

L. FITUNI

ECONOMICALLY  
UNDERDEVELOPED  
COUNTRIES  
AND THE WEST

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L. A. F i t u n i

**Economically  
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Countries  
and the West**

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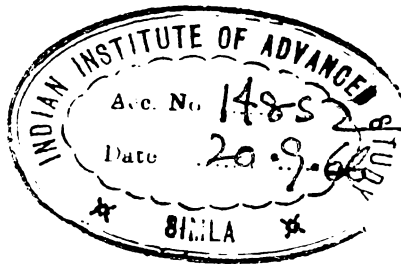
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This pamphlet analyses the substance of the imperialist "aid" to underdeveloped countries, the various "aid" programmes and the aims they pursue. Proceeding from the latest facts, the author shows how very much this "aid" retards the industrial and agricultural development of the newly-independent countries and multiplies their financial and foreign trade difficulties. By pumping out profits from these countries, the imperialists undermine their economic foundations, deprive them of sources of accumulation and perpetuate their backwardness.



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## **On the Way to Economic Independence**

The sweeping national liberation struggle waged by the peoples has brought about the collapse of imperialism's colonial system. Since the Second World War some fifty new sovereign states have come into existence in Asia, Africa and Central America.

The unbearable regime of colonial enslavement, plunder and violence had put them in a bad plight. Despite their natural wealth and vast manpower resources these countries became extremely backward economically, socially and culturally. The colonialists ruthlessly oppressed and exploited the nations they had enslaved, forcibly expropriated their national wealth, and systematically robbed them. Hunger, poverty and disease were the lot of most people in these countries.

One of the countries to have badly suffered from the rapacious policy of the British imperialists was India. On the eve of the Second World War her per capita steel output came to only 2.7 kilogrammes as against Britain's 222; the figures for cement were 1.8 and 103.7 kilogrammes, respectively. In 1948, after the proclamation of her independence, India's share of world capitalist industrial production was only 0.8 per cent, while Britain—with a population almost one-tenth that of her former colony—accounted for 10.2 per cent.

Not a single industrial enterprise was built in Nepal in the 100-odd years of the pro-British regime there. The

population of this mountainous country suffered from poverty, illiteracy and disease.

“For us,” President Sukarno of Indonesia once said, “colonialism is not something remote or abstract. We have known it in all its savagery. We have seen the incalculable human sacrifices it claims and the poverty it breeds, and while the irreversible march of history removes it from the world arena we continue to feel its aftermaths.”

Acquisition of state sovereignty paves the way for the Afro-Asian peoples' all-round economic and social progress. They are now in a position to make a more effective use of their national resources and to take more resolute measures to restrict and nationalise private foreign assets. What is more, they now have the opportunity to restrict more drastically and even abolish the system of semi-feudal landownership and usury in the countryside.

The peoples and governments of the young national states know from their own experience that the independence they have won in bitter struggle cannot be consolidated unless they achieve economic independence, develop their productive forces to a point where they produce the basic implements of production indispensable for building up all the branches of the national economy, put an end to their dependence on foreign monopolies. More and more people in the underdeveloped countries are beginning to realise that these problems cannot be solved effectively in capitalist conditions.

Most of the young sovereign states have set out to industrialise themselves, to develop their agriculture and transport, and train skilled workers and specialists. These countries are interested in rapid industrialisation, particularly in the development of the manufacturing industry and the production of means of production with the simultaneous expansion of the mining industry and agriculture. They have a sufficient raw-material base and manpower resources for all-round economic development. Their governments have already undertaken the first steps to survey



natural riches and these have led to the discovery of substantial deposits of iron ore, coal, oil, copper, zinc, lead, nickel, cobalt, platinum, gold, mica, graphite and other minerals.

Economic development plans providing for the establishment of national industry, expansion of agriculture, increased employment and improved living standards have been drawn up and are being implemented in more than forty young sovereign countries with an aggregate population close to two-thirds of the globe's total. There is a great variety in the degree of planning and in the plans themselves. India is now in the midst of her third five-year plan (1961-66). Indonesia has an eight-year plan of national development (1961-69). Burma is working on her second four-year plan (1961-65) and Ceylon on a ten-year plan (1959-68), etc. The young states have already scored initial successes in their economic development.

India has created a number of industries and, what is especially important, laid the foundation of her engineering industry. The state sector, which plays a big role in economic development, has grown considerably. Capital outlays in this sector in the first and second five-year-plan periods come to about 52,000 million rupees, exceeding private investments. According to estimates, the state sector's share of the fixed assets in India's industry rose from 6.1 per cent at the beginning of the first five-year-plan period to 30.6 per cent at the end of the second. India's current third five-year plan envisages a 30 per cent increase in the national income and a 17 per cent increase in the per capita income. The country will have the food-stuffs it needs, and to that end it is planned to raise agricultural output by 30 per cent and grain harvests by 32. Industrial output will rise 70 per cent. The plan provides for a substantial expansion of the ferrous metal, engineering, fuel, power engineering and chemical industries, and that will enable the country to produce most of the machinery and equipment it needs within the next ten years.

Indonesia's eight-year plan covers the "transition period". In the first three years Indonesia plans to become self-sufficient in foodstuffs and stop importing them as she does now. In the garment industry, the plan is to increase output in the first five years to supply the entire population with clothes made in Indonesia out of Indonesian fabrics. In industry in general, it is planned to spend the first three to five years laying the groundwork for enterprises which are to be commissioned during the eight-year-plan period. Indonesia intends to spend 240,000 million rupees to implement the plan and of this 108,000 million rupees will go for agricultural and industrial development, 60,000 million for transport and communications, and more than 17,000 million for education and communal services. By the end of the plan period Indonesia will produce 100,000 tons of steel a year, increase coal output from 540,000 tons to 1,500,000 and cement from 400,000 tons to 1,700,000. Power output will be increased more than 2.5 times. There will be an elementary school in every village, illiteracy will be wiped out and every district will have two or three out-patient clinics.

The sovereign Afro-Asian countries have in recent years revealed a great capacity for accumulating funds and this enables them—as testified by U.N. statistics—to increase the output of the means of production much faster than that of commodities. In South and Southeast Asia the volume of industrial production between 1953 and 1960 increased as follows: by 228 per cent in the metalworking industry, 124 per cent in the iron and steel industry, 144 per cent in the textile industry, and 54 per cent in the food industry. And in countries like the United States and Canada the output of the metalworking industry increased in this same period by only 9 per cent, that of the iron and steel industry was below the 1953 level, textile output rose 9 per cent and food 21.

The trend of the industrial development of the newly-independent countries is quite clear. The task is to encour-

age it. There are still no few obstacles to their economic development: the exploiting activities of foreign capital, usury, parasitical consumption by the local comprador bourgeoisie, and feudal and semi-feudal relationships in the countryside.

The economic and social progress of the underdeveloped sovereign countries of Asia, Africa and Latin America is vastly influenced by the economic policy of their governments. The measures taken to build up their own state industry and transport, increase agricultural output, restrict or oust foreign capital from vital branches of the economy, and other steps to develop themselves economically and socially create favourable conditions for the implementation of democratic reforms and consolidation of economic independence. The guiding role played by the state in the economic life of these countries beneficially influences their internal development and allows their governments to concentrate ever greater funds under their control and use them to promote industrialisation.

The underdeveloped countries' desire to achieve economic independence is well expressed in the economic co-operation resolution adopted in May 1963 by the Summit Conference of Independent African States in Addis Ababa.

The resolution points out that the young sovereign states are bent on consolidating their economic independence as fast as possible and carrying out agrarian reforms and industrial measures which would make it possible to raise living standards and eradicate the adverse effect of colonial domination. The conference decided on a number of measures to promote African economic co-operation. The participants advocated the establishment of the African Development Bank and the Institute of Economic Development and Planning, and approved the convocation of the World Conference on Trade and Development in 1964. Separately, African countries could not prevent neo-colonialism from infiltrating their economies, President Kwame Nkrumah of Ghana declared. United, the Africans could prevent that,

Despite certain progress in some of the branches of production (notably industry), the economy of most underdeveloped countries is expanding exceedingly slowly and their economic situation is still very grave. In many, the economy retains the basic traits which had formed in the colonial days. The reason for their plight lies primarily in their great dependence on the imperialist powers and foreign monopolies.

Take Argentina, for example. A sovereign state for 150 years, she is the second biggest country in South America in territory and population, and one of the most industrialised. Her iron and steel, oil, chemical and automobile industries have developed relatively well in recent years. Her traditional industries—meat, leather and sugar—are expanding. Nevertheless, her economy, which specialises in the production and export of grain and animal produce, is tangibly dependent on foreign markets and capital. This engenders serious economic difficulties. Argentina's industry has been developing at a snail's pace since the sharp recession of 1959-61 and has so far barely reached the 1958 level. Agricultural output has dropped considerably. Argentine exports meet with obstacles and bans on the world markets, particularly in the United States and Western Europe. The difficulties Argentina encounters in selling agricultural produce in the Common Market countries evoke widespread alarm. The economic "stabilisation" plan imposed on her by the United States has done nothing to eliminate her economic difficulties: her foreign trade balance is unfavourable, her gold reserves have dwindled sharply, commodity prices and living costs are soaring, and the number of bankruptcies is multiplying. U.S. economic expansion in Argentina, under the guise of "aid", has increased her foreign debt to \$2,621 million. This figure does not include the \$200 million in foreign debts contracted by private firms. What renders the situation more difficult is that about 60 per cent of this debt has to be repaid before 1965.

One of the biggest snags in the implementation of the underdeveloped countries' development plans is money. The problem of financing them is at present still difficult to solve. The slow rate of accumulation is due to both internal and external causes. Because of the unfavourable economic conditions (limited home market, growing competition from foreign goods, etc.) finances are often used unproductively.

The only stable source capable of financing development plans at present is the income of the state sector. However, its role in the economy of these countries is still too small. Even in a country like India its share of capital outlays came to about 10 per cent at the end of 1960 and 12 per cent at the end of 1962.

The acute shortage of internal finance resources and the difficulty of mobilising them compel the governments of underdeveloped countries to seek the necessary finances outside. It is with this money that India plans to cover 30 per cent of her expenses on the third five-year plan, Indonesia 20 per cent of her eight-year plan, Thailand 32 per cent of her six-year plan, and Pakistan 40 per cent of her second five-year plan. This considerable share of foreign capital in the economy of the underdeveloped countries badly hampers them in the achievement of genuine independence.

The economic development of the young states would undoubtedly go faster and more successfully if the Western imperialists did not seek to hinder their regeneration in defiance of the objective march of events.

The socialist countries' huge economic, technological, cultural and military achievements have undermined the international position of imperialism and sharply impaired its capacity to dictate its will to other nations.

The newly-independent states occupy a special place in the struggle between the two world systems. What does this "special place" imply? Firstly, these states are still being exploited by the imperialists; secondly, they are try-

ing to rid themselves of this exploitation once and for all, put an end to their age-old backwardness and the colonial structure of their economy, create a modern society with a developed economy and achieve equality. On their way to progress, more and more people in these countries raise their voices against capitalism.

Addressing the South African Parliament, British ex-Prime Minister Harold Macmillan said: "The great issue in this second half of the twentieth century is whether the uncommitted peoples of Asia and Africa will swing to the East or to the West.... What is now on trial is much more than our military strength or our diplomatic and administrative skill. It is our way of life." One could discern similar notes in the statements of the late President John F. Kennedy of the United States, President Heinrich Lübke of the Federal Republic of Germany, and other Western leaders.

One of the most important problems confronting the imperialist powers is partially to preserve and renovate the system of colonial exploitation. Today, when the movement for independence has swept all the colonies and the imperialists can no longer maintain their dominant position by old methods, they are gradually giving up the discredited forms of colonial policy and resorting to more flexible methods of colonial expansion. Therein lies the essence of the so-called neo-colonialism, and one of its forms is economic "aid" destined to secure the influence and the interests of the imperialist powers in the underdeveloped countries. Neo-colonialism modifies considerably the forms and methods of colonial policy. Its aim is to establish indirect control over these countries.

Most of the bourgeois economists seek to distort the true causes of the economic backwardness of the newly-independent countries and advocate a form of development which would not impair the existing international capitalist division of labour. All of them, overtly or covertly, proceed from the premise that the young national states

will develop along the capitalist path, which conflicts with the interests of these nations.'

The materials of the Twenty-Second Congress of the C.P.S.U. stress that the underdeveloped countries may make use of the achievements of the world socialist system to build up an independent economy and improve living standards. One of the most important tasks facing the Soviet Union in the sphere of international relations, says the C.P.S.U. Programme, is to promote fraternal friendship and close co-operation with the Asian, African and Latin American countries fighting to achieve and consolidate their national independence, with all peoples and states standing for peace.

The Soviet Union's assistance to the underdeveloped countries is a decisive factor in their struggle to preserve political independence and achieve economic independence. The significance of this factor will increase with each passing day and will exert a profound influence on the entire structure of world economic ties, on the whole system of relations between the industrial and the economically underdeveloped countries. The Soviet Union, being vitally interested in seeing the former colonies and dependent countries eliminate their economic backwardness, has concluded agreements on economic and technical co-operation in the construction of numerous projects with India, Indonesia, the United Arab Republic, Guinea, Ghana, Mali and many other countries. The other socialist countries are also helping the young states.

The socialist countries do everything to strengthen their trade and economic ties with the underdeveloped countries. They share with them their experience in planning and help them with materials and funds, without attaching any political, economic or military strings to their assistance. Broader economic ties between the socialist system and the newly-independent states will really help the latter build up their national economy and consolidate their independence.

Soviet economic assistance to the underdeveloped countries has done away with the imperialist powers' monopoly on deliveries of industrial equipment, granting of loans and credits, and rendering technical assistance to other countries.

"The assistance given by the U.S.S.R. and the other socialist states to countries which have won their way to independence," Premier Khrushchov says, "pursues just one aim: to help these countries reinforce their positions in the struggle against imperialism, promote their national economy and improve their peoples' living conditions. . .

"The Soviet Union has always been a sincere friend of the colonial nations and upheld their rights, interests and aspirations to independence. We shall continue to promote and extend our economic and cultural co-operation with the countries which have embarked on the path of independent development."

## **... .. New Forms of Imperialist Interference**

The Western Powers and their monopolies are doing everything to save the system of colonial oppression. But they can no longer employ the old methods of imperialist pressure against the underdeveloped countries which have won independence. Whether they like it or not, the imperialists have to reckon with the fact that the old colonial system is no more. So they now hope to exploit the underdeveloped countries with the aid of new, more flexible methods of economic policy. One of the main tasks before the imperialist powers is to save, if only partially, the system of colonial exploitation.

Let us see why the United States, Britain, France, the Federal Republic of Germany and Japan have of late been harping so much on aid to the underdeveloped countries.

