bankrupt and refuses to pay at all," he replies that inevitably, "all kinds of sanctions will follow . . . a full embargo . . . on all types of goods." This would be a tragedy, for "the developing countries are heavily dependent on foreign economic ties. They can't remain in a vacuum. . . . For this reason, the debtors do not want and cannot break with the outside world."

IMEMO's Korolev, while offering no real solution, does accurately portray the debt crisis as being a failure by the West to provide credit for underdeveloped countries to develop and expand their real economies. Korolev even goes so far as to correctly draw a link between the West's failure to extend credits for development, and, the dominance of "post-industrial" policies in the advanced capitalist nations. The following passages are quite revealing as to how sophisticated Soviet propaganda on the debt crisis is becoming:

"Developing countries receive credits to pay back the interest on old debt. Practically nothing is left for developing their own economies. . . . There is no expansion of their domestic markets, meaning that the *West can't export* their goods in greater volumes. . . .

In the West, "key branches of science, technology, informatics and the service industries" are becoming more and more important. He refers to them as the so-called "ecologically-pure industries." On the other hand, "heavy industry" or "harmful" (i.e., "polluting") industry such as the metallurgical, chemical, part of machine-building, and auto industries, are being transplanted to the developing countries. Products stemming from the debtor countries naturally are priced low, while Western technology and other scientific-technological and computer-related products are very expensive to import.

All quite true. Speaking of prices, Korolev fails to mention what price Moscow is asking: How many developing countries will be accorded to the Soviet sphere of influence, in return for its "third-party" services in crisis-managing the debt crisis!