

exports, including foodstuffs, even in circumstances of acute domestic demand. When exports declined, the U.S.S.R. was forced to resort to gold shipments and to accept the accumulation of short-term debt. It was the latter, after total turnover reached a peak in 1930-1931, which caused a decline in the level of trade until the eve of the Second World War. Once more, at the end of hostilities, the U.S.S.R. tentatively inquired about long-term credits, but these were not yet forthcoming, and the Soviet Government concentrated for the next three years on reparations and on the resumption of a pre-war plan which entailed the exchange of industrial raw materials for finished goods with Eastern Europe. After the final breach with the West in 1948, which was expressed in commercial terms by the U.S. embargo of that year on strategic goods, Moscow began a seven-year effort to weld the socialist states into a trading bloc. The result is that total Soviet foreign trade has leaped to about five times the pre-war figure, and that over 80% of this is now with the bloc. Two other post-war developments complete the picture. Since 1952, the U.S.S.R. has sought to break out of commercial isolation by granting long-term credits to the less developed countries, by developing trade with over fifty nations, by invading the world arms and commodities markets and by launching a sustained appeal for a world trade conference; and, since 1955, the U.S.S.R. has been forced to recognize the consequences of its short-sighted exploitation of Eastern Europe, and to redress the terms of its trade with that region.

This policy is the direct result of the peculiar Soviet economic problem. There is the shortage of foreign exchange, which is basic and remains acute. Thus, since the normal entrepreneurial profit motive is lacking, exports have always had to serve the immediate purpose of paying for imports; thus, when the crisis of 1929-1930 found large stocks of Soviet goods already shipped abroad to pay for a planned increase in imports, the Soviet Government was left with no alternative other than to dispose of these at low prices, a decision which was widely misconstrued as deliberate "dumping"; thus the sale of obsolescent arms to the Arab world has had its economic as well as its political motive; thus the sale of aluminium and tin in 1958 was almost certainly dictated by the temptation to translate new surpluses into needed foreign currency; thus, at least until 1956, the U.S.S.R. has played only a modest role as a creditor in Eastern Europe; and thus the aid-and-trade drive among the less developed countries includes no grants. Nor has it been easy to find an exportable surplus: the U.S.S.R. is still very capital-poor, yet, in view of the neglect of agriculture and the consumer industries, it is only capital goods which can be diverted to foreign markets in significant quantity and variety; the quality of these is inadequate for competition in Western markets; and the Soviet state lacks the skilled personnel necessary to excite the interest of the Western purchaser. Thus the drive in the less developed countries is a move toward natural markets which will accept what the U.S.S.R. has to offer and which offer precisely what the U.S.S.R. needs. Moreover, for planned economies there is no real substitute for the long-term bilateral agreement to regulate their foreign trade, and they find it extremely difficult to adjust to a multilateralist world. Yet industrialization, and the simultaneous failure to co-ordinate this within the communist bloc, the impact of the Western embargo, especially on the satellites, and the gradual sophistication of Soviet economic thinking, have all sharpened the need for increased trade with the free world. Thus the U.S.S.R., as the dominant member of the bloc, has led a sustained appeal for a world trade conference, because it is convinced that only joint intervention by Western governments can help it quickly to acquire commercial respectability and quickly to increase its sales to the West.

Marxism can hardly require the U.S.S.R. either to pursue autarky or to prefer relative commercial isolation, if a revolutionary state is to use every opportunity to disorganize the