Didn't the Afro-Asian and Latin American countries need assistance in the past? Didn't they experience hunger, pov-



erty and epidemics? Didn't they suffer from lack of industry and developed agriculture and shortage of literate people and skilled specialists? Weren't their vast mineral resources known? Didn't their peoples dream of a happy life? Was the United States or Britain too poor to help them?

The underdeveloped countries have been needing assistance since the day they fell victim to colonialism, and the United States has long been the richest capitalist power in the world. But it is not fortuitous that it is only now that U.S. Big Business has started talking about helping the underdeveloped countries, now that there exists a world socialist system to which they can appeal for sincere, selfless assistance.

The imperialists would never help the underdeveloped countries of their own free will, and much less grant them subsidies, were they not forced to do so by the new era ushered in for the oppressed nations by the October Revolution. The aid problem appeared only with the emergence of the world's first socialist state, which has been assisting the oppressed nations for more than 46 years now.

The steady growth and consolidation of the world socialist system, the increasing influence it exerts on international economic intercourse, and the collapse of colonialism create exceptionally favourable conditions for radical socio-economic transformations in the less developed countries. Socialism's successes attract the underdeveloped countries and prompt them to seek for democratic solutions to many important issues, to eradicate the old relationships and to democratise their entire socio-political life.

The national liberation movement has rendered it impossible to employ only the old methods of exporting capital to the countries which have cast off the colonial chains. Investments effected under the guise of "aid" are largely motivated by politics. Capital investments no longer pursue the direct aim of appropriating maximum profit.

Imperialist policy is more often than not determined not so much by immediate economic advantages as by a desire to prevent at any cost the former colonies from achieving progress in their development and to keep them within the capitalist system. The imperialists realise that the national liberation movement and the competition of the two systems ultimately lead to the solution of one of the fundamental issues of today: what path will the young sovereign states take in their development?

In this battle for the "underdeveloped world" the imperialist states have been compelled temporarily to waive their interests and to assist these countries financially. On the other hand, they ruthlessly exploit the underdeveloped countries whenever an opportunity offers itself. The explanation of this contradiction in and duality of the Western policy towards the less developed countries lies in their ultimate expansionist aims. This policy, for instance, helps the Western monopolies seize markets, mitigate the crisis caused by the overproduction of industrial goods and enhance their competitive power. In other words, this contradiction and duality are due to the interconnection of many economic, political, military and ideological aims which the neo-colonialists seek to achieve by establishing indirect control over the newly-independent countries.

The imperialist "aid" programmes are a very important factor of present-day strategy. Under the guise of this so-called "aid" the Western Powers hope not only to continue to exploit the underdeveloped countries, but also to drag them into military blocs, impose military-dictatorial regimes on them, and establish military bases on their territory. To give a true picture of the "aid" given the underdeveloped countries let us analyse the basic programmes drawn up by the Western Powers.

Let us first take the U.S. "aid" programme. According to the Mutual Security Act, foreign "aid" is divided into military, economic, technical and special. On March 22,

1961 President Kennedy proclaimed a new programme of "aid" to the underdeveloped countries. This programme lays the main stress on credits and loans as well as on private American investments. Both types of this "aid" extend to the independent countries of Africa, Southeast Asia, the Middle East and Latin America. In his message to Congress, the President said the United States should help the economically underdeveloped countries build the industrial and agricultural basis ensuring higher living standards. But where is the guarantee that his words will not be at variance with the deeds? There is no such guarantee. In words, the United States recognises the right of the underdeveloped nations to a better life; in deeds, it continues with the old colonialist policy of retarding their industrial development.

Despite its large variety of forms and methods U.S. "aid" to the underdeveloped countries remains exploitive and aggressive in essence. In the final count, the greater part of the funds earmarked for "aid" is spent on U.S. imperialism's aggressive military purposes.

Official statistics reveal that between 1956 and 1962 the United States allocated \$32,000 million for foreign "aid", of which more than \$15,000 million went for direct military needs. If one bears in mind that the "economic aid" column includes part of the expenses on armaments, one will see that the amount spent for military purposes comes to about three-quarters of total "aid". The programme in question revealed that there would be no change in that.

The "aid" given the underdeveloped countries by Britain pursues imperialist aims too. The allocations provided through various government channels and private capital are all spearheaded at retaining the sources of profit in the underdeveloped and dependent countries under the guise of "aid". Colonialist aims are also pursued by the "aid" extended by France, the Federal Republic of Germany, Belgium, the Netherlands and Portugal. In fact, the imperial-

ist "aid" programmes are all directed against the interests of the underdeveloped countries.

Take, for instance, the terms on which France aids underdeveloped countries in Africa. This old colonial power has been compelled officially to recognise the independence of its former African possessions. But its ruling element have badly curtailed their sovereignty by imposing onerous conditions for "co-operation" and "aid", the latter being granted only to the countries which have close treaty ties with France—Madagascar, Senegal, the countries of former French Equatorial Africa (Gabon, the Congo Republic with the capital at Brazzaville, Chad, the Central African Republic), the Cameroons, the Ivory Coast, Niger, Dahomey, Upper Volta and Mauretania. "Co-operation" is made conditional on the African countries' adherence to the "franc zone" and the European Economic Community. Both are weapons of colonial policy, in which promises prevail over deeds.

It is not difficult to see that in the final analysis this "aid" is based on the system of economic relations employed by the imperialists in exploiting and oppressing the peoples.

Imperialist propagandists seek to persuade world public opinion that the Western Powers' "grants" and credits to the underdeveloped countries pursue the sole aim of strengthening the latter's economy and improving their living standards. In reality, their ruling element, and that is especially true of the United States, utilise "aid" as an instrument of pressure on the governments and peoples of the newly-independent countries. The loans granted by the imperialist governments and private interest, direct investments and other forms of "aid" serve primarily as a weapon of enslavement, military subordination and economic subjection of the underdeveloped countries. The "aid" money is spent only under the supervision of the imperialist powers and with their consent.

There are numerous facts to show that the "aid" given

by the leading imperialist powers is made a means of subverting the recipient countries' productive forces and ultimately aims at their economic and political enslavement. It retards their industrial development, particularly in the engineering field, leads to a decline in agriculture, worsens the food situation, and exerts a pernicious effect on their domestic and foreign trade, currency and finances.

It offers the imperialists a relatively cheap but effective method of interfering into the domestic affairs of the underdeveloped countries through their numerous advisers and experts. Many of them have wiggled their way into key positions in the home and foreign trade, finance, educational and public health agencies.

To implement their neo-colonialist plans the imperialist powers have set up "public corporations" and "administrative agencies", which may serve as a graphic illustration of monopoly-state coalescence. The progressive British economist John Eaton writes: "The much-boosted schemes for the development of the backward areas, insofar as they had more than a paper existence, were projects sponsored by public authorities and financed mainly with public funds. But these projects followed lines suggested by, and were largely administered by, the most interested monopolies. When they failed—the ground-nuts scheme is an example—they cost the monopolies nothing. When they succeeded, the monopolies reaped the benefits."

A huge part of Western "aid" goes for the maintenance of companies, experts and agents, for the elaboration of plans, advertising, etc. There is a vast variety of organisational forms and channels of imperialist economic expansion with the United States leading the field: its "aid" apparatus is the most ramified in the capitalist world.

The U.S. "aid" personnel has grown enormously in the past few years. The well-informed American author R. Strother writes in the *Reader's Digest* that the number of foreign "aid" officials in the U.S. State Department has increased from 850 in 1948 to 42,000. "In the last dozen

years, U.S. aid programmes have grown into the largest military, engineering and banking business the world has ever known." With the aid of this apparatus the United States is pumping money out of 77 countries. The U.S. ruling element nevertheless think that there are not enough American employees in the underdeveloped countries.

On March 1, 1961, President Kennedy addressed a special message to Congress on the establishment of the so-called Peace Corps. The aim is to send a large number of specialists to the Afro-Asian and Latin-American countries to pave the way for further U.S. economic, political and military expansion. The job before the members of the Peace Corps is to hinder the development of the newly-independent countries by every possible means. This explains the suspicion and disquiet with which the people of the underdeveloped countries regard this new type of U.S. "aid". They have divined that it is merely a well-camouflaged attempt to penetrate further into their countries. The U.S. State Department's efforts to force its Peace Corps specialists upon them have been actively opposed by Indonesia, Ghana, Nigeria and a number of other states.

Particularly noteworthy is the way the United States uses its specialists in its programme of technical co-operation with India. Of the more than 250 American specialists sent to India from 1955 to 1961, over 230 were employed in the ministries, departments and agencies of the Central and state governments, as well as in the research institutes and educational establishments and a mere dozen worked in industrial enterprises. Such distribution of specialists ensures the United States the contacts it wants in the upper spheres of government, science and higher education. In Iran, the U.S. "aid" apparatus employs several thousand people. The fabulous salaries paid the American specialists and advisers literally ruin the Treasury. An American sergeant or employee receives at least 6,000-7,000 rials a month while Iranian teachers and the over-

whelming majority of civil servants earn only 300-400 rials.

The task before this numerous U.S. "technical aid" army is by no means one of improving the well-being of the underdeveloped countries. It is to help the American monopolies penetrate into these countries with the aid of publicity favouring U.S. investments and loans. Characteristically enough, the directors of the State Department hope to avoid advancing large grants and credits to the underdeveloped countries. The U.S. Government, for instance, intends to place the burden of economic "aid" to the newly-independent African countries on its West-European partners and diverse international organisations. It also plans to do the same in respect to countries in other parts of the world.

France spends a considerable part of her "aid" allocations on bonuses paid to private entrepreneurs who express desire to assist in the "industrialisation" of Algeria. These bonuses often come to 40 per cent of the amount invested in an enterprise.

The aims pursued by the Western imperialists were candidly revealed on August 30, 1958, by *Business Week*, one of the best informed and most influential Wall Street organs, which urged the imperialists "to strengthen the economic tools we need in our struggle with the Russians for influence in the world, make them more flexible—and in so doing gradually to give the economic side of our foreign policy the same importance as the political side. The shift results from a growing belief in Washington that the cold war will eventually be fought on an economic battlefield".

The U.S. ruling element make no secret of the fact that their foreign "aid" programme is a weapon of economic and political pressure employed to achieve the selfish aims of the financial magnates. In a fact-finding report on post-war "aid" published in 1957, the U.S. Senate frankly admitted: "Throughout this period the Congress has consistently recognised that the national interest requires the em-

ployment of foreign economic assistance as a prime instrumentality of our foreign policy. The changing nature of the problems confronting the United States has brought parallel changes in the objectives and forms of economic assistance." The United States, the report continued, was compelled to help other countries by the necessity to react to a whole number of specific and acute crises. This necessity led to the United States making use of its "aid" as an instrument of foreign policy. Every crisis, however, required a different approach and a different stress on various aspects of this "aid".

That U.S. "aid" pursues political and economic aims is confirmed by a number of books published after President Kennedy's inauguration.

Very original in this respect is the book *A Nation of Sheep* by W. Lederer. The American journalist describes the system employed to keep the U.S. population ignorant of the activity of the agency which distributes foreign "aid" among the underdeveloped countries. About "80 billion\* dollars," he says, "have been spent on foreign aid. We know how much is spent in general areas; but the way the money is allotted in individual countries is classified. Under this secrecy how can the American people ascertain whether their tax billions are honestly being spent at the terminal points; especially when the history of past expenditures reeks of inefficiency and corruption?"

Even the Belgian economist A. Simonet, who is an ardent champion of unrestricted exports of U.S. and West-European capital to the economically underdeveloped countries, speaks of a "new political problem" and wonders whether "the industrial countries will allow their capital to be used without attaching political or military strings".

The forms and methods of "indirect control" are most diverse: from delivery of outdated and expensive equip-

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\* This figure is not correct. The total sum spent to support reactionary regimes since the end of the war is considerably bigger.—*Author.*



ment with the view to slowing down the industrialisation of the underdeveloped countries to so-called "military aid" with which the imperialist powers eventually hope to place the recipient countries' foreign and home policies under their direct control.

Apart from being economically ineffective or very little effective, and in the long run disadvantageous for the underdeveloped countries, Western "aid", it should be borne in mind, is given only because the imperialist powers are compelled to give it.

The substantial changes which have taken place in the forms and methods of Western colonial policy have by no means affected the unequal relations existing between the Western Powers and the underdeveloped countries. This may be explained by the fact that modern colonialism draws its strength from monopoly capitalism, and the latter has always been and will always be rapacious. The end aim of imperialist "aid" is exploitation and oppression of other nations.

Unlike the imperialist powers, the socialist countries respect the sovereignty of all other states, including the economically underdeveloped, and do not interfere in their domestic affairs. They highly esteem and appreciate the desire displayed by many newly-independent countries not to align themselves with imperialist blocs and their contribution to relaxation of international tensions.

Addressing a meeting in Bhillai, Premier Khrushchov said: "The experience of recent years clearly shows that there exist in the world today two different approaches to the problem of aid to economically underdeveloped countries. It is the desire of the Soviet Union and the other socialist states that our economic and technical assistance to these countries should accelerate the development of the former colonies and semi-colonies, strengthen their national independence. But there are some in the West who use their 'aid' as an instrument of a new colonial policy, as a means of promoting the interests of monopoly capital

and increasing the political division of the world into hostile groupings."

The imperialists widely publicise their grants and subsidies as a manifestation of their "concern" for the underdeveloped countries. In the economic sense of these words, that is not export of capital. But there can hardly be any doubts about the political implication of these subsidies and grants, for they clearly aim not only at winning the recipients' "trust", but also at securing the right to military and political interference in the peoples' national liberation struggle. Take the following example. The subsidies granted by the United States and Britain to Asian countries in 1951-61 amounted to \$7,544 million, or 51 per cent of the total they received. Of this sum, \$6,667 million (88 per cent) went to the allies of these powers, primarily to South Korea, South Viet-Nam and the Chiang Kai-shek clique. This is evidenced not only by U.S. "aid" to the countries which have joined aggressive pacts, such as the Philippines, Thailand, Pakistan, Iran and Turkey, or to such countries as South Korea and South Viet-Nam, which the United States is trying to drag into these blocs, but by its "aid" to other countries as well.

What does the United States' so-called military "aid" consist of? It consists of (1) direct military aid, which takes up more than half of the money allocated for all types of "aid", and (2) defence, which absorbs another quarter of these allocations. Both types of this military aid are rendered by the United States to the countries which have been inveigled by American imperialism into aggressive military-political undertakings, the NATO, SEATO and CENTO military blocs, and other military-strategic groupings. The share of direct military subsidies to Asian, African and Latin American countries in total allocations increases from year to year.

