

# USSR TO INTEGRATE INTO THE GLOBAL ECONOMIC SYSTEM

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The Soviet Union has been pursuing its new economic policy for five years to concentrate on the projected transfer from the USSR's economic isolationism to economic openness and preparations for the country's involvement in the global economy and market.

This drive is a logical outcome of the new Soviet foreign policy and is tied up to the internal economic transformations, the radical economic reform and change-over from the totalitarian administration to the market model. A watershed will be crossed next year, because in January 1991 the country plans to effect a radical pricing reform first in industry and then in agriculture. Other plans provide for the development of market relations: apart from the market of goods, the USSR wants to have a market of money and investments.

The Soviet banking system is being overhauled: Instead of the three banking whales the USSR rested on in the pre-Perestroika era, there are over 300 banks today. A law on banks is in the offing to provide for a relative independence of banks, their transfer to a commercial model of operations, with the USSR State Bank controlling the banking system. Another law, not yet finalised, will cover securities, joint stock societies and limited liability companies. Inevitably, we will have a market of securities and a stock exchange.

The USSR is forming a manpower market to be covered by a law on employment with all relevant attributes. Lastly, the country is going to have a market of foreign currency: there have been three auctions for Soviet enterprises and organisations to sell and buy hard currencies at market prices.

Abel Aganbegyan is an internationally renowned Soviet economist. A leading figure in the Perestroika Revolution he is one of the top economic advisors of President Gorbachev. He is also the Academic Secretary of the Department of Economics of the USSR Academy of Sciences. Many fresh economic ideas connected with scientific-technical acceleration, self-financing, profit-making and comprehensive cost accounting etc. were developed in the Novosibirsk academic community in Siberia on the initiative of Abel Aganbegyan, so much so that Perestroika is also known as a 'revolution from Siberia'. Therefore it is no exaggeration to say that he is the single most important and influential economic theorist of Gorbachev's Perestroika process.

These steps to build a market economy are naturally dovetailed to the Soviet drive to get access to the external market. Nearly 14,000 Soviet economic operators and agencies have been licensed for direct import/export operations, and the number is likely to grow.

As the new prices are enforced, the USSR will introduce new custom tariffs and GATT rules, declassify custom statistics and undertake other measures to decentralise the Soviet economic system so as to make it compatible with the global system.

Joint ventures seems to be another promising area. As of today there are 1,300 joint venture companies (JVCS), with a hundred new ones springing up every month. Their summary initial funds are nearly three billion dollars. The next step is to establish free economic zones. Today, they are yet on the blueprint stage.

The internal convertibility of the rouble is nothing without its external convertibility. The country is drawing a law to protect foreign investments and further liberalise the conditions for foreign investments into the Soviet economy.

Over the years of Perestroika, the global climate has changed for the better, but economic transformations have proved to be no match to the political boons of today. The USSR's share in global trade is still pitiful-less than 4 per cent. The USA is still contemplating

giving the USSR the most favoured nation status. COCOM limitations are still in force, and some countries are clearly discriminating against the USSR in trade relations. The political progress is a conspicuous background for the feeble economic improvements.

But there have been promises of improvements. The USSR has been granted an observer status with the GATT, and may become a full member when the time is ripe. The COCOM limitations have been somewhat liberalised.

The Jackson-Vanik amendment may soon be lifted to boost the USSR-USA trade two to three times over in no time in all. The USSR has just concluded a huge umbrella contract with the EEC to cover both trade and cooperation in industry, power engineering, environmental protection, business relations, etc. We hope to soon normalise our relations with Japan, which will open the door to more intense economic ties.

The USSR is diversifying its relations with the third world. The Soviet-Argentinian trade turnover has topped a billion dollars a year. There is a brisk trade exchange with South Korea, and the sky seems to be the limit.

We are ready to cooperate with all international economic institutions, the International Monetary Fund, the International Bank for Reconstruction and Development included, etc. We are training managers to operate in market

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economy conditions, teaching them the art of marketing and sending them for practical training at the international schools of business.

With time, the Soviet economy will hopefully integrate in the global economic system. The country sees this objective as both a means of boosting the efficiency of its economy and a basis for better political relations. An economist myself, I think any society rests on economy. In the final count, all major transformations are based thereon. ■