Western propaganda seeks to persuade public opinion that the support of defence measures does not constitute military "aid". It allegedly pursues 100 per cent peaceful

aims and, if anything, enhances the economic potential of the newly-independent states. But it is not difficult to see that this is a plain lie. The need for such "aid", which takes up 25 per cent of all allocations, is engendered by military preparations. A country receiving planes, armour and other war matériel is compelled to allot additional funds for training personnel and building proving grounds and other military installations. That is what "support of defence measures" implies. And this so-called "aid" is given only to member countries of military blocs and pacts.

Outlays for militarisation are a colossal waste of the material and spiritual resources of the countries indulging in military preparations. Experience shows that even industrially developed countries are in no position to make full use of the arms supplied to them, and the underdeveloped countries are still less so. A large part of the armaments they receive becomes "unrealisable capital", finds no application and eventually becomes obsolete and has to be written off. In other words, huge sums, earned by the peoples of the underdeveloped countries by the sweat of their brow, are spent on unproductive aims—to put it plainly, squandered. Sensibly used, these funds could go a long way to develop their economy.

But this does not suit the imperialist powers and their monopolies, notably the American. Firstly, because they do not care to promote the economy of the underdeveloped countries and, secondly, because military aid means "cheap defence" for them.

American politicians have time and again calculated that it costs their government five times as much to keep an American soldier abroad as it does a soldier from an underdeveloped country. In short, if the United States were to suspend military "aid" to its allies it would have to increase its own military expenses five or six times over.

That is only one side of the story. American businessmen have other considerations too. While the United States gets back 75 per cent of all the "aid" it hands out, in

the case of military "aid" alone the figure ranges from 85 to 90 per cent because the war material concerned is exclusively American. Military "aid" is thus a greater source of income than economic. The United States is helping itself at the expense of other countries and at the same time undermining their economy.

The Pentagon has amassed vast riches abroad. It owns property valued at \$160,000 million in 52 countries, notably in the underdeveloped, where it disposes of 2,600,000 acres of land.

One direct consequence of foreign military "aid" is the growing economic difficulties and the impoverishment of the working people in the underdeveloped countries. The prices of commodities and certain other goods, especially those supplied by the U.S. monopolies, are soaring. The prices of sheet steel and zinc, for instance, rose 38.4 per cent and 43.8 per cent respectively from September 1961 to September 1962. The prices of textiles, whose manufacture depends on U.S. raw-material supplies, are going up just as fast.

It should be noted that military projects also absorb a considerable part of the funds allocated for economic and technical "aid". This applies to the "aid" from the Development Loan Fund and the Export-Import Bank, as well as under the agricultural surplus sales and other programmes. Whatever may be the types of "aid" given by the United States, they are all closely linked with its military-strategic plans.

U.S. "economic aid" to Thailand increases with each passing year. But the obligations it entails and membership in SEATO compel Thailand to spend up to 70 per cent of her budget for military purposes. This means that in the past few years her direct and indirect expenses on "defence" have been double or triple the amount she receives in "aid".

The rulers of South Viet-Nam have subordinated the country to the United States economically and politically.

Her military expenses come to about 80 per cent of the state budget. One and a half million dollars is a big sum even for a successful American businessman. Multiply it by two, for instance, and you can build a school, feed at least 150,000 people for a day, and buy clothes and shoes for 15,000 men and women. But it can be spent differently too. And that is precisely what the puppet South Vietnamese government does—it spends \$1,500,000 a day for military purposes. Tanks, helicopters and other war matériel are flowing uninterruptedly into South Viet-Nam. The steel helmets worn by the troops waging war in the jungles are all marked “U.S. Army”.

The aggregate strength of the armed forces of South Korea, Taiwan and South Viet-Nam in 1960 came to about 1,500,000 officers and men, or to about 60 per cent of the strength of the U.S. armed forces, although their aggregate population was only one-fourth that of the United States and their national income per capita 27 times as low.

In Iran, direct allocations to the War Ministry from 1953 to the beginning of 1961 exceeded 65,000 million rials, which is four times as much as the amount allotted for agriculture, irrigation and industry. U.S. military “aid” has led to a point where some 40 per cent (about 7,500 million rials) of the revenue from oil, which is ostensibly earmarked for economic development, has been systematically used for years to cover the budget deficit created by the country’s militarisation. The newspaper *Tadjabode Iran* writes that the Iranian people have to pay 85 rials for every dollar (\$1=15 rials) of U.S. “aid”.

In his message to Congress in March 1961, President Kennedy asked for \$900 million a year for long-term credits to underdeveloped countries. Later he requested that this sum be increased to \$1,600 million. Both in the first and in the second case U.S. economic “aid” is almost half the amount of the so-called military “aid”, which has been increased correspondingly.

The so-called "aid" given the underdeveloped countries by the United States, Britain and other Western Powers ties them to aggressive imperialist blocs and is used to prop up reactionary regimes and combat progressive forces. The imperialists try to make the underdeveloped countries spend huge sums on armaments and armies and to subordinate their home markets to their own monopolies. They are doing everything to dragoon the underdeveloped countries into aggressive military pacts and blocs, which not only burden these countries with unbearable military expenses that undermine their economic position but make them all the more dependent on Western monopoly capital. The Western magnates pump huge profits out of the underdeveloped countries, thus depriving them of the funds they need to promote their economy.

### **Industrialisation—Problem No. 1**

The rapacious policy of the foreign imperialists has retarded the economic progress of the underdeveloped countries and is responsible for their lop-sided economy. The industrially developed capitalist countries, whose population is less than 50 per cent of that of the underdeveloped states, account for almost 90 per cent of the capitalist world's total industrial output. That leaves the underdeveloped countries of Asia, Africa and Latin America with only about 10 per cent. Their industry is confined chiefly to processing raw materials and mining. The foreign monopolies are very much interested in the development of these two branches, for they bring the highest profits and allow them to extract colossal riches from the underdeveloped countries. With very few exceptions, the newly-independent states have no iron and steel, engineering and power engineering industries of their own. They manufacture most of their goods at small unmechanised or semi-mechanised factories and mills which are in no position to

compete with foreign monopolies. That explains why most of the indispensable manufactures have to be imported.

The underdeveloped countries produce an insignificant amount of commodities. Southeast Asia, for instance, accounts for only about 20 per cent of the world's output of cotton textiles, although that is one of the most developed branches of industry in this area, for 5 per cent of artificial fibre goods, 6 per cent of woollens and 4 per cent of footwear. Per head of the population the underdeveloped countries produce sixteen times less clothes and footwear and eleven times less textiles than the Western countries.

Because of their low level of economic development, the share of the national income these countries spend on the expansion of their economy comes to only 33-50 per cent of that expended in the developed capitalist countries.

One of the most important indices of a country's economic development is its per capita output. The backwardness of many underdeveloped countries may be illustrated, for instance, by their low level of steel production. Take Pakistan. Her steel output has been practically stagnant since 1953 (9,500-11,700 tons a year) and lags increasingly behind the home market demands. While in 1955 it satisfied approximately 3 per cent of the country's needs, in 1960 it did less than 1.5 per cent. As a result, the leading branches of industry—metallurgy and engineering—both of them indispensable for the independent development of the country's productive forces, are still in a state of embryo.

Or take power engineering which to a great extent determines the level of development of other branches of the economy and the growth of labour productivity at the enterprises. Many Afro-Asian and Latin American countries produce 30-35 times less electric energy per capita than the developed capitalist states. The shortage of electric energy is one of the main reasons why some of their industrial branches are underdeveloped.

The leading economic branches in these countries are dominated completely by Western capital. Malaya has been the world's No. 1 tin producer for 75 years, but nearly 60 per cent of her tin mines are in the hands of big European companies, chiefly British. In Chile, the U.S.-owned Anaconda Copper Mining controls 92 per cent of copper production. North American concerns have also laid their hands on the saltpeter, iron ore, steel, shipbuilding and other industries.

In many Latin American countries U.S. trusts and monopolies control whole branches of industry and agriculture. The Morgans and the Rockefellers have monopolised the distribution of petroleum products, control the biggest banks, and hold sway over many branches of industry.

Economic independence may be achieved by any country, even one possessing minimum natural and manpower resources, provided it promotes engineering. Only if it does that can it gradually lay the foundations of industrialisation, which is indispensable if social labour productivity is to be raised.

"Engineering," Prime Minister Jawaharlal Nehru of India has said, "is most important, for there can be no industrialisation without it. One cannot for ever buy machines abroad, one should build them."

The underdeveloped countries naturally cannot simultaneously develop all or even the main branches of heavy engineering. There are various objective obstacles to that. But in the conditions of present-day technological progress many countries of the underdeveloped world may achieve industrialisation simply by stepping up the output of the means of production, including that of machinery and equipment.

The U.S. ruling element's fear of fully discrediting their "aid" as an undertaking directed exclusively at military and political interference in the domestic affairs of other countries compels them to help these countries with insig-



nificant amounts of equipment and in the construction of a small number of industrial enterprises.

Since 1956 the United States Government's "aid" to the underdeveloped countries has been given through the Development Loan Fund. The credits from this Fund are granted to these countries on more favourable terms. A considerable part of the allocated sums go for the purchase of industrial equipment. Most of the Fund's money is earmarked for the purchase of metals, spare parts and details, rolling stock and power engineering equipment. This "aid", however, suffers from the same shortcomings as all other types of "aid". It does not ensure the underdeveloped countries a sufficiently fast rate of industrialisation. This is notably due to the imperialist method of fixing the rate of interest on credits—the percentage is highest in the case of machinery and other equipment. Characteristically enough, credits granted for the purchase of rolling stock, power engineering equipment, metals and machine parts carry an interest of 3.5 per cent per annum, while those for the development of national industry carry an interest of 5.5-5.75 per cent.

The West likes to boast of "cheap" U.S. "technical aid". Is it so really? Let us consider a concrete example.

"Aid" under the Indo-U.S. programme of technical cooperation is provided for by about 100 agreements concluded since 1952. Some of these agreements, however, entail considerable expenditure on India's part and envisage insignificant U.S. "aid". The United States usually defrays the currency expenses for the designing of projects, while India pays for the construction of buildings and installations, freight and local materials, as well as for the services of American specialists and the upkeep of Indians undergoing training. The U.S. share of expenses under the 36 most important agreements comes to 635 million rupees and India's to 5,300 million rupees.

The real aims pursued by the imperialist "benefactors" and their ideological allies in granting "aid" are exposed

by incontrovertible facts and figures. The peoples of the economically underdeveloped countries are coming to realise more and more that the imperialists' "aid" policy is contrary to their interests and aspirations.

Although credits to some countries are being increased, they are still distributed not so much to satisfy these countries' urgent needs as to further the selfish interests of the imperialist, chiefly American, monopolies. The foreign imperialists invest capital primarily in the branches of industry that promise the greatest returns. The economic development of the recipient countries is artificially limited to mining and processing of mineral and agricultural produce.

When American loans go for industrial construction, it is made to serve American interests. For instance, three-quarters of the credits granted to African countries by the Export-Import Bank have been spent on the expansion of uranium mines and the construction of power stations servicing plants which recover uranium, most of which goes to the United States. In Libya, U.S. "aid" is used for building the roads and pipelines the United States needs. The picture is much the same in Tunisia, Morocco, the Sudan, Ethiopia, Somali, Gabon and other countries. In Kenya, Uganda and Tanganyika British "aid" has gone into re-equipping the railways which service the mines the British monopolies are interested in.

Until recently, there were more than fifty British, American, West German, French and other foreign companies taking part in the construction of diverse projects in Iraq. They did the jobs all by themselves, without enlisting the assistance of Iraqi organisations. This was done to enable the monopolies to sell their produce and to do building and assembly work at their own prices and on their own terms. In designing industrial enterprises, power stations and other facilities, they submitted estimates which deliberately exaggerated capacities and provided for the delivery of unnecessary equipment and building materials which could be found inside the country.

For instance, the construction of the cement works at Suleimanieh cost Iraq three times as much as it should have because the building contractors used West German bricks, cement and other materials. The diesel power plants installed at the works in Suleimanieh and Hammam Ali (with a rated capacity of 5,000 kw., although 3,000 kw. would have satisfied the needs) have proved to be altogether unnecessary because the existing electric stations supply cheaper power. This list of examples could be continued.

Imperialist "aid" is first and foremost a weapon hampering the industrialisation of the underdeveloped countries and undermining the state sector of their economy. While in the colonial days the Western imperialists did everything to stunt the growth of local capital in the countries they oppressed, today they are building it up to counter state initiative. The West is doing its utmost to direct the economic development of the newly-independent states into private capital channels. It does this by exporting private capital to these countries and encouraging private enterprise there. What the foreign business magnates demand is an end to "competition" from the state sector and further reduction or abolition of taxes on superprofits. The "aid" programmes are drawn up with a view to strengthening the private sector and, if possible, the foreign private sector and thus counterposing them to the national state sector, which is an important weapon in the underdeveloped countries' struggle for economic independence.

In helping the young states finance their economic development plans, the imperialist powers seek to turn the state sector into an appendage of private capital. The idea is to alter the character and the direction of their development and make it serve their needs.

"We believe," Douglas Dillon, U.S. Deputy Under Secretary of State for Economic Affairs, said in 1957, "that the best development comes through private capital, domestic and foreign."

The entire policy of the U.S. Export-Import Bank is directed at strengthening the middle and big bourgeoisie in the underdeveloped countries and encouraging their ties with the U.S. monopolies. For example, a substantial part of the four loans it has granted India is destined for the Indo-American Hindustan Aluminium Corporation in which Kaiser is a partner (\$13,600,000), the Indo-American National Rayon Corporation (\$1,800,000) and the joint Orient Payler Mills Company (\$18,500,000). This offers the U.S. monopolies vast opportunities to go on with pumping capital out of India. Consequently, the new type of "aid", like the old, aims at giving the United States unrestricted control over the economic development of the underdeveloped countries.

The all-out efforts of the Western imperialist element to retard the development of the state sector in the economy of India, Indonesia, the United Arab Republic and other countries pursue patently selfish aims. The imperialist monopolies regard the development of the state ownership system, which effectively helps promote the economy of the newly-independent countries, as a threat to their rule in these countries. The Western imperialists strive primarily to strengthen private capital and they do that by granting the local bourgeoisie loans for the development of the light industry.

In its decision of September 13, 1957, the U.S. International Co-operation Administration (it has since been renamed International Development Administration—L.F.) announced that under the "mutual security programme" economic aid would be granted only to private foreign monopolies and firms: "The United States is convinced that private ownership and operation of industrial and extractive enterprises contribute more effectively than public ownership and operation to the general improvement of the economy of a country. . . .

"It is therefore a basic policy of the I.C.A. to employ United States assistance to aid-receiving countries in such

a way as will encourage the development of the private sectors of their economies. Thus, I.C.A. will normally not be prepared to finance publicly owned industrial and extractive enterprises, although it is realised that there may be exceptions”....

Experience shows that economic progress does not depend solely on the mining industry or agriculture. Industrialisation, therefore, does not mean any economic development, but only the development which leads to the establishment of a powerful, independent national economy.

The experience of the socialist countries reveals that the cornerstone of industrialisation is the development of the manufacturing industry, the all-round development of various types of means of production, including machinery, different kinds of power, etc. This ensures most effectively a steady and rapid growth of national income per capita and guarantees the highest output per unit of capital and labour outlays.

The economically underdeveloped countries possess all the necessary prerequisites to put an end to foreign capitalist domination and build up their lopsided economy into a diversified one.

In present-day conditions, Western politicians and economists can no longer openly object to the industrialisation of the newly-independent states. In fact, some of them ostensibly favour the introduction of up-to-date techniques into these countries. But, while granting this progress, they insist that it requires a lengthy process of modernisation first in agriculture, then in trade and after that in the handicrafts and light industry. Only when these transformations have been completed, they claim, can the countries concerned organise the production of the means of production. The theory of “stage-by-stage” development is propounded, among others, by American economists Walt Rostow, R. Frost, Murray Bryce and Eugene Stally. This clearly pursues only one aim: to prolong as much as possible the newly-independent countries’ status of ag-

rarian appendages of the imperialist powers and to compel them to buy expensive equipment and other goods from the Western monopolies.

The imperialists spare no effort to retard industrialisation in the underdeveloped countries, particularly the development of the engineering industry. To justify their policy, the Western Powers, and notably the United States, even resort to the "theory" of so-called "comparative costs". Essentially, it implies that the present international division of labour is a consequence not of colonial rule but of the comparative costs of production in different countries. According to this "theory", each country should confine itself to manufacturing "traditional" goods which cost least to make, for that allegedly leads to the best possible international division of labour. Gottfried Haberler, W. Gordon, Arthur Brown, John Hicks and other American and British proponents of this "theory" claim that such a division of labour benefits all, including the underdeveloped countries.

Every idea and theory is put to a test by life. Only if it passes such a validity test in practice does a theory acquire the right to existence. Were the "theory of comparative costs" valid in the case of the underdeveloped world, Saudi Arabia, for instance, would have a first-class oil-refining industry and the Federation of Malaysia a highly developed rubber industry, inasmuch as there is plenty of oil extracted in the former and rubber produced in the latter. Actually, things are quite different. There is a highly developed oil-refining industry, but it is in the Federal Republic of Germany and Britain and not in Saudi Arabia, and there is a highly developed rubber industry in Britain and France and not in the Federation of Malaysia—in other words, both these industries are in countries which produce neither oil nor rubber.

The "theory of comparative costs" is obviously impracticable in the underdeveloped countries on account of their relations with the West. These bourgeois economic

“theories” are intended to hamper the industrialisation of the underdeveloped countries. Speaking in behalf of monopoly interests, these “theoreticians” recommend encouraging industries which do not require costly and complex machinery or large numbers of skilful workers. This, in their opinion, primarily applies to the food, textile, garment, timber, woodworking, furniture, and building material industries, as well as to enterprises manufacturing simple farm tools and certain commodities.

Widely current in the West and in the underdeveloped countries themselves is the opinion that it would pay to develop small homecraft-like industrial enterprises. The argument adduced in its favour is that this will bring employment to a large number of able-bodied people who have long been accustomed to this sort of production but who now find no demand for their labour. No one will deny, of course, that there is an ancient tradition in Asia, Africa and Latin America to cultivate homecrafts and handicrafts. Such an opinion is not unfounded if one bears in mind the seasonal character of farm work, unemployment and low incomes in these countries. What is more, it may be granted that the idea is correct. But the root of the evil lies in the fact that competition and the present economic ties between the underdeveloped countries and the Western Powers preclude the development of small industries.

Competition from powerful Western concerns complicates the establishment of home industry in the underdeveloped countries. Their industry, weak as it is, suffers badly from the import of goods, some of which could be manufactured at home. Many homecraft and handicraft enterprises (textile, tanning, etc.) are forced out of business. In Thailand, for instance, foreign competition has compelled the greater part of textile establishments either to shut down or drastically curtail production. The dyeing and bleaching mills, for example, are operating at only 10 per cent of their capacity.

There are numerous facts to show that the small industries in these countries cannot stand up to the big industries in the West. Small enterprises cannot serve as a basis for their economic development because hundreds and thousands of them are ruined by competition.

The expansionist policy of the foreign monopolies prevents the underdeveloped countries from building up the main branches of industry. The British-operated Colonial Development Corporation in the Federation of Malaya, North Borneo, Brunei and Sarawak finances chiefly poultry and stock-breeding farms, fisheries and timber establishments. Three-fifths of the funds promised Latin American countries by the United States are destined for agriculture and the reorganisation of their water supply systems, one-fifth for housing, and the rest for education and public health.

From 1950 to 1959 the United States granted Afghanistan \$145 million in credits. Only 5.5 per cent went for industrial development. The rest was spent for agriculture, public works, and the upkeep of the U.S. technical aid mission. American "experts" are doing their utmost to convince the Afghan Government that there is no need for a national industry.

After protracted negotiations, the British Government "agreed" to grant Tanganyika £4,000,000 for her development programme, about £4,000,000 for the purchase of British goods, £9,000,000 for pensions to officers who had retired from the colonial army, about £4,750,000 which had earlier been promised to Tanganyika in accordance with the Colonial Development and Welfare Act, and £1,000,000 out of the profits of the Tanganyika Agricultural Corporation. In other words, Tanganyika actually got no "aid", unless one regards the £4,000,000 for "development" as such. The British Government, however, was pretty generous to the officers of the former colonial army, allocating 2.2 times as much for their pensions as for the country's "development". Such "aid" neither promotes



industrial development nor strengthens the recipient country's economic independence.

We could cite numerous other examples to show how the foreign monopolies go all out to prevent or at least retard industrialisation in the underdeveloped countries. To slow down their technological progress and industrial development, the West resorts to every means available in its "aid" and "co-operation" arsenal: it refuses to disclose its production technology secrets, delivers incomplete sets of equipment, forces the underdeveloped countries to pay through the nose for outdated machinery and refuses to sell them modern machines, and indulges in downright fraud in construction and survey work.

Oil surveys conducted by U.S. Stanvac in West Bengal for twelve years cost the Government of India 18,425,795 rupees. The findings were all sent to New York. What the Indian Government got was reports on "dry wells". In the meantime oil imports, which are wholly in the hands of the foreign monopolies, cost India around 1,000 million rupees a year in foreign currency.

The results of U.S. "aid" are best illustrated by the following instance. In September 1961, the Organisation for European Economic Co-operation published its annual report on the economic situation in Turkey. Speaking of the "stabilisation programme" launched back in 1958, the authors pointed out that its main goal—the stabilisation of the country's economy and elimination of the deficit in the payments balance—had not been achieved despite considerable foreign "aid". It included \$100 million from the International Monetary Fund (in 1958-61), about \$90 million a year from the International Co-operation Administration, and about \$35 million a year in U.S. agricultural "surpluses". In spite of that, Turkey's economy—according to the report—is in a bad plight. The volume of industrial output is practically the same as in 1959, and agricultural production has increased by only 5 per cent. Housing construction has been substantially curtailed. But, then, as far as

military purposes are concerned, Turkey is still spending more per capita than any other NATO member country.

Commenting on the country's difficulties, the Turkish newspaper *Tercüman* writes: "Our economy is in a very bad state. We cannot grow enough to feed ourselves. Our education lags so much behind that it cannot be compared even with that in the African countries. Our industry has not advanced much beyond the tin-can period. We know nothing of the riches of the soil we live on."

Back in 1955, the Commission on Organisation of the Executive Branch of the Government led by former President Herbert C. Hoover, reported to the U.S. Congress: "In the 'Asian-African arc', with the possible exception of Japan, no manufacturing or large industrial development projects should be undertaken and industrial aid should be confined to small industries."

"Economic development" as prescribed by colonialists, past and present, has nothing in common with the real economic growth indispensable for any country, for it does not solve such radical problems as elimination of the colonial economic structure, establishment of a national industry, and creation of conditions facilitating national investments. The advocacy of the idea that the underdeveloped countries should renounce plans for the priority development of the key branches of industry, which would supply technical equipment to all branches of the economy, seeks to perpetuate their dependence on imperialist monopolies.

The Soviet Union's approach to this problem is diametrically different. In assisting the newly-independent countries in their industrialisation, the Soviet Union and the other socialist states do not aim at establishing control over their development. On the contrary, they try their best to teach them to be their own masters.

"The chief aim of Soviet assistance," Premier Khrushchov has said, "is to enable the recipient countries to build up their own industry, to produce not only consumer

goods, but—first and foremost—means of production, thus laying a secure material foundation which will strengthen these countries' political and economic independence."

This does not at all mean dictating to the recipient countries, for the socialist states build only what those countries ask them to build.

Co-operation with the Soviet Union in laying the foundation for the manufacturing and engineering industries shows that the underdeveloped countries concerned can achieve major success in their economic development if they boldly reorganise their lop-sided economy and resist the old and new forms of imperialist policy. Under the present plans, the Soviet Union is to help Asian, African and Latin American countries to build about 480 industrial enterprises and installations, including 34 ferrous and non-ferrous metal works, more than 30 engineering and metal-processing plants, over 20 chemical works and oil refineries, 20 building-material factories and 20 power stations. In India, the Soviet Union has helped and is helping build more than 30 large industrial enterprises which will play a major role in the development of her metallurgy, power engineering, oil-extracting and refining industry, machine-building, etc.

Financial and technical assistance is also rendered the young Afro-Asian states by other socialist countries. More than 400 industrial enterprises, workshops and other installations have been built or are being built there with the assistance of Czechoslovakia, the German Democratic Republic, Poland, Bulgaria, Hungary and Rumania. They include engineering, metalworking and chemical plants as well as power stations. An increasingly important role in the economic development of the underdeveloped countries is played by the capital goods they import from the socialist countries for their engineering and other industries, and particularly by complete plants.

In extending all-round assistance to young national states, the Soviet Union and the other socialist countries

strive to make it stimulate the growth of their national economy. Construction work, as a rule, is done by local firms. As far as possible, all the necessary building materials are obtained locally. The only machines and materials the socialist countries supply are those which the underdeveloped countries do not produce themselves. All designing, survey, building and assembly work is done in close co-operation with the appropriate agencies of the countries receiving assistance. This enables the latter to make fuller use of their manpower and production capacities.

One of the advantages of the economic assistance rendered by the socialist countries is the high quality and low cost of designing and building work and the extremely rapid fulfilment of orders.

Soviet technical assistance benefits the underdeveloped countries economically much more than the "aid" given them by the Western Powers. The economic effectiveness of Soviet assistance is well illustrated by the construction of the Bhilai Iron and Steel Works. There are three iron and steel works of the same capacity being built simultaneously in India—in Rourkela with the assistance of Krupps, Demag A.G. and other West German firms; in Bhilai with Soviet assistance; and in Durgapur with the assistance of British firms.

By the end of 1960 there were two blast-furnaces operating in Rourkela and two in Bhilai. But while the output of pig iron in Bhilai was in accordance with their rated capacity, in Rourkela it was only 50 per cent. This is to a great extent due to the fact that Krupps has installed obsolete furnaces. It would not be out of place to make some comparisons on the basis of the data published on March 30, 1960, by the West German magazine *Der Spiegel*. The cost of the works in Rourkela will come to 1,700 million rupees, of which 750 million rupees are a credit at 6.5 per cent per annum. Total interest on this credit will be 267 million rupees and, consequently, the over-all cost

of the Rourkela works will come to 1,967 million rupees. In Bhilai, the works will cost 1,300 million rupees, of which 600 million rupees are a credit at 2.5 per cent per annum. Total interest in this case will be 82 million rupees. The cost and the interest on the credit will thus come to 1,382 million rupees. In other words, the Rourkela works will cost the Indian Government 585 million rupees more than the Bhilai works. To this we should add that one ton of pig iron costs 150 rupees more in Rourkela than in Bhilai.

In most cases, imperialist firms do not enlist the co-operation of local organisations in building enterprises or doing any other work. If they are not owners or partners, they collect what is due them for the job and leave. Such are the terms on which they have built aerodromes and ports, bridges and roads, dams and power stations, and enterprises processing certain types of agricultural produce in a number of countries. In other words, imperialist firms do not leave behind any technical know-how in designing and building, do not train national cadres, do not share their technological "secrets" with local specialists and organisations. That is why one often meets foreign engineers and technicians employed on extremely favourable conditions at private and government enterprises and institutions.

Technical co-operation with the Soviet Union allows the underdeveloped countries to acquire not only the enterprises they need but also to train the specialists and skilled workers who can build and run other enterprises. Construction with the assistance of the Soviet Union is a good school for the study of Soviet experience. With Soviet technical assistance India is building four thermal and one hydropower stations with an aggregate capacity of 1,680,000 kw. That is approximately 24 per cent of the capacities it is planned to commission in the course of the third five-year-plan period. Attaching much importance to training national cadres, the Soviet Union teaches Indian

personnel not only to run the enterprises that are being built but also to design and build them. The Soviet Union has already been visited by two groups of Indian specialists from Neiveli: one took part in designing the thermal power station that was to be built there and the other underwent practice at similar stations under construction or in operation in the Soviet Union. The engineers and technicians who have been to the Soviet Union deeply appreciate the training they have received there.

Highly appraising the work done by Soviet specialists, Minister of Steel, Mines and Fuel Sardar Swaran Singh, who is in charge of the construction of the Bhilai works, said: "Soviet engineers and technicians working at the construction site and helping to operate the sections which have already been commissioned are very friendly. There is understanding and good will between Soviet specialists and Indian engineers, technicians and workers. Soviet specialists strive to share their know-how with their Indian colleagues and stimulate their self-confidence."

Besides being the most profitable economically, Soviet technical assistance is also the most qualified. It is based on the most rational and expedient utilisation of the internal resources of the countries concerned. The High Aswan Dam on the Nile offers a good example of the economic solution of complex technological problems by Soviet specialists.

A number of estimates and even blue prints for this dam had been prepared long before the U.S.S.R. and the U.A.R. had concluded agreements on its construction. The first design was submitted at the request of the Egyptian Government by the West German Hochtief und Dortmund Union in 1952. In 1954 it was rejected by a commission of experts from the United States, France and the Federal Republic of Germany, who submitted their own variant. A plan was drawn up on the basis of this variant in 1958, but it too had serious flaws.

The Soviet specialists to whom this plan was submitted for consideration, helped the U.A.R. Government quickly to find the best possible technical solution. What were their basic proposals?

Firstly, they proposed building an open channel about two kilometres long with a simplified system of sluices instead of spillway tunnels of an aggregate length of 13.2 kilometres whose construction would demand big labour outlays. This made it unnecessary to build cofferdams at the extremities of the tunnels.

Secondly, the Western specialists suggested building the hydropower station underground and connecting it with head-race and tail-race tunnels about five kilometres long. The Soviet hydrotechnicians proposed erecting the station on the spillway canal. Considerable improvements were introduced into the design of the dam on the advice of Soviet specialists. The design drawn up on the basis of Soviet specialists' proposals reduces construction costs and cuts construction time by two years.

Speaking in Aswan on January 8, 1963, on the occasion of the third anniversary of the laying of the foundation stone, President Abdel Gamal Nasser said: "We thank the Soviet people for their great aid and for their help in the construction of the High Dam." Turning to the terms on which the Soviet Union granted the loan for the construction of the first section of the dam, he stressed: "It is a very generous loan. We have not yet paid for the machinery which has been coming during the past four years. We will start to pay after the completion of the first stage of the High Dam at the end of 1965. This arrangement is a very generous one, for which the U.S.S.R. deserves thanks and appreciation.

"We also express our thanks to the U.S.S.R. for another loan granted to us. This second loan, which amounted to £E.100 million, was for the construction of the second stage of the High Dam."

The Western Powers seek to create a propaganda effect by claiming that they can name incomparably more projects in which they take part. But this quantitative index conceals qualitatively inferior aid. Their numerous and dispersed "aid" programmes provide for relatively small projects which play but an insignificant role in the over-all economic development of the recipient countries. It is a well-known fact, for instance, that the Western Powers cannot name any single project to match in scale the Bhilai Iron and Steel Works and three machine-building plants (heavy engineering, mining and electric engineering) in India, the High Aswan Dam in the U.A.R., and the industrial-power engineering complex in Afghanistan.

Even bourgeois politicians are compelled to admit that Soviet assistance, which is enormously attractive for the recipients, clearly aims at "ensuring projects in which the underdeveloped countries are interested". The prominent Indian public leader Sahib Singh Sokhey wrote in the weekly *Pancha Shila Herald* in March 1960 that the Soviet Union was helping India to industrialise by herself, for it rightly believed that the only way a nation could preserve its independence was by achieving economic freedom through industrialisation. And the right path to industrialisation was through the development of the heavy industry, which would enable her to manufacture the machinery she needs. A country cannot industrialise itself if it imports machines and other means of production, he added.

## **Agriculture**

Imperialist "aid" to the economically underdeveloped countries in Asia, Africa and Latin America has brought about a decline in their agriculture, contraction of the area under crops, rapacious exploitation of their timber riches and reduction of crop capacity—and all that worsens their food situation still more.



Farming is the occupation of the overwhelming majority of the population in these countries. In post-war Brazil about 65 per cent are engaged in agriculture and only 13 per cent in industry, in the U.A.R. it is approximately 63 and 12 per cent, in India over 70 and 11, in the Philippines 73 and 10, in Pakistan 79 and 8, in Turkey 81 and 7, and in Thailand 96 and 2. Being the predominant branch in the economy of the underdeveloped countries, agriculture to a considerable extent still influences their capacity to accumulate capital, the home market and the well-being of the population.

The greater part of the national income of these countries comes from agriculture. In India and the U.A.R., for instance, agriculture accounts for 48 and 40 per cent respectively. In Burma, Cambodia and Ceylon the figure is even higher. Consequently, a rise in agricultural productivity considerably increases their national income.

Compared with that in the industrially developed countries, the absolute amount of the national income derived from agriculture is extremely small. Despite favourable natural and climatic conditions, the output of basic crops, including grain, is low. This is due to low labour productivity, acute shortage of arable land, and the fact that vast expanses lie fallow. Elimination of these unfavourable conditions is hampered by the feudal and semi-feudal relationships still prevailing in these countries and the colonialist policy pursued by the imperialist powers.

Labour productivity in any branch of the economy depends on the level of mechanisation. In agriculture that primarily means tractors, combines, tractor ploughs, seeding machines, cultivators and other farming machines. In our age there are cotton harvesters, special combines for harvesting various technical crops, equipment for cultivating and processing fodder crops, flooding meadows and pastures, etc. The underdeveloped countries practically have no such machines.

The mechanisation of their agriculture depends primarily on the Western imperialist powers but they do very little to promote it. What is more, they try to sell the underdeveloped countries expensive farm tools and inferior goods, and very often refuse to supply them with high-efficiency machinery. In a word, they follow the same policy as in the sphere of industrial "aid". As a result, farming in these countries is done mostly with primitive tools. The wooden plough and the hoe are employed just as much as in the days when they were conquered by the colonialists. The aggregate number of tractors in operation is but one-third that in the West-European countries and one-sixth that in the United States and Canada.

Mineral fertilisers are used very little. According to approximate estimates, Asia uses nine times less and Africa 50 times less of nitrogen fertiliser per hectare than the West-European countries, 30 and 28 times less of phosphorous fertiliser, and both use 60 times less of potassium fertiliser.

Crop yields are very low. That is why many countries constantly suffer from shortage of foodstuffs and have to import them even in good years. Food shortage is the cause of chronic malnutrition of the greater part of the population. There are many areas where famine is rife and millions of people die of hunger and disease.

This state of agriculture in the underdeveloped countries, the Western Powers claim, is a consequence of their "inability" to master modern techniques, an "inability" due to the local conditions and the relations which have developed in the course of history among the main classes. There is no denying that feudal and semi-feudal vestiges badly hamper agricultural progress. The peasants, the main rural producers, are still enmeshed in debts and mortgages. Agriculture is, in the main, a scattered economy. Many peasants find themselves redundant.

To increase agricultural output the governments of the underdeveloped countries have in recent years undertaken

agrarian reforms and set out to eradicate feudal vestiges in the countryside. They encourage co-operation, take practical steps to improve water supply and irrigation systems, introduce new techniques and fertilisers. There have been times when the rate of growth of agricultural production in the underdeveloped countries was faster than in the industrially developed countries. Labour productivity in agriculture has risen in the past few years. The area under crops has been expanded and there have been changes in the level of mechanisation and agrotechnics.

So far, however, there is not a single underdeveloped country with a large-scale mechanised agriculture. The overwhelming majority of their population is engaged in farming, the main branch of their economy. Most of the rural population are poor peasants with almost no land of their own, tenants and sharecroppers. Many are semi-proletarians, paupers who have been driven out of agriculture.

Let us take, for example, the situation in Indian agriculture a few years ago. In 1952-53, of her rural population of 140,000,000, 12 million were almost fully unemployed, 30 million worked less than five days a month, 39 million less than ten days a month, and 53 million less than fifteen days a month. Some progress has been made since then, but it is still negligible.

The American press admits that India has to pay \$100 million for every million tons of grain she gets with the loans granted her by the United States. When W. Averell Harriman, the U.S. Under-Secretary of State, was in India early in 1959, Indian economists told him that the country could annually increase its grain output by 1,000,000 tons provided she built at least one \$44 million fertiliser factory a year. This means that India could save more than half of what she is now paying the American monopolies.

In other underdeveloped countries the situation in agriculture is even worse than in India.

The food situation in Pakistan has deteriorated sharply on account of the extreme backwardness of her agriculture, the main branch of her national economy. In fact, writes the *Far Eastern Economic Review*, Pakistan's food situation is the worst in Asia. Although the output of grain and pod-bearing crops has somewhat increased, the shortage of food is still substantial. Pakistan is compelled to import about one and a half million tons of grain and beans a year. In spite of that, per capita consumption since 1948 has dropped almost 20 per cent.

The peasants' lot is a difficult one in almost all the underdeveloped countries. This is due to the fact that they have no means and implements of production, that is, land, water, farm tools and draught animals, all of which are in the hands of foreign planters and local landowners. Of the 16 million peasants in Turkey 12 million have very little land or none at all, while 25 per cent of the landlords and rich peasants own 71 per cent of all cultivated land. In Kenya, European settlers, who constitute less than one per cent of the population, own one-quarter of the arable, and the most fertile, land. In Latin America, more than half of registered land belongs to latifundists, who account for only 1.5 per cent of landowners and own 6,000 hectares of land and more.

The agrarian reform is a problem for most of the underdeveloped countries. Most of the reforms have proved inadequate and have not improved the peasants' lot.

In Nepal, for instance, the agrarian reform has been halted by the intrigues of big landowners. Two-thirds of the cultivated land remains in their hands. Although rents have been limited, the peasants are still forced to give half of the harvest to the landowners.

Or take the land reform which was carried out in Iran at the beginning of 1962. The land reform law, which came into effect on January 15 of that year, does not abolish the landlords' estates; all it provides for is slight limitation. The peasants must buy, on instalments extending over

fifteen years the land they till for a sum equal to the aggregate rent they have paid the landowner in the course of ten years. To get water and implements the peasant has to join a "co-operative", in which the minimum initial share has been set at 500 rials. He will then be supplied with water and tools in proportion to the sum paid in. In other words, a poor peasant who has not the necessary 500 rials will have no water to irrigate his plot. The foreign powers "aiding" Iran do not allocate any funds for the reform ostensibly undertaken to ease the peasant's lot.

In penetrating into the economy of the underdeveloped countries, foreign capital extends control not only to their industrial development but their one-crop agriculture as well. There are many examples we could cite.

In the Federation of Malaysia the main crop is rubber, which accounts for 60 per cent of the country's exports. In Turkey, agricultural produce constitutes 80-85 per cent of the exports. The main export items in Kenya are sisal, coffee and tea; in Tanganyika, sisal, coffee and cotton; in Uganda, Ruanda and Burundi, cotton and coffee; in Nyasaland, cotton and tea; in Mozambique, sisal, cotton and copra.

In their drive for superprofits, the European colonists in Algeria vastly increased the output of export crops, mainly grapes for wine, and sharply reduced that of food crops. In the years of French rule the area under vineyards increased 200 times over, while the output of grain dropped to 40 per cent of the figure at the end of last century.

Imperialist spokesmen blame the backwardness of agriculture and the shortage of food in the underdeveloped countries on industrialisation. There is no need for these countries to build factories and mills, they say. These countries would do much better to develop agriculture and produce more rubber, tea, copra, jute and cotton. Let every country preserve its narrow specialisation. We shall trade with you and "aid" you, the imperialists promise.

What is the use of establishing a state-run industry, planning industrialisation, etc., etc.?

At the Punta del Este Conference U.S. Secretary of the Treasury Douglas Dillon declared that the United States was interested in seeing Latin American countries undertake land and tax reforms. But he did not say anything about reforms which would help stabilise their economy. Yet it is precisely such reforms that decide whether or not they will get the loans promised them by the United States.

What is the explanation, for instance, for the fact that the output of jute and cotton, Pakistan's main export items, has hardly increased in the past few years? And how come she produces less tea although the area occupied by tea plantations has increased?

The explanation is primitive farming practices. The experience of industrially developed countries shows that there can be no progress in agriculture without a wide use of machines, fertilisers, etc. Consequently, industrial development can alone ensure a rapid increase in agricultural output. To get agriculture in the underdeveloped countries out of the rut and improve the position of the peasants and the entire population it is first and foremost necessary to develop a national industry, carry out radical agrarian reforms, give land to those who till it, put an end to foreign monopoly domination and eliminate feudal survivals. If it were rendered on a fair and equal basis, the Western Powers' aid could contribute much to the solution of the agrarian problem. As it is, it does not.

Agricultural progress in the underdeveloped countries is badly hampered by the agreements the United States has concluded with these countries to sell them American agricultural "surpluses". The bill on aid and promotion of agricultural sales, signed by the U.S. President on July 10, 1954, allows the President to conclude agreements with "friendly states" on the sale of agricultural "surpluses". Such sales are limited to \$3,000 million for an indefinite period. The bill

also envisages deliveries of agricultural "surpluses" in the form of "gifts" up to a sum of \$300 million. In 1956 allocations for these "gifts" were increased to \$500 million.

What has made the United States render such "aid" to the underdeveloped countries? This leading imperialist power has long been suffering from chronic overproduction in agriculture. Nevertheless, zealously upholding the interests of the monopolies, the U.S. Administration keeps up the prices of foodstuffs. When they become too high and the stocks too big, the United States tries to dump them abroad. At the same time, food imports are strictly regulated and highly taxed. All this has led to the accumulation of huge agricultural surpluses of which the United States has to rid itself. Their total cost comes to \$9,000 million. It is a noteworthy thing that the U.S. Government expends \$5,000 million a year on the purchase and storage of grain, or double the amount it spends on foreign "aid" every year. In other words, if the United States gave up its absurd policy of stocking up agricultural produce it could help the underdeveloped countries for two years.

Agreements on agricultural "surpluses" stipulate that payments be made in the currency of the purchasing country.

As the goods start coming in, the government of the recipient country deposits the amount specified in the so-called "counterpart fund", the special account opened for the U.S. Department of the Treasury at the central bank of the underdeveloped country concerned.

The U.S. food loans are granted at 3 to 5 per cent per annum. That is from one and a half to two times the interest charged by the Soviet Union for its industrialisation loans to the underdeveloped countries.

Irrespective of whether the foodstuffs have been sold or not, the recipient country has to put on this account the full amount for the goods and half of the freight charge in local currency. This means that the underdeveloped

countries grant the United States an interest-free credit for all the time necessary for the storage, transportation and sale of the foodstuffs. It should be borne in mind, too, that in a number of cases the prices of U.S. foodstuffs exceed world prices.

At the time India concluded her agreements with the United States under Act 480, writes the *Indian Economic Weekly*, the prices of U.S. wheat were 25-50 per cent above the Australian and the prices of U.S. rice 96-130 per cent above the Burmese. Should one be surprised, the journal asks, that, having robbed India by fixing high prices and arbitrary freight rates, the United States magnanimously agrees to make India a "gift" of a part of her wheat debt.

The "aid" granted under Act 480 serves the United States as an effective means of influencing the economy of the less developed countries. It simultaneously strengthens the position of the private sector in the economy of these countries and helps U.S. capital extend its grip on them. Section 104 of Act 480, known as the Coolee Amendment, stipulates that up to 25 per cent of the current receipts from the sale of surpluses should be allocated in the form of loans to the American companies and their branches operating in the countries receiving aid under Act 480, as well as to the local private companies, provided their activity helps increase the sale or consumption of U.S. agricultural produce.

The sums deposited by the governments of the underdeveloped countries on the bank account of the U.S. Government cannot be used without its consent, and that is highly unprofitable for these countries.

The United States delivers foodstuffs on the so-called "easy terms" basis by selling agricultural "surpluses" for local currency, as well as by using them instead of money to pay the workers employed on the construction of irrigation facilities, water and sewerage systems and other foreign "aid" projects. At the same time it demands that the



Americans working in these countries should be paid in dollars. This sometimes cuts aid by as much as 50 per cent.

The U.S. Government assigns agricultural “surpluses” an important part in the implementation of the “aid” programme. It plans to use this programme instead of dollars in helping other countries in the future too. The deliveries of agricultural “surpluses”, that is, of stale goods, enable the United States to intensify its infiltration into the underdeveloped countries.

### **Aid as a Means of Pumping out National Wealth**

A big part of the national income of the underdeveloped countries goes to the monopolists of the United States, Britain, France, the Federal Republic of Germany and other imperialist states who squeeze fabulous profits out of the peoples they enslave and systematically plunder.

Judging by the President's message to Congress of March 16, 1961, the U.S. Administration plans to stop charging usurious interest on certain loans and to grant underdeveloped countries long-term credits and loans at a low interest or even interest-free. This promise looks tempting. But it needs to be analysed.

Let us ask this question: Must the United States render aid to the underdeveloped countries?

From 1950 to 1959 private American firms invested \$4,500 million in the underdeveloped countries and made almost three times as much—\$12,800 million. The net profit came to \$8,300 million. In 1960-62 these profits increased still more. Had the money pumped out by the American imperialists remained in the underdeveloped countries, they would have doubled their investments in industry. This would have been a big step forward. To \$8,300 million should be added millions of dollars in profit from trade, interest on loans and freight charges.

Actually, the "aid" given by the United States merely implies partial return of the values extracted from the underdeveloped countries. Consequently, the debtor is the United States and not these countries. Let us cite a few examples.

The aid rendered by the United States to the Latin American countries is insignificant. At the same time it pumps out of them \$2,000 million yearly. Foreign investments in Brazil in 1955-58 totalled \$1,095 million and profits \$2,020 million.

The U.S.-owned Firestone Tire and Rubber Company has taken more than \$160 million worth of rubber out of Liberia in the past quarter of a century and paid the Liberian Government only \$8 million for it. The average net annual profit made by this American company is three times the entire revenue of the Liberian Government.

Turkey's draft budget for 1961 included the receipt of 550 million liras in American "aid" and payment of 650 million liras in foreign debts. In other words, payments for foreign debts, chiefly to the United States, exceeded the total sum of the "aid" received. Turkey's debt to other countries is 25 times her total reserves of gold and foreign currency. Of the 118 tons of gold she has, 102 tons have been pledged to foreign banks as security for credits and loans.

Will the U.S. "aid" programmes alter this situation? It may be said for certain that they will not. For the old "aid" methods will remain. Speaking of the combination of old and new "aid" methods, the President said in his message to Congress that he was seriously concerned about favourable conditions for American investments. The utilisation of "aid" funds has to be co-ordinated with the Export-Import Bank, and its exploitive policy is well known in the underdeveloped countries.

Take India, for instance. To fulfil her third five-year plan she will have to borrow \$5,200 million abroad and of this sum \$1,400 million is needed to repay loans. The loans

she receives can be spent only under the supervision of the lender. The first loan she obtained from the Export-Import Bank (announced in June 1958) carried a high interest, 5.25 per cent per annum, and was granted on the condition that she purchase only American goods and ship them only in American vessels. By the end of 1961 Indian orders in the United States, made under the loan agreement, had reached \$100,600,000 (40 per cent for the state sector and 60 per cent for the private sector). In most cases the customer got not what he wanted but what the American monopolies wanted to get rid of. The only ones who benefited were the U.S. monopolies and shipping companies. After the adoption of the new U.S. "aid" programme the Export-Import Bank granted India another four loans totalling \$34 million. Besides carrying usurious interest (5.25 per cent per annum), these loans oblige India to purchase expensive equipment and pay high prices for technical services and freight.

The United States, Britain and other imperialist powers allege that the underdeveloped countries lag economically because they have not the necessary capital. And so they try to persuade the governments and peoples of these countries that their economy stands to gain enormously from foreign investments, particularly by private interests.

Let us take the United States as an example of what this leads to. At the end of 1960 total U.S. direct capital outlays abroad exceeded \$26,000 million, with about \$11,000 million invested in the underdeveloped countries. The U.S. and other imperialist monopolies invest their capital primarily in the branches which promise the greatest returns—oil and mining, that is, industries producing petroleum, iron, tin, copper, bauxites and other very important strategic raw materials.

According to 1960 figures, direct U.S. investments in Latin American countries totalled \$9,000 million. More than half of this sum was invested in the oil and mining industries and even less than one-fifth in the manufactur-

ing industry. This distribution makes it clear that even less money was put into the branches which constitute the basis of any country's industrial development. It is significant too that the U.S. capital outlays in Latin America's mining industry increased from 44 per cent in 1956 to 51 per cent in 1960, while those in the manufacturing industry dropped from 20 per cent to 17 per cent.

The U.S. monopolies squeeze from \$3,000 million to \$3,500 million in profit a year out of their investments abroad. They net quite a bit in Western Europe, Canada and Australia, but that does not satisfy them. So they work on the economically underdeveloped countries too, pumping about \$900 million out of Latin America, \$750-800 million out of Asia and more than \$100 million out of Africa.

Capital exports to the underdeveloped countries bring huge profits to the imperialist powers—far in excess of their investments. Instead of helping these countries, the imperialists use them as a source of profit and capital accumulation. And the result, naturally, is the loss of huge sums for the underdeveloped countries.

The table below shows the influx of private foreign capital (in million dollars) into Afro-Asian and Latin American countries in 1957-60.

	1957	1958	1959	1960
Incoming capital . . . . .	2,532	1,212	2,050	1,955
Outgoing profits . . . . .	2,784	2,518	2,901	2,098
Loss for underdeveloped countries . . . . .	252	1,306	851	143

The post-war picture of the imperialist plunder of the underdeveloped areas will be even more graphic if we take them separately, say, Africa or Latin America. From mid-1945 to 1958 direct private U.S. investments in Africa increased from \$110 million to \$789 million, that is, by

\$679 million. The greater part of these capital outlays (\$530 million out of \$679 million) was made up of the profits derived by the companies concerned. In other words, all the United States had invested in Africa in the first fourteen post-war years came to only \$149 million. In this same period, U.S. profits (minus those reinvested) are estimated at \$704 million. The losses sustained by African countries as a result of the U.S. monopoly activities in 1945-58 thus came to \$555 million. Subtract from this sum the "grants for non-military purposes"—estimated then by the U.S. Congress at \$136 million—and you will see that Africa's net losses totalled \$419 million. These losses cannot be compensated by American loans, particularly since the loans and the interest on them will go back to the United States.

Official American statistics put gross profits made by the U.S. monopolies in Africa in 1946-59 at \$1,234 million. Foreign press reports, however, estimate them at \$1,500 million. But even if we take the official American figure, we shall see that the sum annually pumped out of Africa by American businessmen would suffice to build about 150 power stations with a capacity of 100,000 kw. each. And the total sum of U.S. "aid" to the countries of this continent does not exceed \$900 million.

Net long-term foreign investments in Latin America in 1945-61 totalled \$9,100 million, whereas the amount of profits and interest exported came to \$15,900 million. Out of these profits the United States granted Latin American countries only an estimated \$1,300 million in "aid".

On the whole, the imperialist powers annually get \$4,000 million and sometimes \$5,000 million and even more from economically underdeveloped countries in profit on their investments and in other ways (freight, insurance, unequal trade, etc.). In other words, the imperialist powers, and especially the United States, plunder these countries instead of financing them.

The Indian Government has calculated that profits re-

mitted abroad come to 300 million rupees a year. But that is only part of the funds exported. The total sum is considerably in excess of 1,000 million rupees.

The Western Powers by-pass in silence the fact that imperialist plunder causes many underdeveloped countries to lose as much as 10-12 per cent of their annual national income. Without such losses they would have much larger financial resources than they do now. Therein lies one of the main reasons for the difficulties experienced by the majority of the underdeveloped countries.

In the hands of the foreign monopolies, profits become a weapon enabling them to intensify their exploitation of the national resources of the underdeveloped countries. Being a foreign asset, they can be remitted abroad whenever their owners wish.

Between 1950 and 1962 foreign companies in Ceylon remitted 801 million rupees in profit. Moreover, 971 million rupees leaked out of the country in the form of private commercial remittances. In these twelve years Ceylon thus lost 1,772 million rupees. Foreign investments in this country in 1962 amounted to 1,450 million rupees.

Almost eight years have passed since Iran concluded an agreement with the International Oil Consortium, but living standards continue to deteriorate. The American and British oil companies operating through this consortium continue to rob the country of its basic wealth—oil. Not content with exporting oil, they sell it at prices ten to thirteen times what it costs them and thus make more than \$600 million a year in profit.

In 1960 the increment in the profits of 24 foreign companies in Malaya considerably exceeded all the allocations for industrial development envisaged by the second five-year plan (1961-65).

The U.S. "aid" to North African countries (Libya, Morocco and Tunisia) has economic, military and political strings attached to it, and this impinges on their sovereign rights, increases their debts and ultimately leads to their

still greater economic dependence on the imperialist powers. Thus, from 1956 to 1960 Morocco received \$83,500,000 from the United States in the form of credits and "grants". At the same time, her debt to the United States for the "aid" rendered in this period reached \$150,000,000, according to the *New York Times*. In other words, for the meagre aid of \$66,500,000 she had received from the United States in 1956-60 in the form of agricultural goods, obsolete American weapons and credit for irrigation development, Morocco has to pay the American imperialists \$150,000,000.

What this amounts to is that the sum of profits exported often considerably exceeds the funds allocated by the underdeveloped countries to finance their national economic development plans. Such investments do not help eliminate foreign currency difficulties and do not increase the volume of foreign currency receipts. The underdeveloped nations have no cause to be enthusiastic about imperialist "aid".

Of all the diverse methods employed by Big Business to subordinate weaker countries, the most convenient and, consequently, the most tempting method of exploitation because it creates the most favourable conditions for profit-making, is the one which leads to the monopolies' undivided domination, to the destruction of the political independence of the country they subordinate to their will. It is only then that the foreign monopolies can dictate their terms—in the hire and exploitation of labour power, in the sphere of taxes, banking, insurance, in foreign trade and customs, etc., that is, decisively influence all the spheres which can be made sources of superprofits. Therein lies the economic essence of colonialism.

One of the most disadvantageous aspects of the relations between the newly-independent countries and the Western imperialist powers is that although the former have increased their imports of industrial equipment, most of them still spend the greater part of their foreign currency

on imports of commodities or the materials for their manufacture. Burma, for instance, spends about 52 per cent of her foreign currency on commodity imports, Indonesia 60 per cent, Ceylon 69 per cent, the Federation of Malaysia 75 per cent, etc. This means that the commodity market in these countries has been captured by the Western Powers and that gives them another opportunity to exploit the less developed countries.

The socialist countries have an absolutely different approach to the problem of assistance. In the overwhelming majority of cases this assistance is not rendered in the form of consumer goods, as it is done by the Western countries. "For it is perfectly obvious," Premier Khrushchov told Indonesian M.P.s, "that consumer goods are quickly consumed, and the need soon arises for new consignments of these goods. So that, while assistance seems to be given, the economic situation in the underdeveloped countries is not improved."

At present the Soviet Union co-operates with more than forty underdeveloped countries, trades with them, assists them in the construction of vital projects and helps them solve technical and scientific problems. Soviet long-term credits at low interest help build such giants as the Bhilai Iron and Steel Works in India, the Aswan Dam in the United Arab Republic and many other very important installations. Soviet co-operation with a number of countries is illustrative of balanced development which may lead to the fullest utilisation of the financial, raw-material, power and labour resources in the underdeveloped countries. Broader economic co-operation with the socialist countries will accelerate their economic development.

Trade in the hands of foreign, particularly U.S. monopolies has become a means of robbing the young states. In their efforts to preserve and increase their profits, foreign firms do everything to force a reduction in the prices of raw materials and foodstuffs imported from underdeveloped and colonial countries.



The imperialist powers grant "aid" to the underdeveloped countries on the condition that they spend the money to buy their goods. The monopolies thus achieve a double gain: firstly, they get interest on loans and credits from the countries they "aid" and, secondly, they make profits on the goods they sell them. Speaking of interest, it will suffice to say that India alone has to pay about 4,480 million rupees in interest on the loans obtained from the United States and International Bank for Reconstruction and Development in 1958-59, which is considerably more than the loans themselves. With this money India could import machinery and equipment for six iron and steel works with a capacity of one million tons a year each.

If we bear in mind that the price of the equipment delivered by the monopolies is often 50-100 per cent above that charged on the world market, we shall see all the more clearly that it is a plain case of robbery. It is noteworthy that in the past fifteen years 30-40 per cent of U.S. exports have been financed by the loans and subsidies granted by the United States to the underdeveloped countries. In March 1961 the President admitted in his message to Congress that "approximately \$2 billion out of the requested \$2.4 billion in economic aid will be spent directly for goods and services benefiting the American economy".

One monstrous weapon used for robbing the underdeveloped countries is still unequal trade, which is made possible by the domination of the world market by the monopolies. The foreign monopolies arbitrarily raise the prices of the industrial goods they export and at the same time disorganise the market for raw materials and agricultural produce, which are so far the main export items in the underdeveloped countries.

The latter experience serious economic difficulties as a result of the sharp difference between the low prices of the raw materials they export and the high prices of the commodities they import.

As the Hongkong and Shanghai Banking Corporation, one of the biggest financial monopolies in Southeast Asia, said in its 1961 survey, "a further decline in the price levels of many primary products, coupled with the increased cost of many types of manufactured goods from the industrialised countries, has affected the terms of trade of a number of countries in Asia".

The underdeveloped countries are essentially one-crop countries. This increases their dependence on the United States and other imperialist powers and makes their foreign trade one-sided. In this, the mechanism of imperialist "aid" is a very convenient weapon.

The question of American commodity prices is very important for the countries which receive U.S. "aid". It is no secret that the prices of the goods the United States delivers under the loan agreements are 40 per cent above those prevailing in the world market and the prices of many items of American equipment are 100 and even 200 per cent higher. This means that the American monopolies grab huge hunks of the dollar loans advanced by the Export-Import Bank to the underdeveloped countries for the purchase of industrial equipment and other goods.

Costa Rica, El Salvador and Guatemala lost \$480 million through the reduction of coffee prices in 1956-60. This means that these three small countries almost completely repaid the \$500 million promised by the United States to Latin America in 1961. The economic plight of the Latin American countries is due to the U.S. monopolies' intensified control over their foreign trade.

The stability of the raw-material and food markets is upset by intensified U.S. purchases of strategic materials at give-away prices at one time and dumping of U.S. reserve stocks at another.

U.S. strategic purchases lead to systematic plunder of the underdeveloped countries, and this is especially true of the past ten years. According to the *Wall Street Journal*, the U.S. Department of Agriculture has imported and

turned over to the strategic reserves more than \$1,500 million worth of war materials in return for wheat, maize, tobacco and cotton. Moreover, the *Journal of Commerce* reveals, there are \$1,038 million worth of so-called supplementary strategic reserves acquired by barter methods. This allows the United States to control the markets of the underdeveloped countries and deal them unexpected blows.

Rubber is Malaya's main export item (it accounts for 60 per cent of the total cost of exports). The Malaysians are perturbed by the growing sales of natural rubber from U.S. strategic reserves. Commenting at a press conference in the summer of 1962 on the U.S. decision to dump a large quantity of this rubber, the Malayan Minister of Commerce and Industry said this was tantamount to an economic aggression against the underdeveloped countries which depended a great deal on the sales of raw materials.

In the autumn of 1961 the President of Bolivia wrote to President Kennedy that the U.S. intention to sell 50,000 tons of tin from the strategic reserves with a view to knocking down its price on the world market did not accord with the aims enunciated at the Inter-American Economic and Social Council conference in Punta del Este and the Alliance for Progress programme. And the president of the Bolivian State Corporation said this plan was utterly contrary to the U.S. policy of economic "aid" to the less developed countries. He further stressed that it would be regarded by the Bolivian Government as an act of economic aggression.

The economic difficulties experienced by countries dependent on the foreign imperialists and unequal trade have caused them to squander their currency reserves and current export receipts. Many underdeveloped countries are consequently compelled to restrict imports, and this leads to the contraction of the capitalist market in these countries. Suffice it to say that Pakistan, Thailand and the Philippines with an aggregate population of 140,000,000

import no more than does Switzerland with her population of about 5,500,000.

That the plunder of the underdeveloped countries by means of unequal trade is being intensified may be seen from the fact that U.S. imports from twenty Latin-American countries have dropped sharply in terms of money. This drop, according to the *New York Times*, is due mainly to the low prices of imported coffee, sugar and cocoa. In the past four years the prices of goods imported by Britain have decreased by 10 per cent while those of the goods she exports have risen. At the present level of foreign trade this gives the British monopolies about £500 million in profit. The stepped-up robbery of the underdeveloped countries through unequal trade ill-affects their foreign trade.

In 1962 the U.N. Economic Commission for Asia and the Far East (ECAFE) expressed concern for the uncertain and alarming situation created in this area by the unstable prices of exportable raw materials.

Unequal trade and, notably, the growing gap between export and import prices cause Latin America alone to lose between \$1,000 million and \$1,500 million a year. The loss suffered by all the underdeveloped countries fluctuates between \$14,000 million and \$16,000 million. This does not include the losses sustained as a result of numerous business manipulations and fraudulent book-keeping indulged in by foreign firms and their branches in Asia, Africa and Latin America, as well as the huge sums they are forced to pay foreign shipping companies.

Large-scale pillage of underdeveloped countries through unequal trade leads to a deficit in their foreign trade, shortage of dollars, inflation and growing budget deficit. Many countries are financially dependent on the United States because receipts from exports cover only a fraction of their imports.

The disgraceful, systematic robbery of the underdeveloped countries of their wealth disorganises their national

economy, makes it impossible for them to create the necessary conditions for independent development, and prevents them from accumulating the funds required for it. The expansionist and aggressive character of imperialist "aid" aggravates the economic, currency and foreign trade difficulties of the underdeveloped countries.

A good idea of the lag of many Afro-Asian and Latin American countries may be obtained from national income figures. Here are some comparative data:

Underdeveloped countries	\$ per capita per annum	Industrial countries	\$ per capita per annum
India . . . . .	54	U.S.A.	2,000
Afghanistan . . . . .	50	Britain	1,020
Burma . . . . .	49	France	875
Yemen . . . . .	40	Belgium	940
Libya . . . . .	35	Holland	760

The French economist Pierre Moussa classifies countries with a national income of \$200 or less per capita per annum among "proletarian nations". Their aggregate population ranges between 1,800,000,000 and 1,900,000,000, or 65-70 per cent of the world's total. National income data are the most generalised index of the backwardness of the less developed countries.

If we take labour productivity, which is the main factor for the successful economic development of any country, we shall see that in the Asian countries it is six to ten times less per worker than in Western Europe and Canada. In Africa it is less still.

One of the consequences of the economic backwardness of the underdeveloped countries is the extremely low living standard (malnutrition, poor medical services, a low percentage of literacy, etc.). The catastrophically high

production costs due to the rise in the prices of foreign industrial goods and the sharp drop in the prices of their own goods lead to the mass pauperisation of peasants and workers in many underdeveloped countries. According to U.N. Food and Agriculture Organisation statistics, people in the underdeveloped Asian countries consume approximately 17-20 per cent less calories a day than is indispensable. While the average longevity of a European is 60 years, that of an Indian is only 26, and the figure for the underdeveloped countries in general is 30.

The countries of Asia and Africa are not backward because people there are less industrious (as the Western colonialists allege) than in the United States and Europe. On the contrary, history shows that the Asian and African peoples are assiduous and that theirs is an ancient civilisation. The reason for their colossal lag behind the industrial Western countries, many of them former metropolises, is the extremely low level of development in the main branches of their economy.

## **Common Market Chains**

One of the most aggressive organisations with the aid of which the Western Powers hope to promote their collective colonialism scheme is the European Economic Community (EEC). What is this community, who is it composed of, what are its aims and purposes, and how does its establishment affect the interests of the economically underdeveloped countries?

The EEC was established on the basis of the Rome Treaty signed on March 25, 1957, by France, Italy, the Federal Republic of Germany, the Netherlands, Belgium and Luxemburg. It came into effect of January 1, 1958. Its basic aim is the institution of the so-called Common Market, that is, the union of the national markets (economies)

of the member countries into a single market—or, to put it briefly, their fusion into a single economic bloc. It provides for the abolition of customs duties and import and export quotas among the member countries, co-ordination of customs tariffs and foreign trade policy, free movement of people, services and capital on the territory of the member countries, a common policy in agriculture and transport and a number of other measures aimed at their economic “integration”.

The Common Market, according to the provisions of the Rome Treaty, is to be fully established within 12-15 years after its coming into effect. This transition period has been divided into three phases of about four years each. The EEC countries are to merge completely into a single economic bloc not later than 1973.

In addition to the six charter members, the treaty envisages the membership of the “overseas countries and territories”, that is, their colonial possessions or former colonies.

The initiative in this belongs to France. And that is quite understandable, for the African countries bring superprofits to the French monopolies. From 1949 to 1960 France invested more than 10,000 million francs in Gabon, Niger, Upper Volta, Senegal and other young African states through the French Community Assistance and Co-operation Fund. Every franc invested in Africa gives the French monopolies one or two francs of profit. The income they derive from the plunder of the African nations is an important item in their balance-sheets. According to the journal *Economie et politique* in 1961 alone the 500 leading French firms made 2,048,000 million francs in profit, or 51.4 per cent more than in 1958. And it is no secret that a large part of it came from Africa.

The other imperialist powers do not object to the admission of the former African and other colonies to the EEC either. The West German, Dutch and Belgian monopolies hope to make use of the Common Market and the

“integration” policy not only to retain their old colonial privileges but also to acquire new ones and jointly exploit the underdeveloped countries.

The charter members of the Common Market, who need vast amounts of industrial raw materials, will seek to prevent the underdeveloped countries from turning their one-crop agriculture into a diversified one because they are interested in cheap raw materials. Moreover, the EEC powers are out to sell them industrial goods at high prices.

What economic consequences can such a policy have?

A number of West-African countries associated with the Common Market reduced customs duties on goods imported from the EEC countries by 30 per cent in 1962. This privilege enables the European Common Market countries to flood them with industrial goods and undermines their industry, which is weak as it is.

But that is not all. The difference in the prices of the industrial goods exported by the Six to the underdeveloped countries and the raw materials they get from them gives the West-European monopolies an additional opportunity to cash in. In 1958-61, for instance, the prices of goods exported by the industrial capitalist countries went up by one per cent while the raw materials they imported from the underdeveloped countries dropped five per cent. This means further losses for the latter.

The entire policy of the EEC is directed at retaining the underdeveloped countries as agrarian and raw-material appendages, and not of just one power but of the whole imperialist bloc. The Federal Republic of Germany, which has no colonies, has now joined in the exploitation of the underdeveloped countries as one of the Common Market members.

It is perfectly clear that the Common Market is objectively spearheaded against the economically less developed countries. Many newly-independent states rightly regard the EEC as a weapon with the aid of which the monopolies



can maintain the correlation of the prices of industrial and agricultural goods and raw materials at a level favourable to them.

The Common Market has been set up and is operating as an exclusive bloc of powers isolated by a high customs barrier from all outsiders. It holds out no promise of equal economic relations to the underdeveloped countries; it merely threatens them with trade discrimination.

Take Indonesia, for example. She exports tea, coffee, manioc, palm oil, tobacco, timber and other goods to the EEC countries. Until recently, customs duties on these items were low and tea was tax-free. Now that customs tariffs have been unified, Indonesia will experience difficulties on account of the increase in duties and growing competition from the EEC associated countries. Tea is now to be taxed 18 per cent, coffee 16 per cent and palm oil 9 per cent.

The introduction of customs duties for tobacco and timber will further complicate Indonesia's export trade with Western Europe. That these difficulties are about to make themselves felt is illustrated by the fact that since September 1962 Indonesia has practically exported no manioc to Western Europe on account of the extremely high customs duties (the unified tariff is 4.54 West German marks per kilogramme). The prices quoted by the associated countries, on the other hand, have dropped so low that the Indonesian exporters can no longer compete with them on the West German market, their traditional client. Because of that, manioc is now exported there in small quantities in fulfilment of old contracts. The Indonesian Exporters' Association believes that other Indonesian export goods will not be able to compete on the West-European markets either. "There is no longer any doubt," its spokesman said, "that the EEC policy constitutes a real menace to Indonesian exports to the West-European countries."

The anxiety felt by some underdeveloped countries increased when Britain applied for admission to the Common

Market. If she joins this organisation, the countries of the British Commonwealth will be deprived of preferential tariffs and that will ill affect their interests.

By way of illustration let us take such African countries of the British Commonwealth as Ghana and Nigeria. The customs duty on African timber imported by the Common Market countries from non-member countries is 5 per cent and on African sawn timber 10 per cent. The customs duty in Britain is 8 per cent, but it is not imposed on timber imported from Ghana and Nigeria. If Britain joins the Six, the 8 per cent customs duty will be annulled and the countries of the British Commonwealth will no longer enjoy any preferences in exporting goods to that country. The EEC tariff on plywood imports is 15 per cent as against 10 per cent in Britain. If Britain is admitted to the Common Market, the plywood exported by Nigeria will be taxed 15 per cent. This will considerably raise its price—which is high as it is—and will probably lead to a cut in imports.

The final text of the convention on the association with the Common Market of eighteen former French and Belgian colonies with an aggregate population of 57,000,000 was initialled in Brussels on December 20, 1962. The Brussels convention provides for an allocation of \$730 million for “co-operation” with the African countries instead of the \$1,700 million they expected to receive for their economic development. As soon as the convention comes into effect, the EEC countries will have still greater freedom in selling their goods to African countries.

For many underdeveloped countries outside the Common Market this will mean rank discrimination, for in the case of a whole number of items they will be in a worse fix in the Common Market than the associated African countries.

There is no doubt that the Rome Treaty and the “integration” it brings in its wake are really to be used by the imperialist powers gradually to impose their control not

only over the market of the associated countries but over their entire domestic social and economic policy.

The apologists of the Common Market are inventing all sorts of new terms and catchwords to justify the economic and political expansion of the imperialist states. One such bait is the so-called "interdependence" of the imperialist and underdeveloped countries. What does this notorious doctrine imply? To believe its proponents, the metropolises and their former colonies and other underdeveloped countries are now more dependent on one another, than ever before, allegedly because their economies complement one another.

What aims does the doctrine pursue?

"Interdependence" is the false slogan the imperialists have launched in an effort to pave the way to new forms of colonialism, undermine the political independence of the newly-free countries, put their placemen at the helm, and make use of the old weapon of national strife to weaken the young states and deprive them of their sovereignty.

Writing in the *American Political Affairs* in August 1962, President Sékou Touré of Guinea warned that there was a danger of the economic enslavement of the young African states by the imperialist powers. "The direct colonial exploitation of former days," he said, "is being succeeded by exploitation by international monopolies." Pronouncing himself against the entry of the African countries in the EEC, the Guinean President wrote that "the African nations are realising that in order to solve their urgent social problems they must speed up the transformation of their trade economy; and if this is to be done through industrialisation, it cannot be done within the limits of our national micro-economies. But unconditional integration into a multi-national market consisting of highly developed and underdeveloped nations negates the possibility of industrial development in advance; it could only be the association of horse and rider."

The "horse-and-rider" relations are already beginning to be felt. The European Common Market countries are trying to bring political pressure to bear on the associated African countries. On November 22, 1962, for instance, the Federal Republic of Germany informed its Common Market partners that it would not sign the convention on the "association" of eighteen African countries with the EEC if any of them recognised the German Democratic Republic.

In 1961, when Guinea sent a special envoy to the G.D.R., Bonn demanded an explanation and threatened to sever diplomatic relations with her. Some time ago the same thing happened to Mali, which intended to recognise the G.D.R. de jure and establish diplomatic relations with it. The Federal Republic of Germany has also threatened that it will suspend payments into the African Development Fund if any of the associated African countries recognise the G.D.R. after the ratification of the convention. The West German monopolies have warned that they will have any country establishing diplomatic relations with the G.D.R. scratched from the list of countries benefiting from the Fund.

The EEC powers promise the underdeveloped countries generous assistance and give very little. But they never forget to flood these countries with private capital which brings their Big Business fabulous profits. For instance, instead of the \$219 million which the EEC Investment Fund was to have spent in the "associated" African countries in 1958-60, it invested only \$55 million, or a quarter. Nevertheless, the volume of private West-European investments in Africa by the end of 1960 was almost double that in 1957.

While the over-all volume of private West-European investments in the underdeveloped countries had increased 120 per cent from 1960 to the beginning of 1963, "aid" allocations remained unchanged. The EEC Investment Fund is behind in its payments not only to the African

countries associated with the European Economic Community, but to the so-called associated territories too. The countries bound with the Netherlands, for instance, were promised 35 million guildens in 1958-62, but all they had received out of this sum by the beginning of 1963 was about 14 million guildens.

For the African countries "associated" with the EEC and other underdeveloped countries West-European "aid" and the doubtful privilege it entails of *sharing its consequences* with the Common Market countries are fraught with danger. The "interdependence" doctrine on which such "association" is based is intended to perpetuate the inequality of its members. Since "interdependence" involves industrial Western Europe and underdeveloped Africa, part of which still depends a lot on the metropolitan countries, it inevitably turns into subordination of the weak to the strong, into a screen for neo-colonialism.

One of the main aims pursued by the organisers of the Common Market is to co-ordinate the economic expansion policy of the member states and subsequently to exert political influence on various countries. Exposing the expansionist essence of the Common Market, Premier Khrushchov stressed: "The Common Market is actually a state-monopoly agreement of the West-European financial oligarchy which jeopardises the vital interests of all nations and world peace inasmuch as the aggressive imperialist element use it to strengthen NATO and intensify the arms race."

### **Young States Must Be Helped**

"From the very beginning," *Newsweek* magazine wrote in May 1958, "one of the main purposes of our foreign-aid programme ... has been to buy the friendship and good will of other nations—to buy allies. It has not only failed to do so; it has done the opposite."

The neo-colonialists are donning the cloak of “civilisers”, “missionaries of prosperity” and “promoters of industrialisation” and claiming that they sincerely want to “aid” the underdeveloped countries. But public opinion in these countries is coming to realise ever more clearly that instead of curing their economic ills, imperialist “aid” fetters them economically and politically.

Experience over the years shows that American “aid” has never helped the underdeveloped countries overcome their backwardness and achieve economic independence. Take a look at the Asian and Latin American countries which have been receiving U.S. “aid” for years. Has Thailand become an industrially developed country? Has the Philippines a modern agriculture? Has Peru achieved economic independence? Definitely no.

There is every reason to say that the U.S. programme, which has promised \$1,600 million to the underdeveloped countries, will not promote their development either.

In one of his statements, Prime Minister Abdi Rashid Ali Shermarke of Somali said: “Africa is rich in economic potentialities. She doesn’t need charity. She should only be stimulated to develop these riches to become self-sufficient.”

The various programmes of imperialist “aid”, the forms and methods of their implementation, and the sources financing them—in short, the whole system of organisational and political measures linked with “aid” is directed not at developing the underdeveloped countries but at securing the imperialist powers’ control over their economy and politics.

The real political aims of Western “aid” become especially manifest when colonialist interests are involved. In 1962 the International Bank for Reconstruction and Development, which is controlled by the United States, informed Indonesia that it would grant her a loan only after she had “satisfied” Holland’s financial claims. The U.S. monopolies are at one with the British, French, Dutch, Belgian

and Portuguese colonialists. At the end of 1961 the United States Time Corporation informed the Chief Minister of Orissa that because of India's liberation of Goa the firm had decided against building a watch factory in that state. It had planned to invest \$5,000,000 in the construction of the factory.

Early in February 1963 the U.S. Government retaliated against Ceylon's nationalisation of a number of filling stations, run by foreign monopolies, including Caltex and Esso, by suspending aid to this country. This step was taken to exert pressure on Ceylon and force her to give up her neutrality and become more tractable in her relations with the foreign monopolies. The United States made use of the question of compensating the former owners of the filling stations to screen its onslaught on the peaceful policy of non-alignment followed by independent Ceylon.

In mid-February 1963 the Pakistani press wrote of the profound indignation and alarm created in the country by gross U.S. interference in its domestic affairs. Flouting Pakistan's integrity, U.S. Ambassador McConaughy said in Dacca that the United States was prepared to grant aid to East Pakistan and stressed that it would work to promote co-operation with this part of the country. This statement was clearly intended to drive a wedge between West and East Pakistan and divert the public from the struggle against the country's military alliance with the United States.

The imperialist states resort to every possible pretext to cut allocations for their widely publicised "aid" programmes.

President Kennedy's statements at his press conferences in September 1962, the then Vice-President Lyndon Johnson's speeches during his Middle East tour and the statements of certain American Congressmen shed light on some of the aspects of Washington's economic policy towards the underdeveloped countries. These statements reveal that the United States and the other imperialist powers are ex-

periencing financial difficulties and are in no position to play the role of benefactors of the underdeveloped countries. From time to time they are compelled to reduce their economic "aid" to these countries.

It is for this and many other reasons that the foreign "aid" problem has been the subject of heated debates among the U.S. rulers in the past fifteen years. The questions which interest American Congressmen most are: How to cover foreign "aid" expenses when the U.S. economy is itself suffering from many ills? How effective is U.S. foreign "aid" from the point of view of the state interests of the United States itself? To what extent is it a materially substantiated and morally justified means of achieving the aims of U.S. foreign policy?

Burdened by imperialist traditions and representing an intricate complex of Washington's military, political and economic measures, the U.S. foreign "aid" problem has long been a headache for the directors of U.S. home and foreign policy. For years the U.S. Congress has been debating the question of foreign "aid". It has been studied by government specialists and by various agencies and Congress committees. The conclusion they invariably arrive at is that "aid" programmes must be "improved" and "systematised" and that greater thrift should be exercised in allocating funds. The latter recommendation has been put into practice. In the past decade, the Republican and Democratic governments have been asking for \$4,500 million on the average a year for foreign "aid". And every time in-between the elaboration of the budget plan and the approval of the sum asked of Congress it has been cut by some \$800 million.

Early in 1962 Senator Wayne L. Morse declared that by its scope and conception the Alliance for Progress plan was superior to the Marshall Plan for post-war Europe. But on September 13 of that year President Kennedy admitted at a press conference that the United States had much less money for the implementation of the Alliance for Progress



programme than for the rehabilitation of Europe which, moreover, had a well-organised labour force and a large number of highly qualified specialists.

The Punta del Este Conference of 1961 decided that the Latin American countries could appeal to the United States for "urgent aid" within two months. But the United States uses every pretext to delay granting it. Can the so-called Alliance for Progress be effective if U.S. "aid" to Ecuador under this programme in 1962 totalled \$25 million and the exports of bananas alone from this country gave the American monopolies \$60 million in profit in that same year?

As U.S. Secretary of the Treasury Douglas Dillon told the Inter-American Economic and Social Council in Punta del Este, the United States would participate only partially in the fulfilment of the economic development programme for the Latin American countries. Of every five dollars spent on it, four are to be allocated by the Latin American countries themselves and only one by the United States. This means that 80 per cent of the sum to be invested into the economy of the Latin American countries under the "aid" programme called Alliance for Progress will be covered by these countries themselves.

It is not difficult to see that the Western Powers' proposals and promises have only one aim in view—to preserve the colonial character of the underdeveloped countries' economy. It is not fortuitous that the Western Powers take advantage of these countries' shortage of funds to hamper the development and consolidation of their economy.

Assessing U.S. aid to the underdeveloped countries, Editor Ritner of the *American Current* magazine, has had to recognise that it has never brought about socio-economic reformation. This has been corroborated by the well-known bourgeois economist and politician, Thomas Balogh. "Foreign help," he writes, "has been used, if anything, to induce the deferment of reforms."

That is in the interests of U.S., British and other monop-

olies which net huge profits by exploiting the wealth of the underdeveloped countries.

Consequently, the formally independent underdeveloped countries have been given no opportunity to narrow the gap between their level of economic development and that of the imperialist powers. It is this gap which makes them economically dependent on the imperialist states.

The facts prove convincingly that the policy followed by the ruling element in the leading imperialist powers, notably the United States, aims at the economic enslavement of the underdeveloped countries.

Imperialism and colonialism are the main obstacles to the young states' rapid economic development, elimination of poverty and backwardness, and enhancement of their material well-being and cultural level. It is perfectly clear that the imperialist powers' policy of control and interference in the domestic affairs of the underdeveloped countries, plunder of their natural resources and subordination of their economy to militaristic aims hampers their economic and social progress.

Since the expansion of foreign capital under the guise of "aid" jeopardises the independence of the countries which have only recently achieved sovereignty, the problem of their economic development is equally national and international. It may be jointly solved by the peoples of the industrial and underdeveloped countries. The decisive factor of the latter's economic progress is utilisation of their means and resources to build up a national industry. Only this can protect the independence of the young states from encroachments by the imperialists who constantly seek to use "aid" as a weapon of economic and political subjugation.

The economically underdeveloped countries need assistance in the development of key industries, stabilisation of currency and prices, expansion of economic ties, elimination of restrictions in international trade, cessation of the arms race, etc.

The overwhelming majority of the countries which have broken out of colonial bondage and won political independence are economically still dependent on such powers as the United States, Britain, France, the Federal Republic of Germany, Japan, Belgium, the Netherlands and Portugal. This is a peculiarity of the position occupied by the underdeveloped countries in the world capitalist economic system. Some of them have to import even nails. The economically underdeveloped countries strive to overcome their backwardness, become independent economically.

That is why in the present phase of industrialisation the former colonies especially need economic and technical assistance from the more developed countries. Given favourable conditions, this assistance can considerably step up the rate of development of the newly-independent countries and thus accelerate the process of their liberation from foreign capital. Foreign aid can also substantially supplement the internal source of accumulation. It all depends on the conditions it is granted, the aims it pursues, whether it is genuine aid or merely a weapon for retaining the colonial system. Aid and internal resources are two aspects of one process, the only thing distinguishing them is that the former plays a subordinate, supporting role.

The underdeveloped countries which suffer from an acute shortage of capital need the kind of assistance which would satisfy the following two basic requirements: firstly, help liberate their economy from subordination to foreign capital, from all-round dependence on foreign industrial equipment, etc.; secondly, accelerate the rate of their economic development.

The development of their economy requires an influx of foreign investments on a fair commercial basis and without any conditions liable to impinge upon their sovereignty. In certain cases the young states oblige foreign firms to reinvest their profits in branches which are of importance for the national economy. In conditions where the newly-independent states assume control over construction, these

reinvestments may be considered a source of capital accumulation.

The underdeveloped countries are in need of assistance in planning, in the exploration of their mineral and raw-material resources, and stabilisation of the prices of the raw materials and foodstuffs they export.

One of the most vital problems confronting them is to raise consumption, which is a very important factor in the improvement of welfare standards. This plays no small role in the industrialisation of the underdeveloped countries as well as in the effective employment of the ever-increasing manpower resources.

Equality and mutual benefit in trade, all possible assistance to the underdeveloped countries in their development, non-interference in their domestic affairs, expansion of trade without discrimination and restrictions among all countries, irrespective of their economic and social systems—these are the principles on which all countries should base their business relations.

Genuine co-operation does not tolerate political, military or economic dictation which debases the honour and dignity of a sovereign state. It is necessary to proceed from the premise that foreign "aid" should help promote the national economy, both the leading branches and other sectors of production. Aid should help create conditions enabling these countries to eliminate the colonial heritage, step up the rate of their economic development, improve people's well-being, and promote culture and democratic institutions. In its entirety, all this will guarantee their independent economic and social development.

The mutual interests of the industrial and underdeveloped countries presuppose such forms of co-operation which would take into account the specific conditions prevailing in the newly-independent countries and accord with their vital needs. The forms of aid and the methods of granting it should be improved to a point where it contributes maximally to the economic and social progress of the under-

developed countries. Such aid may take the form of broader mutually advantageous and equal trade, economic and technical co-operation in the fulfilment of national economic development plans, investigation and accumulation of internal resources, easy-term loans repayable mainly in goods, adoption of joint programmes for introducing the latest achievements of science and technology into industry and agriculture.

International co-operation in the economic and social spheres would be more effective if the disarmament problem were solved. Disarmament would release substantial means and resources which could be used to speed up the development of the economically backward countries.

An end to the imperialist powers' arms drive and efforts to use the territory of the underdeveloped countries for building military bases and war production would undoubtedly facilitate their economic development and help broaden economic co-operation which, in its turn, would improve the international situation and strengthen peace.

In September 1962 the Soviet delegation asked the 17th Session of the U.N. General Assembly to discuss, as a separate agenda item, an "Economic Programme of Disarmament" and submitted a draft "Declaration on Converting to Peaceful Uses Means and Resources Released by Disarmament". The declaration pointed out that general and complete disarmament would make it possible to use an additional \$120,000 million or so, now spent for military purposes, to satisfy mankind's urgent needs. In 25 years the gain from disarmament would come to \$3,000,000 million. If only one-fifth of the money spent for military purposes by the member states of military-political blocs were spent on the economic development of the underdeveloped countries, this would allow to invest at least \$20,000 million a year, or \$500,000 million in 25 years. Such a sum would suffice to build 30-40 giant industrial centres in Asia, Africa and Latin America.

Disarmament would enable the peoples of the world to

undertake such grand projects as irrigation of the Sahara, clearance of inaccessible jungles, and exploration of the world's vast mineral resources. The means released by disarmament could be used to improve welfare standards in the underdeveloped countries. They would be able to build many hospitals, child institutions, schools and universities, abolish poverty, put an end to anti-sanitary conditions and epidemics, etc.

Modern science and technology are progressing at an exceptionally fast rate. Mankind is on the threshold of new scientific and technological discoveries. They will lead to further achievements in the use of atomic energy, space conquest, automation, electronics, synthetic chemistry, biochemistry and genetics. Utilised for peaceful co-operation among the nations, the new scientific and technological achievements offer mankind colossal possibilities for remaking nature, developing the economy and culture, raising labour productivity, increasing raw-material resources, and discovering new means and methods of combating disease.

What are the prospects for the economic development of the underdeveloped countries?

In Southeast Asia, where almost one-fourth of the globe's population lives, the present plans for the complex development of such great rivers as the Ganges, Brahmaputra, Indus, Irrawaddy and Mekong provide for the building of large industrial enterprises and hydropower stations with an aggregate capacity of tens of millions of kw. in the most overpopulated areas of India, Pakistan, Burma, Thailand, Laos, Cambodia and Viet-Nam.

In the Middle East, oil, gas and other mineral deposits would make it possible to erect giant chemical works in Iran, Turkey, Syria, Afghanistan and the countries in the Arabian Peninsula.

In Africa, in addition to the Aswan hydropower station, there could be several other big stations built in the main Nile basin in the Sudan, Ethiopia, Uganda and Kenya.

Another large power and industrial complex of world-scale importance could be created in North Africa on the basis of the Sahara's oil and gas. A third important area is that of the Volta, Niger and Konkoure rivers in West Africa. Their hydropower resources would accelerate not only industrial and agricultural development but the construction of a road network too. Lastly, there are the vast power resources of the River Congo and the mineral resources of Katanga and Northern Rhodesia.

The natural riches and the rivers of Latin America could be used to build hydropower plants of several million kw., as well as large iron and steel, oil-refining, engineering and other enterprises.

These long-range plans, according to the opinion voiced by the Soviet Union at the 17th General Assembly, should be implemented with the active participation of the Afro-Asian and Latin American countries, which have their own national development plans.

The consistent struggle waged by the newly-independent countries for their economic and technological progress will lead to the eradication of the vestiges of colonialism and pave the way for large-scale development of their productive forces. The economic progress of the underdeveloped countries will benefit not only their own peoples but the whole of mankind. That is why disinterested assistance to them is one of the most important and urgent international tasks of today.





## TO THE READER

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